

Updated Business Case for Bloor-Kipling (Six Points), Block 5 (970 Kipling Ave)

Date: January 16, 2025

To: The Board of Directors of CreateTO

From: Chief Executive Officer

Wards: Ward 3 – Etobicoke Lakeshore

REASON FOR CONFIDENTIAL INFORMATION

The confidential attachments to this report relate to (i) a proposed or pending disposition of land by the City, and (ii) a position, plan, procedure, criteria, or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City.

SUMMARY

This report recommends the CreateTO Board of Directors endorse the updated business case in support of a market offering for Bloor-Kipling (Six Points) Block 5 site located at 970 Kipling Avenue ("970 Kipling Avenue").

A business case for this site was previously considered and approved at the June 3, 2022, meeting of the Board of Directors. However, due to unprecedented cost escalations and cost uncertainty in the real estate market at that time, a market offering for the 1.61-acre site was not issued.

Since that time, CreateTO staff have worked closely with their partners in the Housing Secretariat to revisit the business case for the property to ensure it was appropriately structured and funded to address new Council priorities and direction. This includes direction received via the ['Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes Report' \(2023.EX9.3\)](#) and ['Launching the Rental Housing Supply Program Report' \(2024.PH13.8\)](#).

The final development concept for the property remains unchanged. It includes a 28-storey tower at the corner of Dundas Street West and Beamish Drive and a 12-storey

building at the corner of Kipling Avenue and Dundas Street West. The buildings are connected by a base building ranging in height from 8-11 storeys, which can achieve approximately 586 residential units, including approximately 195 affordable rental units.

The proposal includes approximately 37,800 sq.ft. of non-residential uses, including retail and commercial uses fronting Kipling Avenue and Dundas Street West. This proposal will also include city-building features, such as the use of district energy and the addition of a new linear park (Dundas Street West Park) located along the western frontage of the site.

The intent is to bring this site to market in the first quarter of 2025 through real estate brokerage services. Following the market offering process, CreateTO staff will report to the CreateTO Board on the development partner selection prior to finalization of legal agreements.

RECOMMENDATIONS

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

1. Endorse the updated business case for 970 Kipling Avenue, as presented in Confidential Attachment 1, and, subject to further approvals from relevant City officials, direct the Chief Executive Officer, CreateTO to:
 - a. release to market 970 Kipling Avenue, conditional on approval by relevant City authorities; and
 - b. retain the services of a fairness monitor to oversee and ensure an open, fair, and transparent market offering process.
2. Authorize the public release of the information in Confidential Attachments 1 and 2 at the conclusion of the Housing Now program, and at the discretion of the Chief Executive Officer, CreateTO.

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'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 HousingTO 2020-2030 Action Plan aimed at creating new affordable rental housing within mixed-income, transit rich, complete communities. Creating new affordable housing 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 initiatives like these.

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 11 City-owned sites for the development of affordable housing as part of creating mixed-income, mixed-use and transit-oriented communities. Bloor-Kipling lands were named as one of the Phase One sites.

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

On January 30 and 31, 2019, City Council adopted EX 1.1 "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 directed the Chief Executive Officer, CreateTO to include the following as part of the Housing Now business case:

- 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 endorsed the business cases as presented and directed CreateTO management to proceed to market with the first four sites in the fourth quarter of 2019.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.RA9.5>

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 an additional six (6) City-owned 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 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 May 11, 2021, the CreateTO Board of Directors adopted RA22.12 "Housing Now Business Case for Bloor-Kipling (Six Points) – Block 1" and directed CreateTO Management to proceed to market 5207 Dundas Street West to the development community.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA22.12>

On July 14, 15, and 16, 2021, City Council adopted PH25.2, the "Housing Now Bloor-Kipling (Six Points) Block Context Plan and Blocks 1, 2 and 5 City-Initiated Zoning By-law Amendment – Final Report" to facilitate the development of mixed-use residential developments with a minimum of 33% affordable rental units and two new public parks.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH25.2>

On October 4, 2021, City Council enacted the Bills for Block 1, 2 and 5. There were no appeals, and the By-laws came into full force and effect on October 4, 2021.

<https://www.toronto.ca/legdocs/bylaws/2021/law0825.pdf>

On November 9, 2021, Council adopted, with amendments, PH28.2 "Housing Now Initiative – Annual Progress Update and Launch of Phase Three Sites".

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH28.2>

On April 12, 2022, CreateTO Board of Directors adopted RA30.5 "Housing Now Selection of Proponent for Bloor-Kipling (Six Points) – Block 1" and directed the Chief Executive Officer, CreateTO, in collaboration with the Executive Director, Housing

Secretariat and the City Solicitor, to negotiate transaction agreements, including a ground lease, project agreement, contribution agreement and such other documents as may be necessary to finalize arrangements with the proponents for Block 1 (5207 Dundas Street West) on term set out in Confidential Attachment 3 to the report (March 28, 2022).

