

Housing Now - Approval of Amended Documents for 777 Victoria Park Avenue

Date: June 5, 2024

To: Board of Directors, CreateTO

From: Chief Executive Officer

Wards: 20

REASON FOR CONFIDENTIAL INFORMATION

The confidential attachment to this report deals with a pending disposition of land by the City of Toronto.

SUMMARY

Following completion of the market offering process on December 10, 2019, the successful proponent executed the term sheet on April 14, 2020. On January 27, 2020, the CreateTO Board adopted Item 2021.RA10.2 and approved selection of the successful proponent partners and the term sheet. On March 8, 2021, the CreateTO Board of Directors adopted Item 2021.RA21.4 and approved negotiated agreements which included the Ground Lease, the Project Agreement, and the Contribution Agreement (the "Agreements"). The proponent selection and the negotiated agreements were approved by senior City management on April 20, 2021.

Following execution of the Agreements in November 2021 by the City and the Proponent, the Proponent has been advancing the building design and site plan application for the relocation of the TTC Pick-up and Drop-off ("PUDO"), currently located at 777 Victoria Park Avenue, to 781 Victoria Park Avenue, located immediately north of the site. During this time, several economic factors have impacted the proponent's proposal and other Phase 1 Housing Now projects. CreateTO has been working with the Housing Secretariat and the Proponent to resolve these issues to advance project schedules and the delivery of affordable housing. On May 10, 2023, City Council adopted item 2023.PH3.6, and approved an approach to advance the Housing Now projects at 50 Wilson and 5207 Dundas Street West. A similar approach is proposed for the Phase One Housing Now site at 777 Victoria Park Avenue. The factors and an approach to resolve these issues are outlined in Confidential Attachment #1.

This report recommends that the CreateTO Board of Directors approve the approach outlined in Confidential Attachment #1, which responds to the changes in the development and financing markets over the past two years and ensures the project's viability and delivery of 256 affordable housing units.

The report also recommends that the CreateTO Board of Directors direct the Chief Executive Officer, CreateTO to request the necessary City of Toronto authorities to execute amended Agreements and such other documents as may be necessary to finalize the arrangement with the proponent partners for 777 Victoria Park Avenue as described in Confidential Attachment 1.

Subject to approval of this report, CreateTO will collaborate with City legal to make the amendments to the Agreements and prepare for execution of the documents.

Pending minor variance and site plan approvals, the proponent's current schedule is to commence site mobilization and construction start in Q1 2025.

RECOMMENDATIONS

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

1. Adopt the confidential recommendations in Confidential Attachment #1.
2. Recommend to City Council that City Council adopt the confidential recommendations in Confidential Attachment #1.
3. Direct that the information in Confidential Attachment 1 to this report remain confidential as it deals with a pending disposition of land by the City of Toronto.
4. Recommend that City Council direct the information contained in Confidential Attachment 1 to this report remain confidential in its entirety, as it deals with a pending disposition of land by the City of Toronto.

FINANCIAL IMPACT

There is no additional fiscal impact to CreateTO arising from the recommendations in this report. Resources required to support this project are being allocated from the current staffing complement and are part of the approved operating budget.

Due diligence, marketing and human resource costs are being recovered by CreateTO from the City's Housing Secretariat in line with current City approved budgets.

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is also centred on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive, and sustainable communities.

The Housing Now Initiative is a key program under the HousingTO 2020-2030 Action Plan aimed at creating new affordable rental housing within mixed-income, transit rich, complete communities. Creating new affordable housing through the Housing Now Initiative will increase the opportunity for structurally vulnerable and marginalized individuals, including Indigenous Peoples, Black people, people of colour, seniors, women, and members of the LGBTQ2S+ community to access safe, healthy, and adequate homes. More housing opportunities for essential workers and families will also be created through the Housing Now Initiative.

Safe, secure, affordable housing is an important social determinant of health. It improves the social and economic status of individuals, families, and communities. Good quality, affordable housing is also the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region, and country as a whole.

DECISION HISTORY

On December 13, 2018, City Council adopted CC1.3 "Housing Now", which approved the activation of eleven sites for the development of affordable housing as part of creating mixed-income, mixed-use and transit-oriented communities.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.3>

On January 30 and 31, 2019, City Council adopted EX1.1 "Implementing the "Housing Now" Initiative". This report provided recommendations on the organizational structure and processes to deliver the Housing Now Initiative, the proposed affordable housing program, and the overall financial implications of the program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX1.1>

On July 9, 2019, the CreateTO Board of Directors adopted RA7.4 "Housing Now Initiative", directing Management to include the following as part of Housing Now business cases:

- a. a summary of the results of the community consultation, with local councillor input;
- b. the planning context;
- c. context on City Building initiatives;
- d. a breakdown of levels of affordability and proposed terms of the transaction; and
- e. how the business case addresses maximum attainability of affordable units.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.RA7.4>

On September 24, 2019, the CreateTO Board of Directors adopted RA8.2 "Housing Now Business Cases for 140 Merton Street, 50 Wilson Heights Boulevard, 705 Warden Avenue and 777 Victoria Park Avenue" which presented business cases and a

recommended approach to the market offering process for the first four Housing Now properties.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.RA8.2>

On May 28, 2020, City Council adopted CC21.3 "Creating New Affordable Housing Opportunities through Phase Two of the Housing Now Initiative", which approved adding six additional sites to the Housing Now Initiative to create new affordable and market rental housing within mixed-income, mixed-use, complete communities close to transit.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC21.3>

On November 26, 2019, Council adopted PH10.2 "Housing Now - 777 Victoria Park Avenue - Zoning Amendment - Final Report" to facilitate the development of mixed residential development with affordable housing, a childcare and community space.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.PH10.2>

