

ModernTO - 931 Yonge Street

Date: June 05, 2024

To: Board of Directors, CreateTO

From: Chief Executive Officer

Wards: 11

SUMMARY

On April 6, 2022, City Council through [Item 2022.EX31.10](#), supported the recommended portfolio strategy to optimize the city-building opportunities on the eight City-owned properties that are targeted to be unlocked through the ModernTO program and authorized CreateTO in consultation with Corporate Real Estate Management and the Housing Secretariat to:

- undertake a market offering process for 931 Yonge Street immediately following the re-zoning of the property that, further to Council direction, prioritizes the creation of affordable ownership housing, delivery of public realm improvements and adheres to the City's strategic investment policy as outlined in the proposed vision; and
- report back to the CreateTO Board with the recommended proponent for City Council approval.

CreateTO led the entitlement process to amend the Zoning By-law to permit a 32-storey mixed use building with 250 dwelling units and 150 square metres of non-residential space on the ground floor. On April 17, 2024, City Council adopted Item [TE12.6](#); the amended by-laws were final and binding on Apr 18, 2024.

The current development statistics are outlined in Table 1.

Table 1: 931 Yonge St - Development Statistics

Site Area	835 sm (0.21 Acres)
Residential Unit Count:	
Total Estimated Unit Count	250
Total Estimated Market Rental Units	167

Minimum Affordable Rental Units	83
Built Form	Residential Uses: • 5-storey podium with a 27-storey tower Non-Residential Uses: • Retail uses at grade along Aylmer Avenue 150 sm
City Building Features	• Public realm improvements at grade along all frontages of the site

City priorities as per Council direction [2023.EX 9.3 Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes](#) have shifted. Staff in the Housing Secretariat and CreateTO have been directed to leverage City lands for purpose built rental housing that includes both affordable and rent-controlled units. As such, Management recommends offering this site on a long-term land lease basis as opposed to fee simple sale to support a 100 per cent rental development with a minimum requirement of 33 per cent affordable rental units.

The intent is to bring the Site to market in Q4 2024 through a real estate brokerage market offering. Following the market offering process, CreateTO staff will report to the CreateTO Board on the proponent selection for endorsement and recommendation to Council. Subject to Council approval, staff will finalize the ground lease agreement and contribution agreement, collectively the ("Agreements"). The lease agreements will be executed prior to the completion of the Site Plan Control process by the proponent developer.

RECOMMENDATIONS

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

Recommend to City Council that they direct the Chief Executive Officer, CreateTO, in consultation with Corporate Real Estate Management and the Housing Secretariat to undertake a market offering for 931 Yonge Street on a long-term land lease basis and to prioritize the creation of affordable rental housing as per the general direction contained in EX9.3.

FINANCIAL IMPACT

There is no additional financial 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 through CREM's approved ModernTO budget.

EQUITY IMPACT STATEMENT

One of the key goals of the ModernTO program is to leverage City-owned land assets in order to achieve key city-building objectives, including the creation of new affordable housing, improvements to City infrastructure and services and significant public realm improvements.

Access to good quality, safe, affordable housing is an important determinant of health and improves the socio-economic status of individuals, families, and communities. The proposed vision for this portfolio includes the creation of affordable housing opportunities for households with diverse income levels, while enhancing important community infrastructure such as paramedic services, institutional uses and streetscape / public realm enhancements.

Additionally, as 931 Yonge St is unlocked, incorporating social procurement principles in the market offering process will encourage local hiring and create employment, training and apprenticeship opportunities for people experiencing economic disadvantage, including those from equity-deserving groups.

Adopting a transit-oriented development approach also provides an opportunity to create complete communities with a range of housing options and increased opportunities for low-and-moderate income individuals to live and work locally. While locating affordable housing near high-order transit services will reduce travel times and costs for individuals and families and provide greater access to employment and education opportunities and services.