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.RA30.5>

On June 22, 2022, the CreateTO Board of Directors adopted RA32.7 "Housing Now Business Case for Bloor-Kipling (Six Points) – Block 5 (970 Kipling Avenue)" and directed CreateTO Management to proceed to market 970 Kipling Avenue to the development community.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.RA32.7>

On November 8, 2023, City Council adopted EX9.3, "Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes."

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX9.3>

On June 26, 2024, City Council adopted PH13.8, "Launching the Rental Housing Supply Program."

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH13.8>

COMMENTS

Updated Business Case Preparation Process

The updated business case reflects new Council direction received through the '[Generational Transformation of Toronto's Housing System Report \(EX9.3\)](#)' and '[Launching the Rental Housing Supply Program \(PH13.8\)](#)'. This includes Council-directed requirements for enhanced affordability through the application of the City's income-based definition of affordability to a minimum of one-third (33 per cent) of the proposed dwelling units (approx. 195 units), as well as an enhanced focus on public ownership of land through 100 per cent rental projects on City ground leases.

Since the June 2022 Business Case, the Provincial and Federal Governments have also implemented an HST exemption on new purpose-built rental buildings to assist with enhancing project viability. The City has also implemented additional funding mechanisms to support affordable projects meeting set criteria per '[Launching the Rental Housing Supply Program \(PH13.8\)](#)'.

Planning Approvals

The final Official Plan and Zoning By-law Amendment for 970 Kipling Avenue was adopted by City Council on July 16, 2021. No appeals were made, and the By-law came into full force and effect October 4, 2021.

Proceeding with Market Offering through a selected broker

A commercial brokerage will be retained by CreateTO through a competitive procurement process to issue a market offering. The selected broker will market the site to the development industry and non-profit sector under the direction of a fairness monitor to ensure an open, fair, and transparent process. A development partner will be selected through this market offering process.

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

1. Experience in developing and operating rental housing;
2. Proposed number of rental housing units, affordable rental housing units and depth of affordability;
3. Proposed financial and funding plan;
4. Demonstrated ability to execute and complete the project on schedule; and
5. Commitment to city-building components including but not limited to exceeding minimum requirements on energy and carbon targets and commitments required under the Community Benefits Framework obligation including social procurement dollar value and the number of equity jobs in construction that exceed the 10 per cent threshold.

The selected development partner and term sheet reflecting the development partner's commitments will be presented to the Board and to Senior City Staff for approval prior to final award.

Maximizing Affordability

Bidders will be incentivized to maximize affordability through the competitive process. Maximizing affordability may include increasing the number of affordable units. The ability for the development partner to target units to vulnerable and marginalized populations requiring deeper levels of affordability (e.g. seniors, Black people, Indigenous Peoples, people of colour, essential workers, artists, chronically homeless) will also be evaluated.

City-Building Components

The development at 970 Kipling Avenue will deliver a variety city-building components alongside the affordable housing units generated including:

- Encouraged adherence to the Growing Up: Planning for Children in New Vertical Communities Guidelines on market units as well as commitments around accessible units and universal design barrier free common areas;
- Unique built form to complement the new road network and provide for comfortable pedestrian and open space conditions;
- Interior courtyard that will provide community amenity spaces for outdoor gatherings;
- the Dundas Street Historical Alignment Park, a linear park, to be developed by Parks Forestry and Recreation, that will connect to the surrounding open space network;
- Retail space at grade to provide active street frontages and deliver services for residents;
- Commercial spaces to provide employment opportunities for residents and support two-way trips into the Centre;

- A commitment to workforce development and social procurement through the inclusion of a Community Benefits Framework.
- District Energy to provide a sustainable energy source contributing to the reduction of greenhouse gas; and
- A commitment to Toronto Green Standards Version 4, Tier 2 (greater consideration will also be given to proposals that give consideration to higher levels of energy performance) in an effort to meet the TransformTO targets of net zero by 2040.

Current Market Conditions

The current land market is in a state of uncertainty due to a softening rental market and unsold inventory of condominium units that have historically substituted as a de-facto supply of rental housing. Some developers have continued to move forward to capture opportunities, while others wait for certainty on the longer-term economic trends to settle.

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SIGNATURE

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Chief Executive Officer

ATTACHMENTS

Confidential Attachment 1: Bloor-Kipling, (Six Points), Block 5 (970 Kipling Avenue) - Business Case Summary
Confidential Attachment 2: Bloor-Kipling (Six Points), Block 5 (970 Kipling Avenue) - Proposed Transaction Terms