

## **705 Progress Avenue - City-initiated Development Master Plan and Planning Approval Process**

**Date:** January 14, 2025

**To:** Executive Committee

**From:** Executive Director, Corporate Real Estate Management

**Wards:** Ward 24 - Scarborough-Guildwood

### **SUMMARY**

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This report seeks City Council approval to advance a City-initiated Development Master Plan and Planning Approval Process for the redevelopment of 705 Progress Avenue. It also provides an update on work completed to-date to advance the Development Master Plan, in coordination with Toronto Lands Corporation (TLC), on behalf of the Toronto District School Board (TDSB), and enables CreateTO to work with TLC on the successful delivery of the project, including the Development Master Plan whose key terms are outlined in Attachment 1. TLC oversees the acquisition, asset management, redevelopment, and sales of all properties in the TDSB real estate portfolio.

705 Progress Avenue is a 10.9-acre property jointly owned on a 50/50 basis by the City of Toronto and TDSB. It was acquired in August 1996 by the former City of Scarborough in partnership with the former Scarborough Board of Education to develop a new elementary school and municipal park. The site is well served by existing and planned transit options and is within the Council-adopted Scarborough Centre Station Protected Major Transit Station Area.

The site is currently developed with low-rise, non-residential buildings initially intended for light industrial uses. The property currently contains 55 commercial units, including active leases with market-rate tenants and below-market-rate tenants, along with City divisions, agencies, and corporations.

In November 2021, City Council directed staff, in consultation with CreateTO and in collaboration with TDSB, to create a Development Master Plan for the site. City Council direction included advancing Official Plan and/or Zoning By-law Amendments to allow a mixed-use development to achieve multiple city-building outcomes. These outcomes include:

- Constructing a new public school;

- Creating a large park;
- Building new affordable housing; and
- Establishing a permanent community hub for local not-for-profit organizations.

In response to City Council direction, CreateTO (on behalf of the City of Toronto), and TLC (on behalf of TDSB) have established a Working Committee and developed a joint and non-binding Project Charter to advance a Development Master Plan and Conceptual Phasing Strategy. The Working Committee includes representatives from the following City of Toronto divisions: City Planning; Development Review, Corporate Real Estate Management; Housing Secretariat; Parks and Recreation; and Social Development, Finance, and Administration.

The Development Master Plan and Conceptual Phasing Strategy have been developed with a view to minimize impacts on existing [Community Space Tenancy Policy](#) tenants. Development of the site is anticipated to be phased over several years. In consultation with stakeholders, a relocation and re-accommodation strategy will be developed. This will enable uninterrupted community services for existing tenants operating under the City's Community Space Tenancy Policy and will be refined as the Development Master Plan and phasing strategy are further developed.

This report was prepared in consultation with the Working Committee and TLC (on behalf of TDSB).

## **RECOMMENDATIONS**

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The Executive Director, Corporate Real Estate Management, recommends that:

1. City Council request the Board of Directors, CreateTO, to direct the Chief Executive Officer, CreateTO, to work with the Executive Director, Corporate Real Estate Management, Executive Director, Social Development, Finance and Administration, General Manager, Parks and Recreation, Executive Director, Development Review, Chief Planner and Executive Director, City Planning, and Executive Director, Housing Secretariat, to advance the Development Master Plan process as outlined in Attachment 1.
2. City Council direct the Executive Director, Development Review, to initiate the City-initiated Planning Approval process required to facilitate redevelopment as outlined in Attachment 1.
3. City Council direct the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Social Development, Finance and Administration, to develop a relocation and re-accommodation strategy for existing Community Space Tenancy Policy tenants located on the property, that will form part of the process to create the Development Master Plan.
4. City Council request the Board of Directors, CreateTO, to direct the Chief Executive Officer, CreateTO, in consultation with the Executive Director, Corporate Real Estate

Management, to negotiate agreements with Toronto Lands Corporation and/or Toronto District School Board, as appropriate, for the Development Master Plan and report back to City Council on negotiated terms.

