

## **Updated Business Case for 158 Borough Drive**

**Date:** January 16, 2025

**To:** The Board of Directors of CreateTO

**From:** Chief Executive Officer

**Wards:** Ward 21 – Scarborough Centre

### **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 the site located at 158 Borough Drive.

A business case for this site was previously considered and approved at the April 12, 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 1.57-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 Report \(2023.EX9.3\)](#), and [Launching the Rental Housing Supply Program \(2024.PH13.8\)](#).

The final development concept for the property remains unchanged. It includes 27 and 42-storey towers above a 6-storey base podium which can achieve approximately 687 residential units over 548,830 square feet of residential GFA, including 229 affordable rental units. The proposal includes the potential for a 62-child daycare facility or

other community use of approximately 8,500 square feet on the ground level, subject to City funding.

The intent is to bring this site to market in the first quarter of 2025 through a real estate brokerage. Following the market offering process, CreateTO staff will report to the CreateTO Board on the proponent 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 158 Borough Drive, 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 158 Borough Drive, conditional on approval by relevant City authorities;
- 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.

<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 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. 158 Borough Drive was named as one of the Phase Two sites.

<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 November 9th, 2021 City Council considered and 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 6, 2022, City Council adopted, without amendment, PH32.1 "Housing Now – 140, 150, 156, 158 and 160 Borough Drive – City Initiated Official Plan Amendment and Zoning By-law Amendment - Final Report."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.PH32.1>

On April 12, 2022, the CreateTO Board adopted RA30.4, "Housing Now Business Case for 158 Borough Drive", which endorsed a business case for the project and provided authority to issue a market offering subject to further approvals required through delegated authority.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.RA30.4>

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 of the proposed dwelling units, as well as an enhanced focus on public ownership of land through 100 per cent rental projects on City ground leases.

Since the date of the April 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 [PH13.8](#).

### **Planning Approvals**

The final Official Plan and Zoning By-law Amendment for 158 Borough Drive was adopted by City Council on April 6, 2022. An appeal of the site-specific zoning by-law to the Ontario Land Tribunal was dismissed via a Memorandum of Oral Decision issued on November 20, 2023. Zoning for the property is in force and effect.

### **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 Housing Now development at 158 Borough Drive will deliver on multiple 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;
- 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;
- Improved public realm and publicly accessible open space along all frontages of the site;
- A commitment to workforce development and social procurement through the inclusion of a Community Benefits Framework; and
- 8,500 square feet of flexible space with potential uses for City daycare or other community needs

## 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.

It is also important to note that the Scarborough Centre submarket, despite planning approvals and consideration of approximately 30,000 future residential units, has seen a limited amount of new construction starts. The lack of new construction starts and future potential inventory in the Scarborough Centre submarket presents an added layer of uncertainty and risk.

## CONTACT

---

Michael Norton, Chief Development Officer, CreateTO, (437) 533-8163  
[mnorton@createto.ca](mailto:mnorton@createto.ca)

Noah Slater, Director, Housing Development, Housing Secretariat, City of Toronto,  
(647) 284-9486 [noah.slater@toronto.ca](mailto:noah.slater@toronto.ca)

## SIGNATURE

---

Vic Gupta  
Chief Executive Officer

## **ATTACHMENTS**

---

Confidential Attachment 1: 158 Borough Drive – Business Case Summary

Confidential Attachment 2: 158 Borough Drive – Proposed Transaction Terms