

Clause 22 in Report No. 4 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 24, 2016.

22

Unionville Redevelopment
Direct Purchase from Minto

Committee of the Whole recommends:

1. Receipt of the presentation by Rick Farrell, General Manager, Housing.
2. Adoption of the following recommendation contained in the report dated February 19, 2016 from the Commissioner of Community and Health Services:
 1. Council authorize staff to enter into negotiations with Minto Group, or an affiliated company, for a direct purchase contract for the design and construction of a new affordable seniors building of approximately 250 units to be built on the Unionville Home Society campus located on Highway 7, west of Kennedy Road in the City of Markham.

Report dated February 19, 2016 from the Commissioner of Community and Health Services now follows:

1. Recommendations

It is recommended that:

1. Council authorize staff to enter into negotiations with Minto Group, or an affiliated company, for a direct purchase contract for the design and construction of a new affordable seniors building of approximately 250 units to be built on the Unionville Home Society campus located on Highway 7, west of Kennedy Road in the City of Markham.
2. Council authorize the Chairman to execute any contractual documents with Minto, or an affiliated company, upon successful negotiation of this deal within the framework and pricing outlined in Private Attachment 1.

2. Purpose

This report seeks Council authorization to negotiate with Minto Group for a direct purchase contract for the design/build of the new York Region affordable housing development of approximately 250 units to be located on the Unionville Home Society campus. This report also seeks Council authorization for the Chairman to enter into any necessary legal agreements to formalize this direct purchase contract, should the negotiations with Minto Group be successful within the framework and pricing as per Private Attachment 1.

Private Attachment 1 shall be considered in private session because the subject matter relates to the acquisition of property by the Region.

3. Background

Unionville Home Society lands to facilitate the development of approximately 250 affordable seniors housing units in Markham

Unionville Home Society, a non-denominational, non-profit charitable corporation, operates long-term care facilities and social housing, including Heritage Village, a 92-unit federally-funded, low-rise seniors' development, on a 7.23-acre site. Constructed in 1978, Heritage Village has been in need of capital investment to maintain the building in a state of good repair.

Unionville Home Society decided to divest its interest in social housing and focus on long-term care and has been in discussions with the Region regarding the sale of a portion of land on their 18-acre campus.

Unionville Home Society advised the Region that they were working with Minto, a prominent Ontario-based private developer to purchase the Heritage Village site for a private housing development.

The Region's approved 2016 Capital Budget and Business Plan includes funding for approximately 250 units for the Unionville Home Society redevelopment project

In an effort to mitigate risk through the site servicing and zoning process, Council approved the acquisition of the Unionville Home Society lands to be purchased directly from Minto, or an affiliated company, in place of the original proposal to purchase the land from Unionville Home Society.

The key land purchase terms include Minto securing necessary municipal approvals for the Region's proposed affordable housing project including the ability to service and access the site. York Region will not close on the lands until

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Minto has achieved the required planning approvals to enable development of the land.

The initial development sequencing included a Unionville Home Society plan to rehouse the Heritage Village tenants

On June 29, 2015, Unionville Home Society informed Heritage Village tenants of the future development plans for the Unionville Home Society campus. Tenants were advised that the lands where Heritage Village is located will be developed by Minto for private residential sale and that the Region intended to develop a senior's affordable housing building on the campus by approximately 2020. Unionville Home Society indicated that maximum support would be provided to help them relocate by December 2016 so that development could then proceed.

York Region's senior's housing development to be constructed first

Following the July tenant's meeting, Unionville Home Society, Minto and the Region held several meetings to explore what would be required for the Region's building to be constructed first. Unionville Home Society reviewed their financial needs and is able to manage their position to allow the Region's building to be completed first, assuming it is done in a timely and reasonable manner. Minto also reviewed their development plans and are willing to defer the development of the Heritage Village site in order to enable the Region's building to be completed first.

On September 10, 2015, Council committed to the construction of the seniors building in advance of the Minto development. This allows existing Heritage Village residents, currently residing on the lands attributed to the Minto parcel, an opportunity to move into the Regional facility before the Village is demolished.

Minto team to oversee all of the Planning approvals

Minto will be responsible for obtaining all of the planning approvals from the City of Markham. Minto Group has retained a team of consultants to produce the necessary submission requirements for the planning applications to the City.

Minto Group has had considerable involvement with the whole Unionville Home Society campus redevelopment. They are required to secure planning approvals for the Region's site and Minto's own redevelopment of Heritage Village. These approvals include an Official Plan Amendment, a Zoning By-law Amendment and Site Plan Approval. In preparation for the Site Plan Approval, Minto is working for the Region to complete the design development of the Region's building. The team of consultants retained by Minto will be responsible for producing architectural drawings and reports, including site elevations; site servicing

reports; grading and servicing plans; traffic impact and environment studies; landscape plans; a Planning Justification Report; and draft amendments.