## **FINANCIAL IMPACT**

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An estimated investment of \$1.5 million is required for the stated purpose of advancing the Development Master Plan and Conceptual Phasing Strategy for 705 Progress Avenue. This amount will be shared on a 50/50 basis between the City of Toronto and TDSB.

The \$1.5 million amount includes undertaking necessary environmental studies and remediation, market analyses, architectural, and other consultant studies. The funding request for the City's 50% interest, or \$750,000, in this due diligence budget is to be shared by Corporate Real Estate Management and the Housing Secretariat in equal parts. Funding in the amount of \$375,000 has been included in each of the 2025-2034 capital budget and plan submissions for Corporate Real Estate Management and Housing Secretariat.

CreateTO will lead the procurement and retention of all consultants, in consultation with TLC (on behalf of TDSB). CreateTO will charge back to the City of Toronto and TDSB as landowners of the Redevelopment Site on a 50/50 basis. Any costs imposed through the regulatory process by the City as a regulatory authority are also to be shared by the City and TDSB on a 50/50 basis.

Any future funding required to develop and operate the proposed public TDSB podium elementary school, new park, residential/affordable housing, and community hub will be identified in collaboration with respective City of Toronto divisions and TDSB. The City and TDSB are independently responsible for the capital costs associated with their respective facilities. In addition, The City of Toronto and TDSB are jointly responsible for off-site improvement costs for the construction of all roads, services and other master plan improvements required to develop the site. These costs will be identified through a future business case.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with this program to be considered along with other priorities in future budget processes.

## **DECISION HISTORY**

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At its meeting in November 2021, City Council adopted Item GL26.7, Community Space Tenancy Lease Agreement and Municipal Capital Facility Designation for Carefirst Seniors and Community Services Association at 705 Progress Avenue, Unit 36-37. Through recommendation 14 of this Report, City Council directed City staff, in consultation with CreateTO and in collaboration with TDSB, to create a Development Master Plan for 705 Progress Avenue. Staff were directed to include any Official Plan

and/or Zoning amendments which may be necessary to allow a mixed-use development at the site, including a new school, a community hub for local charities, new residential towers with affordable housing, and a large park area.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.GL26.7>

## COMMENTS

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### Context

#### Site

705 Progress Avenue (the "Property") is a 10.9-acre lot on the south side of Progress Avenue between Grangeway Avenue and Bellamy Road, as shown in Attachment 2. The site was jointly purchased in August 1996 by the former City of Scarborough and the former Scarborough Board of Education to provide a future public elementary school and municipal park.

The City of Toronto and TDSB each hold a 50/50 undivided interest in the property. The existing context immediately surrounding the Property is defined by low-scale commercial-industrial buildings to the north and west, East Highland Creek to the east, and TTC McCowan Yard to the south.

The Property currently contains 55 commercial units, including active leases with market-rate tenants and below-market-rate tenants, along with City divisions, agencies, and corporations. Several below-market leases have been entered into with community service providers and tenants of 705 Progress Avenue under the City's [Community Space Tenancy Policy](#).

A City-operated men's shelter exists within the south-west block of the site. The shelter is jointly recognized by the City and TDSB as a sensitive tenancy and is proposed to remain in-situ, as part of the final Development Master Plan.

### Planning Framework

The Property is designated *Mixed Use Areas* in the Official Plan and is zoned Industrial (M) under the former City of Scarborough Employment Districts By-law 24982. It is also subject to the Scarborough Centre Secondary Plan. The Secondary Plan is currently under review through an active planning study (Our Scarborough Centre) to update the Secondary Plan with policies that will support the future development of the Scarborough Centre area. The Official Plan Amendment delineating the Protected Major Transit Station Area (PMTSA) and assigning minimum density via Site and Area Specific Policy was adopted by City Council and is currently with the Minister of Municipal Affairs and Housing for a decision. PMTSAs are areas where the Government of Ontario allows municipalities to implement Inclusionary Zoning, a policy that would require new residential developments to include affordable housing units, creating mixed-income housing.

