



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENTS

ModernTO: 610 Bay Street and 130 Elizabeth Street - Results of Request for Expression of Interest

Date: April 6 2023

To: Board of Directors, CreateTO

From: Chief Executive Officer, CreateTO

Wards: Ward 11 – University-Rosedale

REASON FOR CONFIDENTIAL INFORMATION

The Confidential Attachments to this report relate to both a proposed or pending acquisition or disposition of property belonging to the City and a plan to be applied to negotiations carried on or to be carried on by or on behalf of the Board of Directors of CreateTO and the City.

SUMMARY

The purpose of this report is to provide an update to the CreateTO Board and City Council on the direction received in EX31.10 (ModernTO: Unlocking Eight City-Owned Properties) to issue a Request for Expression of Interest to the development and not-for-profit communities for the redevelopment of the former Toronto Coach Terminal and Annex Building at 610 Bay Street and 130 Elizabeth Street (the “Properties”).

On November 24, 2022, CreateTO in conjunction with City stakeholders, issued a Request for Expression of Interest (“REOI”) to the development and not-for-profit communities as Stage One of a Two-Stage Market Offering Process for the redevelopment of 610 Bay Street and 130 Elizabeth Street that prioritizes: the delivery of affordable housing; a Paramedics Multi-Hub; delivery of commercial space targeted to the Medical Sciences sector; and, adaptive reuse of a significant heritage building while adhering to the City’s strategic investment policy. This offering was open to the development community for a period of 12 weeks, with responses received on February 9, 2023. Under the direction of a Fairness Monitor, responses were reviewed, evaluated, and scored, resulting in a shortlist of preferred proponents (the “Shortlisted Proponents”) that were identified to be invited to respond to an upcoming Request for Proposal (“RFP”) as Stage Two of the Two-Stage Market Offering Process for the redevelopment of the Properties. CreateTO is proposing to invite the Shortlisted

Proponents identified in Confidential Attachment 2 to participate in the future Stage Two RFP process, which is scheduled to begin in the second quarter of 2023.

RECOMMENDATIONS

The Chief Executive Officer, CreateTO recommends that the Board of Directors of CreateTO:

1. Approve the shortlist of preferred proponents for the redevelopment of 610 Bay Street and 130 Elizabeth Street, identified in Confidential Attachment 2 (the “Shortlisted Proponents”).
2. Authorize the Chief Executive Officer, CreateTO and the Chief Legal Counsel and Corporate Secretary, CreateTO, subject to receiving approval of the shortlist of approved proponents from City Council, to issue a Request for Proposal to the Shortlisted Proponents for the redevelopment of 610 Bay Street and 130 Elizabeth Street (the “Properties”) that prioritizes the delivery of affordable housing, a Paramedics Multi-Hub, employment opportunities with a preference for life science and biomedical uses, and the adaptive reuse of the heritage bus terminal while adhering to the City’s strategic investment policy, and to report back to the Board of Directors with the results of the Request for Proposal process.
3. Direct the information in Confidential Attachments 1 and 2 remain confidential as it relates to a proposed or pending acquisition or disposition of property belonging to the City and a plan to be applied to negotiations carried on or to be carried on by or on behalf of the Board of Directors of CreateTO and the City.
4. Recommend that City Council approve the shortlist of preferred proponents for the redevelopment of 610 Bay Street and 130 Elizabeth Street, identified in Confidential Attachment 2.
5. Recommend that City Council authorize CreateTO to issue a Request for Proposal to the Shortlisted Proponents for the redevelopment of 610 Bay Street and 130 Elizabeth Street that prioritizes the delivery of affordable housing, a Paramedics Multi-Hub, employment opportunities with a preference for life science and biomedical uses, and the adaptive reuse of the heritage bus terminal while adhering to the City’s strategic investment policy, and to report back to the Board of Directors with the results of the Request for Proposal process.
6. Recommend that City Council direct that the information in Confidential Attachments 1 and 2 remain confidential as it relates to a proposed or pending acquisition or disposition of property belonging to the City and a plan to be applied to negotiations

carried on or to be carried on by or on behalf of the Board of Directors of CreateTO and the City.