Minto will also be required to coordinate the submission requirements for the overall site.

The community has been engaged on the planning for this site

As part of the pre-submission planning process, a Design Charrette was led by Minto on January 13, 14 and 15, 2016. The Charrette was open to the local community residents and businesses. There was good participation from the local rate payers group and residents of Heritage Village and Wyndham Gardens.

The Charrette resulted in a preliminary conceptual site plan being produced for the overall site which treats the entire campus as a cohesive development. The development will be senior-friendly with the Region's planned building, and the existing Wyndham Gardens, serving seniors specifically. Minto's development will have accessible features but will not be limited to seniors. The conceptual plan allows for interconnectivity between the parks and streets, within the Unionville Home Society lands and also within the existing surrounding community. A site concept plan produced at the Charrette is included as Attachment 1.

As it was clearly identified as a source of concern for the local residents, the plan will include the replacement of the seniors' community centre within the York Region building. Capital and operating contribution levels from each participating partner have yet to be identified. The overall response from the community to the plan was positive.

4. Analysis and Options

Because of the complexity of the site and tenants remaining in place during construction, a design/build approach will best mitigate risk for the Region

There are several advantages of opting for a design/build method of procurement in this instance. Partnering with a design/build developer will ensure a sound co-ordination of all consultants including architects, engineers and other specialists. This process will transfer both the risk and accountability for the project from the Region to the developer and will mitigate potential costs resulting from errors and omissions. Because the design/build developer is responsible for the design team, they will be able to closely control design costs and scheduling in the design phase. They will ensure that the cost of everything is taken into account

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early on in the process including all fees, construction costs, utilities, and landscaping allowances.

The Region can also benefit from the innovations and efficiencies of the private sector while still ensuring adherence to building standards and finishes required by the Region. They recognize and retain expert consultants in the design and development field. Efficiencies in the use of Regional staff time are also realized with this method of procurement as there is need to only work with the one contractor and one point of contact.

The Region has experience with design/build projects

In 2014, York Region completed Lakeside Residences, an affordable 97-unit housing development in Keswick. Other recent design/build examples include the Bales EMS facility and the Rapid-Transit Operating Maintenance Storage Facility.

In unique circumstances the Region has benefited from Direct Purchase contracts

The Region has recent experience using a Direct Purchase procurement method for large construction projects. The most recently completed affordable rental development, Richmond Hill Hub, was a direct purchase design/build development. The design/builder originally held the option on the land in Richmond Hill that was uniquely situated for both affordable housing and the youth facility. The site was within close proximity to transit and walking distance to downtown Richmond Hill and other amenities. A direct purchase for the Hub was appropriate as the land was tied to this development potential. To ensure fair value was achieved a cost consultant was engaged to validate pricing. This direct purchase resulted in a quality building that was delivered on time and within budget.

Another direct purchase example is 9060 Jane Street, a new Regional administration building. Similar to the Richmond Hill Hub, the desired property was controlled by the developer and the viability of the project was dependent on a direct purchase negotiation. Direct purchases have been undertaken in instances where unique or complicated project issues were present and have resulted in positive project outcomes. These extenuating circumstances are in-line with the Unionville Redevelopment.

This development is best suited for a direct purchase with Minto

A direct purchase contract for this project is recommended due to the complexity and unique constraints associated with this development. The three major players in this development Unionville Home Society, Minto and the Region are working together to design a project and project parameters that are suitable for all parties. A direct purchase with Minto will mitigate contractor liability issues and

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health and safety issues arising from having multiple contractors working on the site. The sequencing of construction, as well as the complexity of the design, support a direct purchase for a design/build contract with the Minto Group.

Minto is responsible for the planning approval process for the Region's building and their own development and has already established professional relationships with project stakeholders through the design charrette. They are aware of the expectations of the community and have the background and site knowledge that other builders would have to acquire.

Should Minto be responsible for the overall project development, they may be able to achieve other efficiencies in site servicing, servicing easements and connections.

Design/build with Minto will mitigate risk of additional costs that may occur from design errors and omissions

In a design/build contract, Minto will be both financially and logistically accountable, making the final project costs to the Region more predictable. For example, additional costs resulting from errors and omissions of design consultants will be Minto's liability as they would be responsible for the design and construction team. Minto has over 60 years' experience in the industry and is known for their quality developments. They also retain expert consultants and have a team of specialized in-house staff (legal team, construction team, green building innovation team, engineers and planners, etc.) which would all be made available for the Region's development.