DECISION HISTORY

At its meeting on April 17, 2024, City Council adopted TE12.6 “931 Yonge Street - Zoning By-law Amendment Application”, with the By-law ratification on May 14, 2024.
<https://secure.toronto.ca/council/agenda-item.do?item=2024.TE12.6>

At its meeting of December 13, 2023, City Council adopted Item EX10.2 (Advancing Generational Transformation of Toronto's Housing System - Aligning Housing Mandates and Strategic Efforts). The adopted recommendations include a request to the Board of Directors of CreateTO to leverage City lands and partnerships to facilitate the creation of complete communities and to prioritize the delivery of a range of new purpose-built rental homes including new rent-geared-to-income, affordable and market rent-controlled homes, to support the delivery of Toronto's housing plans and targets.
<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX10.2>

At its meeting of November 8, 2023, City Council adopted Item EX9.3 (Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes). The report outlines several recommended actions, and highlights initiatives underway, which will make a generational change to transform and strengthen Toronto's housing system and expedite delivery of the HousingTO and Housing Action Plan targets.
<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX9.3>

At its meeting of September 6, 2023, City Council adopted Item EX7.2 (Urgently Building More Affordable Homes), directing the City Manager, in consultation with the Deputy City Manager, Development and Growth Services, to work with all agencies, boards, corporations and divisions at the City of Toronto to create a plan and an implementation framework and timeline to achieve 25,000 new rent-controlled homes. The new targets identified in Item EX7.2 amend and increase the City's previous HousingTO 2020-2030 Action Plan (HousingTO Plan) target of approving 40,000 affordable rental homes by 2030.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX7.2>

At its meeting on November 3, 2022, CreateTO, reported back to its Board on November 18, 2022 with an update on the ModernTO properties to be unlocked in the short-term including 931 Yonge Street.

<https://www.toronto.ca/legdocs/mmis/2023/ra/bgrd/backgroundfile-229905.pdf>

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 property at 931 Yonge 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 property at 931 Yonge Street, which decision was forwarded to the Executive Committee and City Council as EX31.10 "ModernTO: Unlocking Eight City Owned Properties".

<https://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

Background

The Site is rectangular and has an approximate area of 835 square metres, with a frontage of 22.27 metres on Yonge Street. It is bounded by Aylmer Avenue to the north, Baxter Street to the south, Yonge Street to the west and a public lane to the east. The existing 7-storey building is occupied by the head office for the Toronto Community Housing Corporation (TCHC), and a small retail unit on the ground floor.

CreateTO engaged the following consultants to undertake due diligence on the site and to develop a concept plan for the Site that formed the basis of the CreateTO-led re-zoning application:

- Architect and Landscape architect
- Planning Consultant
- Wind and Noise Consultant
- Cost Consultant
- Energy Consultant
- Environmental/geotechnical/hydrogeological consultants
- Traffic and civil engineers
- Land Surveyor
- Residential Market study Consultant
- Land Appraiser

CreateTO staff worked collaboratively with City staff, including City Planning, the Housing Secretariat, the local Councillor, and the local community in order to bring forward the development concept.

Summary of Development Concept

The development concept (see Attachment 1) consists of a 32-storey tower above a 5-storey base podium. The built form has been designed to maximize the opportunity for new market and affordable housing on the site and includes approximately 250 residential units and up to 150 square meters of non-residential space on the ground level.

The built form has been designed to maximize the opportunity for new market and affordable housing on the Site. Whereas access to the existing building is elevated, the ground floor of the proposed building will be flush with the public sidewalk on all sides to improve accessibility and ensure that the proposed lobby entrance and non-residential space contribute to the animation of the public realm both along Yonge Street and Aylmer Avenue. The proposed design will improve the pedestrian environment on the north and west frontages. Landscape features along the north frontage are proposed and will be designed to relate to the green space directly north at Budd Sugarman Park. Built form impacts on the surrounding public realm, parklands and natural landscapes have been minimized.

The proposed massing has been designed to fit within the local context, to limit the impacts of the built form on adjacent uses and appropriately intensify a Site within the Downtown that has excellent access to existing transit, retail and community infrastructure.

The Proposal provides for a more contemporary built form and massing than the current building, improves the current relationship to the public realm and provides an effective transition from the tall buildings centered at Bloor Street.

The proposed development will improve the Aylmer Avenue and Yonge Street frontages to provide a pleasant and generous pedestrian environment. There is a landscaped edge along the Aylmer frontage that relates to the parkland to the north and the Ravine to the east. This linear space will feature upgraded pavers, 9 mid-size trees in planters and additional seating. There will also be public realm and landscape improvements adjacent to the Yonge Street TTC Bus stop which will include new hard and softscape elements. The Yonge Street frontage will feature a consolidated bicycle storage area, and the entrance to the non-residential space will be enhanced with outdoor seating that wraps around to the Aylmer Avenue frontage. The additional setback provided at the northwest corner will accommodate potential spill out from the non-residential space, to increase programming flexibility.

