

Clause No. 21 in Report No. 13 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on September 11, 2014.

## **21**

### **WOODBRIIDGE REDEVELOPMENT OPPORTUNITY UPDATE**

**Committee of the Whole recommends adoption of the recommendations contained in the following report dated August 14, 2014 from the Commissioner of Community and Health Services:**

#### **1. RECOMMENDATIONS**

It is recommended that:

1. Council authorize a change to the procurement process to a competitive Design/Build model, including a request for pre-qualification as part of the selection of a development partner for the redevelopment lands located at 275 Woodbridge Avenue, 259 Woodbridge Avenue and 64 Abell Avenue in the City of Vaughan.
2. Council authorize the release of a Request for Proposals subject to approval of sufficient 2015 Capital Spending Authority for this project through the 2015 Budget.
3. The Commissioner of Community and Health Services report the results of the competitive procurement process to Council prior to contract award.

#### **2. PURPOSE**

This report seeks Council approval to initiate a procurement process to select a Design/Build development partner for the redevelopment of the Woodbridge Avenue and Abell Avenue properties by the Region, on behalf of Housing York Inc. (Housing York).

The Region, as Housing York's shareholder, approves funds and is responsible for the capital development of new housing communities. Housing York will be the owner and operator of these communities.

### **3. BACKGROUND**

#### **The Woodbridge properties have been identified as having potential for redevelopment**

On June 28, 2012, through the adoption of the private report, *Woodbridge Redevelopment Opportunity to Increase the Supply of Affordable Housing*, Council authorized that staff issue a Request for Proposal for consulting services necessary to obtain planning approvals to facilitate the future redevelopment of the existing social housing communities at 275 Woodbridge Avenue and 64 Abell Avenue in the City of Vaughan.

On November 14, 2013, through the adoption of the public report, *Acquisition of Land – 259 Woodbridge Avenue, City of Vaughan*, Council authorized the acquisition of 259 Woodbridge Avenue to enhance the redevelopment and intensification of the two existing Housing York Inc. properties located at 275 Woodbridge Avenue and 64 Abell Avenue.

In a subsequent public report, *Woodbridge Avenue Site Preparation Activity*, adopted on June 12, 2014, Council authorized several actions necessary to prepare the three subject parcels for commencement of the redevelopment process. These actions included: transfer of the ownership of the property located at 64 Abell from York Region to Housing York Inc. and removal of the property from the *Housing Services Act 2011*; and the discharge of the existing mortgage on 64 Abell Avenue. These actions facilitate the redevelopment by ensuring that all three subject parcels are under the same ownership and are not financially encumbered.

275 Woodbridge Avenue is a two storey, wood frame, seniors' apartment building consisting of 32 one-bedroom units. 64 Abell, also known as Woodbridge Lane, is a 14-unit, stacked townhouse development. Constructed in 1993, Housing York acquired the development in 2005 from a co-operative based in Peel Region.

#### **An Official Plan and Zoning Amendment is required to allow the proposed development of the subject properties to proceed**

Currently, the site is not appropriately zoned for the density and building height being proposed in this redevelopment plan. In order to proceed with the development, an Official Plan amendment and rezoning to an RA2 Apartment Residential Zone with site specific provisions, will be required for all three subject properties.

The Design/Builder partner's role will be to lead the planning approval and rezoning process, mitigating risk to the Region.

### **275 Woodbridge has reached the end of its useful life and 64 Abell Avenue faces a number of operational challenges**

Built in 1971, Housing York concluded that, at 41 years old, 275 Woodbridge Avenue has reached the end of its useful life. Extensive renovations would be required to bring the building up to current accessibility and energy standards. The building does not have an elevator, which poses mobility challenges for seniors living on the upper floor, and the building is electrically heated.

The impetus for the redevelopment was that the two properties imposed high costs for maintenance, capital repairs and administration for Housing York. In fact, the cost per unit for both properties is in the Housing York portfolio's top five for maintenance and administration expenses.

Council was first introduced to the proposal to redevelop 275 Woodbridge Avenue and 64 Abell Avenue during a Council workshop in January 2010. Council approved a capital budget for the redevelopment of the two properties in 2010.

The acquisition of 259 Woodbridge Avenue, combined with the two existing abutting housing properties currently operated by Housing York, allows for redevelopment of a new affordable housing community with approximately 150 units.

Funding of \$43.1 million was included in the 2014 Capital Budget for this project, including \$790,000 in 2014 Capital Spending Authority (CSA) to support initial design work. Through a June 26, 2014 Council report, an additional \$800,000 in 2014 CSA was allocated to this project to facilitate the mortgage payout on the 64 Abell Avenue property.

## **4. ANALYSIS AND OPTIONS**

### **Engaging the development industry in a Design/Build procurement methodology will enhance design options**

It is recommended that in place of issuing a Request for Proposal for consulting services for planning approvals as outlined in the June 28, 2012 Council report, the Region pursue a procurement process to partner with a Design/Build developer to facilitate the redevelopment of the subject properties.