The Property is well served by existing and planned transit options and is within the Council-adopted Scarborough Centre Station PMTSA. This sets out minimum densities that, as a companion to the Secondary Plan, provide a redevelopment opportunity that contributes to a transit-oriented complete community.

## **Development Pressure**

Scarborough Centre is expecting a significant increase in density with several proposed and City Council-approved mixed-use towers at height peaks in the 50-storey range. The Our Scarborough Centre Study contemplates a 30-year residential population increase of upwards of 64,000 residents and 27,000 jobs. The confirmation of funding for the Scarborough Subway Extension has sparked further interest within the private development sector to move forward with redevelopment opportunities. For example, the recent Oxford Properties proposal to redevelop portions of the Scarborough Town Centre.

TLC has indicated a desire to develop the site quickly to realize a new elementary school at the podium level to service an expected increase in required pupils as Scarborough Centre continues to redevelop. Similarly, the City of Toronto has identified a park and other City-building outcomes, including affordable housing, as priorities to advance a complete community within Scarborough Centre.

## **Objectives and Considerations**

### **Project Objectives**

The following Project Objectives have been identified through the Working Committee and formed the basis under which the Development Master Plan and Conceptual Phasing Strategy have been developed:

- **Public school:** A TDSB public elementary school in the podium of the Phase 1 proposed buildings of approximately 100,000 square feet (9,290 square metres) GFA, and approximately two acres of associated outdoor play space.
- **Park:** A new park, targeted at 50% of the total site area adjacent to Highland Creek, with consideration for the accommodation of new recreation infrastructure.
  - Shared-use areas for outdoor play space accessible by TDSB students during school hours, to be confirmed by TDSB and Parks and Recreation division through the design process.
- **Community space:** A permanent community hub for local not-for-profit organizations consisting of approximately 20,000 square feet (1,858 square metres) operated in accordance with the City's Community Space Tenancy Policy.
- **City-operated shelter:** In-situ retention of the 90-bed shelter located on the Property, which opened on May 18, 2022.
- **Roadway and block plans:** Implementation of a necessary road network and block plans that support a phased redevelopment of the property and advancing Secondary Plan mobility goals.
- **Housing:** Residential development that includes:

- High-density residential uses deployed in mixed-use development with the potential for multiple towers which fit within the existing and planned context of the subject site; and,
- An affordable housing component within the development (tenure, unit count and percentage to be determined in consultation with the Housing Secretariat and TLC/TDSB).
- **Secondary Plan:** The Development Master Plan and Conceptual Phasing Strategy considers the City's ongoing review of the Scarborough Centre Secondary Plan and other implementing initiatives.

The Development Master Plan and Conceptual Phasing Strategy have been developed to achieve the project objectives stated above and to minimize impacts to existing tenants operating under the City's Community Space Tenancy Policy, ensuring continuity of community service.

Development of the site is anticipated to be rolled out over several years. Phase 1 proposes the construction of a public podium elementary school within an existing vacant plot in the north-west corner of the site, with no displacement of existing tenants (see Attachment 2). TDSB is targeting a construction start by Q1 2027. A phased approach will allow adequate time to address potential impacts to existing tenancies during future phases of redevelopment.

A City-operated men's shelter exists within the south-west block of the site. The shelter is jointly recognized by the City and TDSB as a sensitive tenancy and is proposed to remain, in-situ, as part of the final Development Master Plan.

### **Work Completed To-Date**

In November 2021, City Council directed City of Toronto staff to work with TDSB to develop a Master Plan for the development of the Property ([Item GL.26.7](#)).