Bicycle and Vehicle Parking

The proposal includes a total of 2 parking spaces, one accessible and one visitor parking provided at-grade, and a total of 280 bicycle parking spaces located below-grade and on the ground floor level along the Yonge Street and Aylmer Street frontages. Pedestrian access to the residential lobby and retail units is provided via Yonge Street.

Office Replacement

The existing Toronto Community Housing Corporation office use is being accommodated in other City properties through the ModernTO program, along with new office and employment uses proposed to be constructed on other sites within the

ModernTO portfolio to ensure office replacement across the portfolio and to allow for long-term employment growth in the core of the city.

Proceeding with Market Offering Through Brokerage Firm and Fairness Monitor

CreateTO will retain a qualified broker of record to support the marketing of the site. Through a Request for Proposal (RFP) process, CreateTO will select an experienced broker that has a proven track record and success in marketing affordable rental projects. The expectation is that the bid period for the market offering will be eight to ten weeks from the date that the market offering is released. The development timeline can be found in Attachment 2.

CreateTO will also retain the services of a fairness monitor prior to the market offering process to ensure the entire process is open, fair and transparent.

The Selection Committee will consist of staff from CreateTO and the Housing Secretariat. Criteria for selection will include:

- Experience in developing and operating rental housing including experience in partnerships with non-profit operators;
- Proposed number of rental housing units, affordable rental housing units and depth of affordability, and inclusion of supportive housing units;
- Proposed financial and funding plan;
- Demonstrated ability to execute and complete the project on schedule;
- Commitment to city-building components including exceeding minimum requirements on energy and carbon targets and number of jobs and social procurement dollars reflected in the community benefits framework commitment.

The selected proponent and proposed lease terms will be presented to the CreateTO Board and City Council for approval prior to final award.

Planning Approvals

At its meeting on April 17, 2024, City Council adopted TE12.6 “931 Yonge Street - Zoning By-law Amendment Application”, with the By-law final and binding on Apr 18, 2024.

Community Engagement

A Virtual Community Consultation Meeting was hosted by City staff on March 22, 2023. Approximately 87 people participated. Following a presentation by City and CreateTO staff, the following comments and issues were raised:

- support for intensification of the site given the proximity of the subway line;
- concern about potential shadow impacts;
- concern over viability of affordable ownership model;
- lack of short-term parking on-site;
- lack of outdoor amenities and tree planting; and
- concern over the collective impact of multiple developments along Yonge Street.

The issues raised through community consultation were considered through the review of this application by City Planning.

City Building Features

The Site's development concept successfully achieves a variety of city-building objectives which includes the following key features:

1. New affordable rental and market rent-controlled housing.
2. Residential units that will deliver 20 per cent accessible affordable rental units; 15 per cent accessible market rental units plus fully barrier-free common areas. City Planning had requested for "additional 15 per cent of the units to be designed in a way that allows for future conversion to 2 or 3 bedroom units" which was complied with in the design.
3. Residential market unit sizes to meet the City's Growing Up guidelines.
4. Workforce development and social procurement through the Community Benefits Framework.
6. A three-metre pedestrian clearway easement along Yonge St, to ease pedestrian congestion during rush hour
7. Retail space at grade to provide active street frontages and deliver services for residents

Current Market Conditions

The current land market is in a state of uncertainty due to increasing construction costs, rapid escalation in interest rates due to high inflation and general economic impacts resulting from the COVID-19 pandemic. Some developers have continued to move forward to capture opportunities, while others wait for certainty on the longer-term economic trends to settle. There is also uncertainty in relation to when interest rates will decline and the lingering affordable housing supply shortage.

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SIGNATURE

Vic Gupta
Chief Executive Officer

ATTACHMENTS

Attachment 1: ModernTO - 931 Yonge St - Development Concept and Renderings

Attachment 2: Development Timeline

Attachment 3: Letter of Support: Councillor Dianne Saxe