REPORT FOR ACTION

765 Steeles Ave West - Zoning By-law Amendment – Decision Report – Approval

Date: June 18, 2026
To: North York Community Council
From: Director, Community Planning, North York District
Ward: 18 - Willowdale

Planning Application Number: 26 145933 NNY 18 OZ

SUMMARY

The recommendations in this report implement the direction given to staff through City Council Motion 2026.MM40.28.

Motion 2026.MM40.28 directed the Executive Director, Development Review to bring forward a City-initiated amendment to By-law 1089-2022 to provide the City with greater flexibility in the use, design, finishing, and equipping of the future City facility secured through Section 37 provisions in the By-law; and directed the Executive Director, Social Development and the General Manager, Children's Services, in consultation with the Executive Director, Development Review to explore future funding options to finish, furnish and equip the future City Facility to support the ultimate use of the space.

If funding to finish the City Facility is not secured within 12 months from the date of the execution of the Section 37 Agreement, the recommended By-law contains an option for City staff to either accept the space as agreed to from the Owner or accept an indexed cash contribution of $2.5 million paid by the Owner in-lieu of the space. The cash contribution would be allocated for local area improvements in the vicinity of the Site, to the satisfaction of the Executive Director, Development Review, in consultation with the Ward Councillor.

At the time of the writing of the report, the Owner has not accepted these terms.

The report further recommends that By-law 1090-2022 be repealed as it is no longer required on the site.

RECOMMENDATIONS

The Director, Community Planning, North York District recommends that:

1. City Council amend site-specific Zoning By-law 1089-2022, for the lands municipally known as 765 Steeles Avenue West, substantially in accordance with the draft Zoning By-law Amendment included as Attachment 2 to this Report.

2. City Council repeal Zoning By-Law 1090-2022.

3. City Council authorize the City Solicitor to make such stylistic and technical changes to the draft Zoning By-law Amendment as may be required.

FINANCIAL IMPACT

Site-specific Zoning By-law 1089-2022 contains Section 37 provisions that require the Owner to deliver a fully constructed childcare facility to City specifications for a 99-year term lease. The facility would have included both indoor and outdoor space of approximately 1,073 square metres valued at $9.0 million.

As an alternative to the original Section 37 obligation, the Owner is offering to provide the space in shell condition with the City accepting responsibility for finishing the space based on the confirmed future use of the space. There is currently no funding available within the City's budget to undertake the construction required to complete the space. The City will undertake a process to select a non-City Facility Operator who will be financially and operationally responsible for completing the fit-out furnishing, and equipping of the space.

If a Facility Operator cannot be secured within 12 months from the execution date of the Section 37 Agreement, City staff may either accept the shell space as delivered or accept an indexed cash contribution of $2.5 million paid by the Owner, to be allocated for local area improvements in the vicinity of the site.

The cash contribution is less than the estimated net present value for a 99-year leasehold interest of approximately $2.76 million.

Accepting the space in shell condition will require the City to undertake further unfunded capital work at its own expense to complete the space.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

DECISION HISTORY

On July 19, 20, 21 and 22, 2022, City Council approved an application to amend Zoning By-law 569-2013 and former City of North York Zoning By-law 7625 at 765 Steeles Avenue West to permit a 27-storey residential building with 296 residential units while retaining the existing 21-storey rental apartment building comprised of 167 units (Item 2022.NY34.9). The owner was required to enter into a legal agreement under Section 37 of the Planning Act to secure a non-profit licensed daycare centre. City Council enacted site-specific Zoning By-laws 1089-2022 and 1090-2022 to permit the development.

At its meeting on April 22 and 23, 2026, City Council directed the Executive Director, Development Review, to bring forward City-initiated amendments to By-laws 1089-2022 and 1090-2022 to provide the City with greater flexibility in the use, design, finishing and equipping of the future City Facility secured through Section 37 provisions in the by-laws (Item 2026.MM40.28).

THE SITE

Description

The subject site is located on the south side of Steeles Avenue West and is generally rectangular shaped at the north end of the lot and tapers towards the south end of the site abutting the existing low-rise residential neighbourhood. The site's Steeles Avenue West frontage is approximately 88 metres, has a lot depth of approximately 150 metres, and an area of approximately 11,060 square metres (1.1 hectares).

The property contains an existing apartment building that is 21-stories in height and contains 286 rental dwelling units. The property has access from Steeles Avenue West and currently has no pedestrian or vehicular connection to the existing neighbourhood to the south.

See **Attachment 1** for the Location Map.

THE AMENDMENT

Description

City Council directed Development Review staff to undertake a City-initiated amendment to Zoning By-laws 1089-2022 and 1090-2022 to amend the current Section 37 provisions in the by-laws. The intention of the amendments is to provide the City with greater flexibility in the use of the future City facility by permitting the Owner to deliver a "shell" space rather than a completed, move-in-ready facility.