CreateTO (on behalf of the City of Toronto), and TLC (on behalf of TDSB) have established a Working Committee and developed a joint and non-binding Project Charter to advance a Development Master Plan and Conceptual Phasing Strategy, including the associated budget, development objectives, governance, and distribution of responsibilities and costs.

The Working Committee includes representatives from the following: City Planning; Corporate Real Estate Management; CreateTO; Development Review; Housing Secretariat; Parks, Forestry, and Recreation; Social Development, Finance, and Administration; and Toronto Lands Corporation.

Through regular meetings and workshops, the Working Committee has completed the following milestones:

- Identification and specifications of each component of community infrastructure, including TDSB podium elementary school, municipal park, and community hub.
- Advancement of a Conceptual Phasing Strategy to:
  - Enable a Q1 2027 construction start for the public school component; and

- Mitigate impact on existing sensitive tenancies on the property.
- Coordination with the ongoing Scarborough Centre Secondary Plan review to ensure the Development Master Plan and Conceptual Phasing Strategy appropriately respond to and are aligned with the emerging policy framework.
- Identification of site plan options, including residential tower locations, heights, and parkland layouts.

In addition, on October 31, 2024, a Tenant Information Session was held on-site. This provided tenants with an opportunity to meet the team from the City of Toronto, TLC, and CreateTO, as well as receive information and ask questions. On November 6, 2024, TDSB endorsed the Project Charter, as well as the conceptual master development plan and proposed budget, to advance this work<sup>1,2</sup>. Key Terms from the jointly negotiated Project Charter are provided in Attachment 1.

## **Affordable Housing**

Ensuring that residents across a range of income levels, including Indigenous and equity-deserving groups, can find and maintain housing is crucial to Toronto's overall social and economic well-being. The [City of Toronto's HousingTO 2020-2030 Action Plan \(HousingTO Plan\)](#) aims to create 65,000 new rent-controlled, affordable and rent-geared-to-income homes by 2030 to provide a range of housing options while building sustainable and inclusive communities.

As part of this plan, the City of Toronto is working with school boards on real estate redevelopment strategies that will create modernized schools and more community hubs, and provide land that can be activated for market and affordable rental housing development opportunities. 705 Progress Avenue has been identified as appropriate for redevelopment. The amount of affordable housing and its phasing will be determined in consultation with the Housing Secretariat, TDSB, and TLC by developing a business case following City-Initiated Planning Approvals.

The residential development opportunity at 705 Progress Avenue will advance progress against the HousingTO Plan and will provide homes for low- and moderate-income households, including some of the City's most essential workers, such as shelter staff, nurses, and transit operators.

## **Toronto District School Board Capital Priority**

A new elementary school at 705 Progress Avenue has been, and continues to be, one of TDSB's top capital priorities. A business case was submitted by TDSB in 2021 and 2022 to the Ministry of Education seeking funding to construct a new standalone school at 705 Progress Avenue. Funding for TDSB for this standalone school project has not yet been approved by the Ministry of Education. The current Development Master Plan provides an opportunity for a TDSB funding request to be considered as part of a complete community, along with the potential to leverage any land value associated

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<sup>1</sup> [\(October 18, 2024\) Letter to Acting Chair, TDSB from Chair, TLC](#)

<sup>2</sup> [TDSB Regular Meeting: November 6, 2024 - Minutes](#)

with a market residential component to assist in delivering the new podium elementary school.

## **Existing Tenancies**

The Property currently contains 55 commercial units, including active leases with market-rate tenants and below-market-rate tenants, along with City divisions, agencies, and corporations.

On October 31, 2024, a Tenant Information Session was held on-site. This meeting provided tenants of 705 Progress with an opportunity to meet the team from the City of Toronto, TLC, and CreateTO. Staff delivered a presentation providing an overview of the site, outlined the development objectives, and explained how tenants will be kept up to date as the project progresses, followed by a question-and-answer period.