Engaging the development industry in a procurement process enables the Region to tap into the innovations and efficiencies of that sector. Through a competitive procurement process, several firms will present their interpretation of the Region's standards and expectations for the final building form along with innovations for environmental sustainability.

The successful developer will be responsible for securing all permits and municipal approvals. The developer will be both financially and logistically accountable, making the final project costs more predictable, mitigating the Region's risk.

It is proposed that a pre-qualification for a Design/Build developer be issued in the Fall of 2014, with Capital Spending Authority for the entire project cost being requested through the 2015 budget. A Request for Proposal for a Design/Build development partner would be released following Council approval of the 2015 Capital Budget and associated CSA for this project.

### **Preparing for redevelopment requires actions for each site**

In preparation for the site redevelopment, a number of steps have already been taken and further plans are in place. These include:

#### **275 Woodbridge Avenue**

- The federal and provincial debentures that financed construction of this project mature January 1, 2019. The proposed land assembly and redevelopment will not affect the debentures or the related federal/provincial debenture service funding.
- Staff are working with the Ministry of Municipal Affairs and Housing to prepare to remove the public housing obligations from the property immediately prior to redevelopment.
- Staff have engaged tenants in the development of a relocation plan that will be implemented over the next two years.
- The property is owned by Housing York.

#### **64 Abell Avenue**

- Staff are working with the Ministry of Municipal Affairs and Housing to co-ordinate removal of the mortgage from the provincial social housing mortgage pool and subsequent discharge, effective April 1, 2015 as approved by Council in June 2014.
- Ministerial consent is required to transfer title from York Region to Housing York. Staff have submitted a consent request package, including a request to exempt the transfer from Land Transfer Tax. A subsequent request will be required to remove the social housing obligations from the property immediately prior to redevelopment.
- Staff have engaged tenants in the development of a relocation plan that will be implemented over the next two years.

- The property will be transferred from the Region to Housing York upon ministerial consent.

### **259 Woodbridge Avenue**

- The existing building does not meet current municipal zoning requirements. The City of Vaughan's zoning department and municipal fire department have expressed concerns with the condition of the building and current use of 259 Woodbridge Avenue.
- To bring the property into compliance, tenants were required to move out as soon as possible. Two of the three units have been vacated. Housing York is working with the third household to establish a vacancy date.
- The property is owned by Housing York.\

### **All existing social housing tenants will be relocated and given opportunity to move to the new building**

A relocation plan for all existing tenants residing at 275 Woodbridge Avenue and 64 Abell Avenue has been put in place. During the development process, existing tenants will be relocated and vacancies that occur during that time will not be filled. Once the project has been completed, these tenants will be given the option to move into the new building.

## **5. FINANCIAL IMPLICATIONS**

In June 2014, Council approved additional Capital Spending Authority (CSA) of \$800,000 resulting in 2014 approved CSA of \$1,590,000 for the Woodbridge project. This \$1,590,000 CSA is required to discharge the mortgage for 64 Abell Avenue. To proceed with issuing a Design/Build RFP in 2015, additional CSA of approximately \$45 million will be requested through the 2015 budget process, resulting in a total project value of approximately \$47 million.

Funding sources to be considered for the project are:

- Federal/provincial funding
- Housing York tenant rent revenues (debt)
- Development charges (debt)
- Social Housing Development Reserve
- Investment in Ontario funding (Reserves)

The existing buildings operate as entirely subsidized social housing. The current annual total cost of housing subsidies for existing buildings at 275 Woodbridge Avenue and 64 Abell Avenue is \$667,500. These subsidies will be applied to the new building for rent-gear-to-income units once the redevelopment is complete. Any additional required subsidies will be included in future budgets.

## **6. LOCAL MUNICIPAL IMPACT**

### **The demand for rental housing in York Region continues to increase**

With one of the lowest vacancy rates in Ontario, York Region is experiencing a significant demand for affordable rental housing with considerable demand for units in the southern municipalities. Currently, there are 5,005 households on the waiting list for an affordable housing unit in Vaughan. This, and continued demand for subsidized housing, supports the need for the project.

The redevelopment of the three properties will benefit the City of Vaughan by intensifying the existing property and adding affordable rental housing to the community. The aesthetics and design of the proposed building would improve integration of the existing affordable housing buildings and assist in fulfilling the City of Vaughan's vision for Woodbridge Avenue.

## **7. CONCLUSION**

Council's approval to proceed with a competitive procurement process, including a request for pre-qualification in 2014, to select a private sector developer will enable the Region to choose the design and site concept that best matches the location and Regional requirements with innovative environmental sustainability. To accomplish this, an increase in CSA in the amount of approximately \$45 million will be sought through the 2015 budget process.

For more information on this report, please contact Sylvia Patterson, General Manager of Housing and Long-Term Care at ext. 72091.

The Senior Management Group has reviewed this report.




**275 Woodbridge Avenue, 64 Abell Avenue and 259 Woodbridge Avenue**

Woodbridge Redevelopment Opportunity, September 4, 2014

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**Legend**

 Woodbridge Properties