7. Request the Board Secretary to transmit the Board’s decision to the appropriate committee for consideration with the report from the Executive Director, Corporate Real Estate Management, regarding the transfer of the Properties.

FINANCIAL IMPACT

As outlined in the “ModernTO – Workplace Modernization Program Business Case and Implementation Plan Update” Report (EX18.2) in November 2020, there are many financial benefits that will be realized with the implementation of the Workplace Modernization Program, including reductions in: annual operating cost; annual capital cost; the City’s state of good repair (SOGR) backlog; and the unlocking of land value for city-building purposes. The proposed upcoming transaction on the Properties would reduce operating, capital and SOGR cost associated with each property and provide funding for future city-building objectives.

Costs associated with this market offering process are funded through the approved ModernTO Office Optimization Program and have been approved in the 2023 Capital Budget.

DECISION HISTORY

At its meeting on April 6 and 7, 2022, City Council adopted EX31.10 “ModernTO: Unlocking Eight City-Owned Properties” which provided an outline on the recommended portfolio strategy that optimizes city-building opportunities on eight City-owned properties included in the ModernTO program, including the properties at 610 Bay Street and 130 Elizabeth Street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX31.10>

At its meeting on March 7, 2022, the CreateTO Board adopted RA29.1 “ModernTO: Unlocking Eight City-Owned Properties” which provided an outlined of the recommended portfolio strategy that optimizes city-building opportunities on eight City-owned properties included in the ModernTO program, including the properties at 610 Bay Street and 130 Elizabeth Street, which decision was forwarded to the Executive Committee and City Council as EX31.10 “ModernTO: Unlocking Eight City Owned Properties”.

<http://secure.toronto.ca/council/agenda-item.do?item=2022.RA29.1>

At its meeting on October 9 and 10, 2021, City Council adopted EX27.4 “City-wide Real Estate - Next Phase of Implementation” which included a City Council direction on the

implementation of a strategic investments policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX27.4>

At its meeting on November 3, 2020, Executive Committee adopted EX18.2 “ModernTO Workplace Modernization Program Business Case and Implementation Plan” which provided an update regarding the implementation of the ModernTO program originally adopted by City Council in 2019, including more aggressive targets for overall space reduction staff mobility ratios.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX18.2>

At its meeting on October 29 and 30, 2019 City Council adopted EX9.2 “ModernTO – City-Wide Real Estate Strategy and Office Portfolio Optimization” which directed the Deputy City Manager, Corporate Services to report back with a detailed business case and an execution plan for completing office optimization in primary office buildings and city-building opportunities to be pursued for eight properties unlocked through portfolio consolidation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX9.2>

At its meeting on May 14, 2018, Executive Committee adopted a staff report entitled “Optimizing the City-Wide Office Portfolio” and endorsed key directions to modernize and find efficiencies in the City-wide office portfolio.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX34.4>

At its meeting on October 2, 3 and 4, 2017, City Council adopted EX27.12 “City-Wide Real Estate – Delegated Authorities Framework and Transition Plan” which established a framework for centralizing City-wide real estate authorities with the new City-wide real estate model approved by City Council in May 2017.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX27.12>

At its meeting on May 24, 2017, City Council adopted EX25.9 “City-Wide Real Estate Transformation”. Council requested that the CEO, CreateTO, in collaboration with Deputy City Manager and affected City Divisions, Agencies and Corporations, to develop a City-wide real estate strategy for City Council approval in 2019.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.9>

COMMENTS

At its meeting on March 7, 2022, the CreateTO Board adopted RA29.1 “ModernTO: Unlocking Eight City-Owned Properties” which was forwarded to City Council as EX31.10 “ModernTO: Unlocking Eight City Owned Properties”, which provided an outline of the recommended portfolio strategy to optimize city-building opportunities on eight City-owned properties included in the ModernTO program, including the former Toronto Coach Terminal properties at 610 Bay Street and 130 Elizabeth Street.