Under the City's [Community Space Tenancy Policy](#), Corporate Real Estate Management and Social Development, Finance and Administration lease City-owned/managed spaces at below-market rent to non-profit organizations who deliver community and cultural services that respond to local needs and further the City's strategic objectives. Existing below-market leases have been entered into with several community service providers as tenants of 705 Progress Avenue.

A relocation and re-accommodation strategy will be developed, in consultation with TLC as part of the Development Master Plan process. The strategy will:

- Identify existing tenants operating under the Community Space Tenancy Policy that qualify to be relocated to the proposed community hub as determined by the City;
- Identify the required tenant-specific capital improvements needed for existing tenants operating under the Community Space Tenancy Policy that are being relocated to the new community hub; and,
- If required, develop a relocation strategy for existing, qualified tenants operating under the Community Space Tenancy Policy that cannot be accommodated in the new community hub.

An accompanying Communication Strategy will be developed to ensure transparent communications with tenants operating under the Community Space Tenancy Policy through the relocation and re-accommodation strategy.

## **Next Steps**

Advancing a Development Master Plan for 705 Progress Avenue will allow the City of Toronto and TDSB to utilize a well-positioned real estate asset to deliver community infrastructure, housing opportunities, and other critical City-building outcomes within Scarborough Centre. As Scarborough Centre continues to evolve into a transit-oriented high-density mixed-use context, the site must evolve with it while maintaining and enhancing important community uses in a hub that will continue to support the central Scarborough area and beyond.



This report recommends that City Council request CreateTO to advance the Development Master Plan, in consultation with key City of Toronto divisions, to achieve the project objectives as detailed in this report, and in alignment with the Project Charter whose key terms are outlined in Attachment 1. City staff, in coordination with CreateTO, will report back to City Council on negotiated agreements with TLC/TDSB to enable any future land division and the business structure to deliver the Development Master Plan.

This report also seeks City Council authority for City-initiated planning approvals to establish appropriate planning permissions for the subject property to facilitate future delivery of the city-building elements of the project, including the podium elementary school, community hub, parkland, and affordable housing.

## **CONTACT**

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## **SIGNATURE**

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Patrick Matozzo  
Executive Director, Corporate Real Estate Management

## **ATTACHMENTS**

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Attachment 1: Development Master Plan Process - Key Terms  
Attachment 2: Site Context Map and Conceptual Phasing Strategy

## **ATTACHMENT 1: DEVELOPMENT MASTER PLAN PROCESS - KEY TERMS**

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### **Purpose and Scope**

The Development Master Plan process is designed to enhance collaboration between all parties and outline each party's responsibilities with respect to developing the plan. It will outline the key objectives, governance, resource requirements, project schedule, principles for cost-sharing and project budget.

### **Development Master Plan Objectives**

The primary objectives of the Development Master Plan process are to achieve the following:

- a. Develop a conceptual Development Master Plan and Phasing Strategy for the site;
- b. Obtain the required Planning Act approvals;
- c. Develop a Relocation and Re-accommodation Strategy for existing tenants; and,
- d. Identify funding sources to deliver the City-building elements, including the TDSB elementary school; municipal park; community hub; and relocation and fit-out of existing tenants in the new community hub.

### **Development of Master Plan**

The following principles will guide the development of the conceptual Development Master Plan:

- a. A business case that seeks to maximize financial and social value of the site to support the delivery of an elementary school, a new park, affordable housing, and community hub;
- b. All enabling costs (including soft costs) are to be shared equally between the City and TDSB;
- c. The City and TDSB are not precluded from agreeing to a future land division of the site whereby ownership interests in individual development blocks may be separately conveyed;
- d. The City and TDSB are independently responsible for the capital costs associated with their respective facilities;
- e. The City and TDSB are jointly responsible for off-site improvement costs for the construction of all roads, services and other master plan improvements required to develop the site;
- f. Any costs imposed through the regulatory process are to be shared by the City and TDSB;
- g. The existing men's shelter is jointly recognized by the City and TDSB as a sensitive tenancy which requires accommodation through the redevelopment strategy; and
- h. Any disposition of land owned by TDSB will be subject to O.Reg. 374/23 (Disposition of Surplus Real Property and Acquisition of Real Property) under Education Act (Ontario).