On January 27, 2020, the CreateTO Board of Directors adopted RA.10.2, which authorized Management to report back to the Board of Directors, when management finalized the Agreements, for approval with the proponents for 50 Wilson Heights Boulevard and 777 Victoria Park Avenue. The agreements include the Ground Lease, Project Agreement and Contribution Agreement.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.RA10.2>

On May 28, 2020, City Council adopted CC21.3 "Creating New Affordable Housing Opportunities through Phase Two of the Housing Now Initiative" which approved adding six additional sites to the Housing Now Initiative to create new affordable and market rental housing with in mixed-income, mixed-use, complete communities close to transit.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.CC21.3>

On June 29, 2020, City Council adopted PH14.3 "Housing Now Initiative - Annual Progress Report", which approved enhancements to the Housing Now Initiative that will improve the lives of future residents of the sites.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH14.3>

On February 2, 2021, Council adopted the Community Benefits Frameworks applicable to Housing Now.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX20.7>

On March 8, 2021, the CreateTO Board of Directors approved RA21.4 "Housing Now - Approval of Agreements for 777 Victoria Park Avenue which included the Ground Lease, Contribution Agreement.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.RA21.4>

On May 10, 2023, City Council adopted item PH3.6, "Housing Now Progress Update" which included an approach that responds to the changes in the development and financing markets over the past two years to ensures the delivery of affordable housing units for the Housing Now projects at 50 Wilson and 5207 Dundas Street West.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH3.6>

COMMENTS

On January 27, 2020, CreateTO Board of Directors approved the proponent selection for the development of the Housing Now, 777 Victoria Park Avenue site. On March 8, 2021, the CreateTO Board of Directors approved the legal agreements for 777 Victoria Park Avenue, which included the Ground Lease, the Contribution Agreement and the Project Agreement.

The proponent has been working to advance their Site Plan application for the Housing Now development and the relocation of the existing TTC PUDO to 781 Victoria Park Avenue. On May 15, 2024, the Proponent's development received favourable comments at the Design Review Panel. The project is scheduled to meet the following key milestones:

- Committee of Adjustment, Q3, 2024
- PUDO Site Plan Application, second submission and NOAC, Q4, 2024
- Site Plan Application submission Q4, 2024
- Site Plan Public Meeting, Q4, 2024

As the proponent continued to advance their design for the Housing Now development at 777 Victoria Park Avenue and relocation of the TTC PUDO to 781 Victoria Park Avenue several economic factors impacted the development's economic profile. Discussion with the proponent and CreateTO began in November 2021 to resolve these issues and ensure the delivery of 256 affordable housing units.

Similar economic factors were impacting Housing Now projects at 50 Wilson Heights Avenue and 5207 Dundas Street West. On May 10, 2023, City Council adopted Item 2023.PH3.6, "Housing Now Progress Update" which included an approach that responds to the changes in the development and financing markets over the past two years and ensures the delivery of affordable housing units for the Housing Now projects at 50 Wilson and 5207 Dundas Street West. A similar approach, outlined in Confidential Attachment #1, is recommended for the Housing Now project at 777 Victoria Park Avenue.

CreateTO and City staff are collaborating with the proponent to amend the Agreements which are consistent with the approach outlined in Confidential Attachment #1. The proponent continues to advance the necessary planning approvals to start relocation of the PUDO in Q4, 2024 and site mobilization at 777 Victoria Park in Q1, 2025.

City Building Components

The proponent will continue to provide a range of city-building components as approved by the CreateTO Board of Directors, through Item 2021.RA21.4 "Housing Now - Approval of Agreements for 777 Victoria Park Avenue. These city-building components include requirements as set out in the Market Offering, which include:

- A 100 per cent rental development with 35 per cent affordable housing and 65 per cent market rental units;

- A 330 square metre childcare facility with associated outdoor play space of 347 square metres;
- A 430 square metre community use facility;
- 301 square metres of additional non-residential uses (retail/commercial space) adjacent to the subway entrance; and
- Housing supports through Non for Profit ("NFP") Partners and proponent led programs will be provided.

In addition to the above, the project will continue to deliver other city-building components, including:

- Publicly accessible open space on the development block that will provide community outdoor amenity space and connection to the at grade non-residential space; and
- Affordable units and associated building facilities provided to the same standard of construction and finish as market units.

The renegotiated approach outlined in Confidential Attachment #1, and put forward for approval, supports the delivery of 256 affordable rental units and incorporates the City building components outlined above to be secured for the 99-year Land Lease term.

Next Steps

CreateTO will collaborate with the proponent to amend the Agreements and the proponent will continue to advance the planning approvals to meet the scheduled start of site servicing construction in Q1, 2025 after which building construction can commence.

The proposed approach outlined in Confidential Attachment #1, will support the continued advancement of this project and the City's HousingTO 2020-2030 Action Plan targets. It will provide a range of new housing, including much-needed affordable housing with community spaces to support the new residents of 777 Victoria Park Avenue and the surrounding community.

CONTACT

Gabriella Sichi, Vice President, Development, CreateTO, (416) 981-2470, gsichi@createto.ca

Michael Norton Chief Development Officer, CreateTO, (416) 981-2896, mnorthon@createto.ca

Noah Slater, Director, Housing Development, Renewal and Improvement, Housing Secretariat, City of Toronto, (647) 284-9486, noah.slater@toronto.ca

SIGNATURE

Vic Gupta
Chief Executive Officer

ATTACHMENTS

Confidential Attachment 1: 777 Victoria Park Avenue Business Case Summary