Subsequently, at its meeting on April 6 and 7, 2022, City Council adopted EX31.10 “ModernTO: Unlocking Eight City Owned Properties” .

Through those reports, the CreateTO Board and City Council authorized the Chief Executive Officer, CreateTO, in consultation with City stakeholders, to undertake a two-stage market offering process targeted to the development and not-for-profit community for the redevelopment of 610 Bay Street and 130 Elizabeth Street (the “Properties”) that prioritizes the creation of affordable housing, the delivery of a Paramedic Services Multi-Hub and the promotion of employment/office uses associated with the life science and biomedical sectors consistent with this property’s location within the Health Sciences District as identified in the Downtown Plan. Other city-building priorities include public realm improvements along Edward and Elizabeth streets and the need to generate project funding consistent with the strategic investment policy adopted by Council, all while ensuring the adaptive reuse of the existing heritage bus terminal.

Market Offering Process

Stage One of the Two-Stage Market Offering Process involved the release of a Request for Expression of Interest (“REOI”). The intention of the REOI was to identify respondents to be shortlisted for Stage Two of the Market Offering Process.

Stage Two of the Market Offering Process will involve the release of a Request for Proposal (“RFP”). The Shortlisted Proponents from Stage One will be invited to respond to the RFP, which is expected to be released in the second quarter of 2023.

CreateTO, in conjunction with key City stakeholders and its real estate advisory team, Colliers and The Spanier Group, prepared an REOI document that laid out CreateTO’s vision and guiding principles for the Properties; background information on the Properties; and the process, timing and required deliverables for Stage One. Through six scored categories and detailed information requests, the REOI required proponents to demonstrate the following:

- An experienced team;
- Relevant project experience;
- Specialized skillset;
- A holistic development vision for the property;
- A commitment to diversity, equity and inclusion; and
- The financial capacity to execute on the project.

The REOI document was reviewed by the Fairness Monitor prior to release to ensure fairness in communication and process.

A flyer advertising the opportunity was released to the market on November 21, 2022, with a submission date of February 9, 2023. The REOI process was launched with: i) a press release by CreateTO; ii) an email blast/flyer sent by Colliers and The Spanier Group to over 4,000 contacts in the development, non-profit, life science, education and innovation fields; iii) calls by Colliers and The Spanier Group to over 150 potential developer and user contacts; iv) advertisements in *The Globe and Mail* and *Novae Res Urbis*; v) a posting on the LinkedIn accounts of the Colliers and The Spanier Group team members, receiving over 8,000 views.

Interested proponents were required to sign a confidentiality agreement to receive access to the REOI document and due diligence materials in a Data Room. Sixty-three potential proponents executed confidentiality agreements to gain access to the REOI and materials. Proponents submitted questions in writing (by email), and written responses were provided. The Fairness Monitor reviewed responses prior to their release to all proponents via the Data Room.

Selection of Shortlisted Proponents for Inclusion in Stage Two, Request for Proposal

Under the direction of the Fairness Monitor, responses were reviewed, evaluated and scored by a six-person evaluation team. Scoring was done individually using a scoring matrix prepared by Colliers and The Spanier Group, which was also reviewed by the Fairness Monitor. Individual scoring matrixes were returned to Colliers and The Spanier Group, who then facilitated a two-day, in-person consensus scoring session to arrive at consensus scores for each proponent. The Fairness Monitor also monitored the consensus scoring session to ensure a fair and appropriate process was maintained.

Through the evaluation process, a shortlist of preferred proponents was identified for inclusion in the Stage Two, RFP Process. CreateTO is proposing to invite the shortlisted proponents identified in Confidential Attachment #2 to participate in the RFP process, which is expected to be launched in June 2023.