## ATTACHMENT 2: SITE CONTEXT MAP AND CONCEPTUAL PHASING STRATEGY

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### Site Context Map

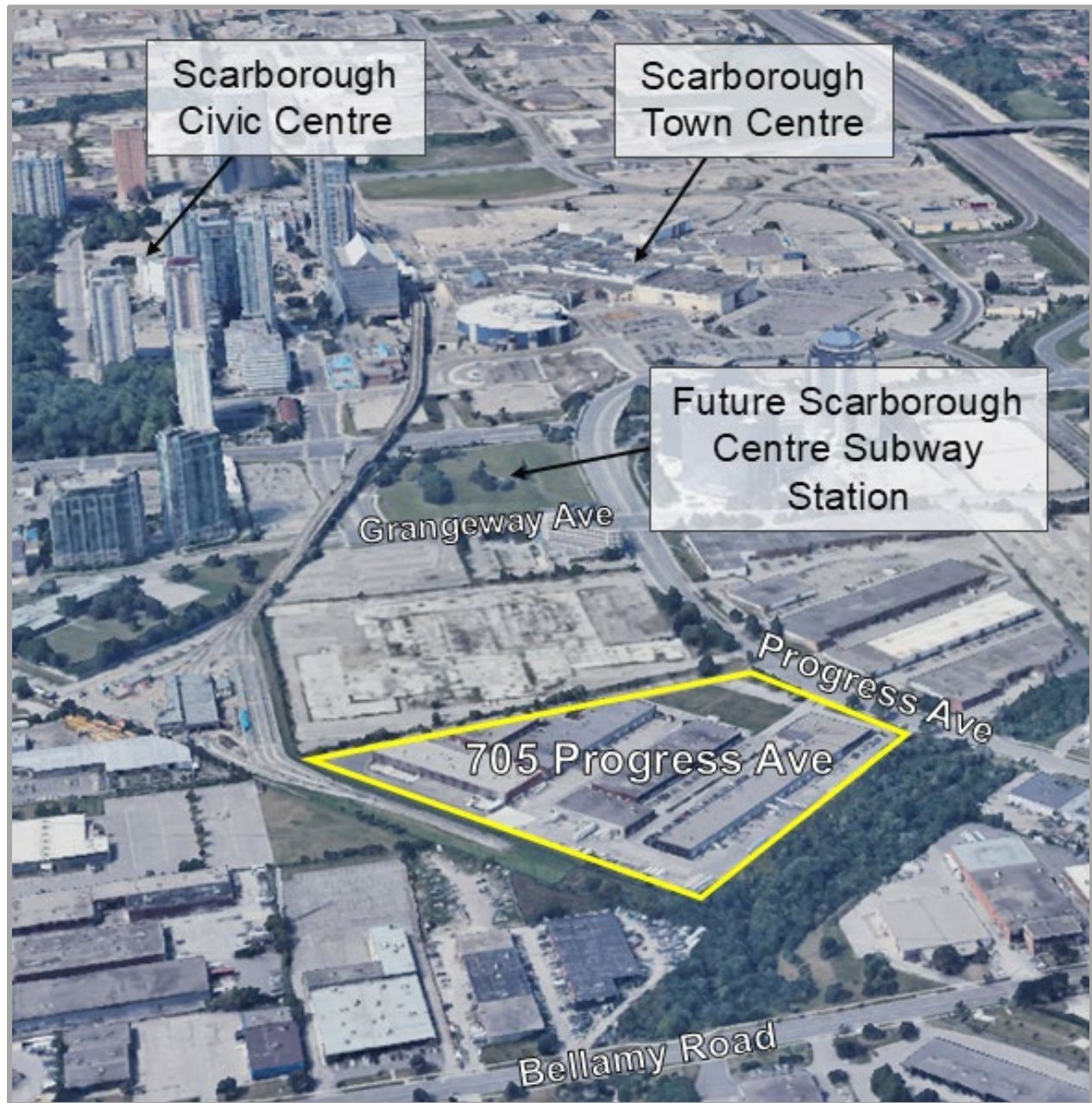


Figure 1: Location of 705 Progress Avenue. The property, with approximate borders outlined in yellow, is bound by Progress Avenue to the