The amendments also provide that if the City cannot secure a Facility Operator and capital budget to complete the space within 12 months of the execution of the Section 37 Agreement, City staff can choose to accept a shell space and continue to seek funding opportunities to finish the City facility, or accept an indexed cash contribution of $2.5 million paid by the Owner, to be allocated for local area improvements in the vicinity of the site.

PUBLIC ENGAGEMENT

Community Consultation

A virtual Community Consultation Meeting was held for the Zoning By-law Amendment on June 11, 2026. City staff, the Ward Councillor's staff, and 4 members of the public were in attendance. One resident voiced concerns with the lack of Child Care Centres in the community to service existing and future residents.

Statutory Public Meeting Comments

In making their decision with regard to this application, City Council members have an opportunity to hear the oral submissions made at the statutory public meeting held by the North York Community Council for this application, as these submissions are broadcast live over the internet and recorded for review.

COMMENTS

Provincial Planning Statement and Provincial Plans

Staff's review of this proposal has had regard for the relevant matters of provincial interest set out in the *Planning Act*. Staff has reviewed the draft Zoning By-law Amendment for consistency with the PPS; The proposal is consistent with the PPS.

Repeal of Zoning By-law 1090-2022

While City Council directed staff to amend both By-law 1089-2022 and By-law 1090-2022, staff are recommending to repeal By-law 1090-2022 which amends the former City of North York Zoning By-law 7625 as it is no longer required to facilitate the proposed development.

Original Section 37 Obligation

The Section 37 provisions in site-specific Zoning By-law 1089-2022 require the Owner to provide 790 square metres of interior space and 273 square metres of outdoor space, prior to the issuance of any building permit. The space is to be leased to the City for 99 years at nominal base rent and subleased to a non-profit childcare operator non-profit community service use in the premises to be secured upon such terms and conditions as per the City's Child Care Development Guideline (2021) (the "Child Care Term Sheet"). This space is to be designed, constructed and finished in accordance with the Child Care Term Sheet to the satisfaction of the Chief Planner and Executive Director, City Planning and the General Manager, Children's Services, save an except the Developer Financial Obligations as set out in Paragraph 5 of the Term Sheet, as follows:

(5) Equipment Cost

- The developer is to provide funds required to fully equip the Child Care Facility in accordance with provincial and municipal standard based on an inventory list provided by Children’s Services and finalized by the future childcare operator chosen through the Expression of Interest (EOI) process. Major appliances could be included in the contractor's scope of work.

  Replacement Reserve Fund

- The developer is to provide a one-time contribution towards a replacement reserve fund for the Child Care Facility to replace appliances and large equipment due to wear and tear. Amount established for the replacement reserve fund will be negotiated at the time of the terms and conditions of each Section 37 Agreement.

  Start–Up Operating Costs

- The developer is to provide a one-time cash contribution for the defrayment of operational deficits incurred during the first year of operation. The amount will be dependent on the licensed capacity of the program.

Revised Section 37 Obligation

In accordance with City Council's direction, the proposed amendments to By-law 1089-2022 permit the Owner to provide a shell space rather than a completed childcare space as currently required under the Section 37 provisions of the By-law. This space will only be constructed to certain standards and criteria as outlined in the amended Section 37 provisions (Schedule A) and future Agreement. The City will be responsible for the additional construction costs to bring the space into a usable condition; the exact cost to bring the space to City standards is unclear at this time and will be partly dependant on the future use of the space, the cost of construction (material and labour) at the time of construction and the condition of the space received from the Owner. The details of the financial impact are discussed above in the Financial Impact section of this report.

The City's standard approach when receiving a facility provided through Section 37 is to take finished space to minimize construction risks and to take advantage of construction efficiencies that can be realized by a developer.

As an alternative to the City accepting the unfinished shell space, the Zoning By-law amendment provides staff with the option of accepting a monetary payment of $2.5 million. The decision on whether to accept the unfinished shell space or the monetary payment would need to be made within 12 months from the date of execution of the Section 37 Agreement. Staff would work to secure a Facility Operator to finish the space over the 12 months, but should a Facility Operator not be secured, than the monetary contribution would avoid any financial impact of taking an unfinished shell space. However, the cash contribution of $2.5 million would be less than the estimated net present value for a 99-year leasehold interest of approximately $2.7 million dollars.

CONTACT

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SIGNATURE

David Sit, MCIP, RPP
Director, Community Planning
North York District

ATTACHMENTS

City of Toronto Information/Drawings
Attachment 1: Location Map
Attachment 2: Draft Zoning By-law Amendment

Attachment 1: Location Map

Attachment 2: Draft Zoning By-law Amendment

The Draft Zoning By-law Amendment will be made available prior to July 7, 2026.