Upcoming Request for Proposal Process and Next Steps

The recently concluded REOI process was Stage One of the Two-Stage Market Offering Process for the Properties. The REOI was focused on identifying qualified interested parties – potential developers and users of the site – who wish to help shape and have the capacity, expertise, and vision to execute on a project of this scale. Subject to Board and City Council approval of the recommendations in this report, the qualified proponents identified in Confidential Attachment #2 will be invited to participate in Stage Two of the Market offering Process, which will consist of a Request for Proposal (“RFP”) for the redevelopment of the 610 Bay Street and 130 Elizabeth Street properties.

While proponent qualifications were established through the REOI process, the RFP will focus on site-specific visions and details requested of the Shortlisted Proponents in their redevelopment proposals for the Properties.

The vision for the Properties is to redevelop both sites into a mixed-income, mixed-use development that includes affordable housing, a Paramedics Multi-Hub and employment opportunities with a preference for innovative uses that take advantage of the property’s unique location within the Discovery District of Toronto. The proposed redevelopment should also include adaptive reuse of the existing heritage building, as well as streetscape improvements, all while maximizing financial returns to the City. Proponents will be evaluated based on their ability to deliver on this proposed vision for the Properties while conforming to the established City Council-approved guiding principles for the Properties:

Guiding Principles

CreateTO, in conjunction with other City agencies, has undertaken a site visioning process for the eight properties. These visions and guiding principles were approved by City Council in April 2022.

The guiding principles for 610 Bay St & 130 Elizabeth St include:



Delivering affordable housing. Affordable housing has been identified as one of the highest priority outcomes for the ModernTO portfolio. The target is for 33 percent of all residential units built on this site to be affordable.



Enhancing the public realm. Formalized pedestrian corridors should be created around the site on Edward and Elizabeth Streets. The PATH under the site should be enhanced.



Creating a new centralized Paramedics Hub. A portion of the building at 610 Bay Street is proposed to accommodate a new 20,000 sq ft Toronto Paramedic Services Multi-Hub.



Achieving sustainable development. The site should be required to meet at a minimum, Tier 2 of the Toronto Green Standards – Version 4.



Adaptive re-use of the heritage bus terminal and bus shed facade. The site is home to the former Coach Terminal, which for nearly 100 hundred years served as Toronto’s hub of intercity bus service. The process for redeveloping the site should include preservation and adaptive re-use of the terminal building, which is on the City’s heritage registry.



Promoting design excellence. The site should be designed to be compatible with the surrounding area, emphasizing relationships to the local area context to support creating a safe, comfortable, accessible, vibrant, and attractive public/pedestrian realm.



Maintaining and enhancing employment opportunities. Enhancement of employment opportunities on the Property through the creation of at least 25,000 sq ft of office and/or lab space with a preference for innovative uses that take advantage of the property’s unique location within the Discovery District.



Financial sustainability. The redevelopment of this site should prioritize the delivery of the stated guiding principles while maximizing financial returns to the City.

CreateTO will then work with key stakeholders to evaluate the RFP submissions based on evaluation criteria that will include consideration for the following:

- Conceptual Design and Vision;
- Commitment to Deliver on Identified City-Building Objectives and Guiding Principles;
- Financial Feasibility of the Proposal; and
- Commitment to Deliver a Financial Return to the City.

All aspects of the proposals will be evaluated through lenses of Diversity, Equity and Inclusion, and sustainable development.

CreateTO and its partners will endeavour to commence Stage Two of the market offering process with the release of the RFP in June 2023, with the objective of selecting a single proponent whose vision, financial capacity and experience will successfully redevelop the Properties into a mixed-use, mixed-income development that delivers on the identified city-building objectives for these Properties while maximizing financial returns to the City.

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SIGNATURE

Vic Gupta
Chief Executive Officer

ATTACHMENTS

Confidential Attachment #1: REOI Submission Requirements and Evaluation Criteria
Confidential Attachment #2: Scoring Summary and Recommended Proponent Shortlist