north, Bellamy Road to the east, and Grangeway Avenue to the west.

## Conceptual Phasing Strategy

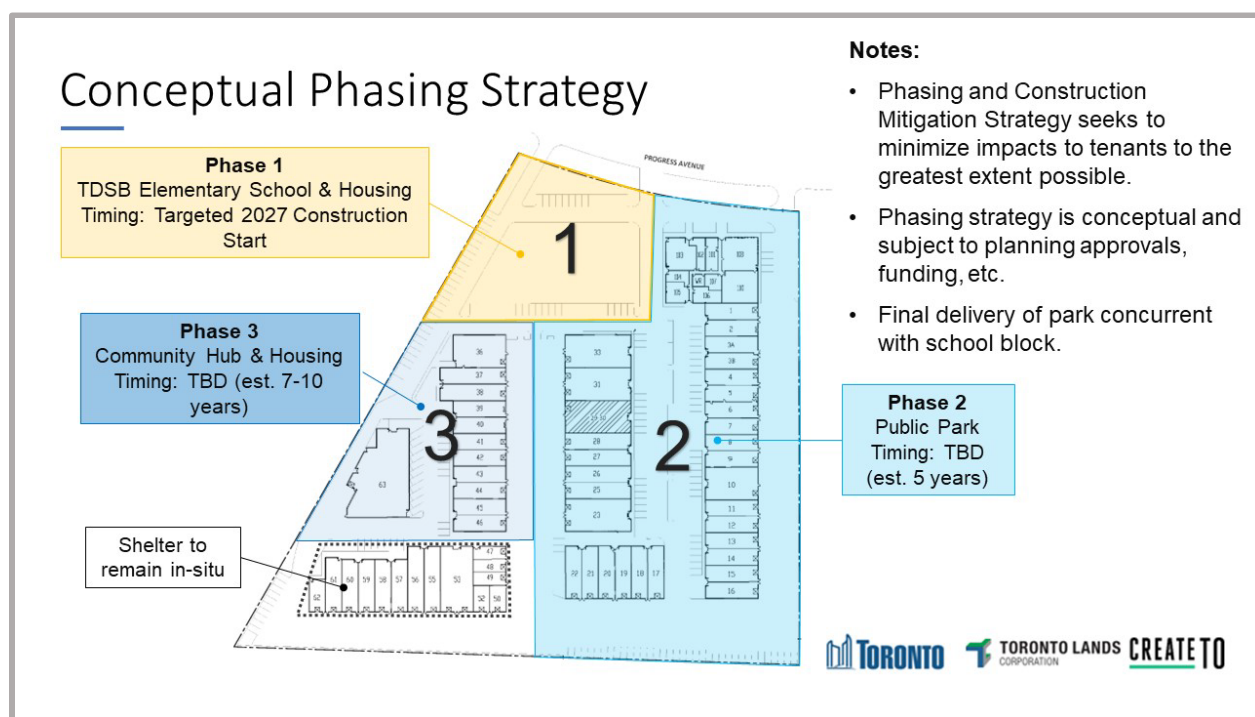


Figure 2: Conceptual Phasing Strategy, in support of the Development Master Plan. Subject to change as technical studies are advanced through the City Initiated Planning Approval process.