Minto is uniquely incented to complete the Region's building in order to begin their development

The timing and delivery of the York Region building is of utmost importance as Minto is deferring their development and profits, until the Regional building is complete. According to the terms of the agreement regarding the land sale, York Region would be required to provide financial compensation to Minto and Unionville Home Society if the Region's building is delayed. If Minto constructs the development they will be responsible for these potential delay costs.

It is also in Minto's best interest to deliver a quality building to the Region as it will be situated immediately adjacent to their proposed development and would create a positive impression to potential purchasers of Minto's own units.

Recently completed and previous competitively bid projects will be used as a guide to negotiate a direct purchase with Minto

The Region's procurement processes are designed to be transparent in order to ensure good value and fair competition. In an effort to meet these same

objectives and to ensure that the Region receives good value, staff has reviewed the most recent development projects to determine a reasonable cost for the construction of the Unionville project. Bidding for the Woodbridge Redevelopment design/build contract was extremely competitive and bids were measured against our recently enhanced Regional Design Guidelines and Standards. Based on the facts presented in this report, staff is confident that there is adequate information and controls in place to ensure that the Region will receive good value and that the residents of Heritage Village and the local community will be well served.

If negotiations with Minto for a direct purchase contract are not successful, the Region will issue a Request for Proposal. This may extend the schedule for the project and increase the likelihood of compensating Unionville Home Society and Minto for delays. During the time that Minto is working on the design/development of the project, negotiations for the direct purchase would occur simultaneously, to expedite the negotiation period.

5. Financial Implications

Confidence in construction pricing

Staff has assessed the pricing parameters based on recent experiences and costing. The Region is confident that they currently have sound information to establish a design/build contract price with Minto that will provide good market value as demonstrated in Private Attachment 1. Funding from other orders of government will be pursued for the project, if and when it becomes available.

Region to transfer financial risk, including liquidated damages, to Minto

The timing of the project components has changed to enable the Region's building to be constructed first which means the Minto development will be deferred until such time that the York Region facility is completed and Heritage Village residents moved in. This delays the closing of lands with Unionville Home Society for the Minto redevelopment, and a deferral of revenue for Minto. As such, penalties imposed on the Region became part of the negotiations amongst the three parties, should the completion of the Region's building be delayed. Entering into a direct purchase with Minto will transfer the risk associated with the Region's exposure to delayed construction, while ensuring that the design/builder is subject to standard construction contract responsibilities for damages to the Region.

6. Local Municipal Impact

There is a growing need for new affordable housing across York Region. The Unionville Home Society redevelopment project presents a tremendous opportunity to address this growing need, in the City of Markham, a municipality with one of the highest demands for affordable rental housing with approximately 9,300 households waiting for subsidized units and approximately 5,000 of those are seniors.

The current development parcel is well-served by transit on Highway 7, is in close proximity to shops, services, and park space and is within walking distance of historical downtown Unionville. The future redevelopment will contribute to the development of a complete community in Markham by replacing the existing units to be demolished and adding additional units to the affordable rental housing stock.

7. Conclusion

By authorizing the recommendations outlined in this report, the Region will be positioned to provide approximately 250 units of affordable rental housing in the City of Markham while minimizing potential complications and financial risk.

Negotiating with Minto Group, or an affiliated company, for a direct purchase design/build contract positions the Region to make an informed procurement decision. A direct purchase contract will streamline the entire development timeline. The direct purchase will also mitigate any financial risk for liquidated damages to the Region for construction delay.

There will be efficiencies recognized by opting for this procurement process. Some of these benefits include tighter project timelines, the use of the same consultant team, relationships already established with Minto and the City of Markham and a consistent face for the duration of the development providing confidence and accountability.

Authorizing the Chairmain to execute any legal agreements required to formalize this deal will secure York Region's interest and allow for the construction of a new affordable seniors rental development to be built in the City of Markham.

For more information on this report, please contact Rick Farrell, General Manager, Housing Services at extension 72091.

Unionville Redevelopment Direct Purchase from Minto

The Senior Management Group has reviewed this report.

February 19, 2016

Attachment (1)

Private Attachment (1)

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Accessible formats or communication supports are available upon request

Site Map



- Parcel boundaries are subject to change and do not reflect the final land deal. The anticipated York Region parcel is currently smaller than is depicted above.



Unionville Redevelopment- Minto Direct Purchase

Presentation to
Committee of the Whole

Rick Farrell

March 3, 2016

Purpose

- Authority to enter into negotiations with the Minto Group for a direct purchase
- Authority for Chair to execute legal documents

Unionville Development - Today

Unionville Home Society (UHS) Seniors' Campus



Official Plan & Zoning




- Parcel designated as Residential-Mid Rise (3 to 6 stories)
- Current zoning allows:
 - Back to back townhouses and stacked townhouses
 - Small multiplex (3 to 6 units)
 - Apartment building
 - A building associated with day care, places of worship and public school

Unionville Development - Future

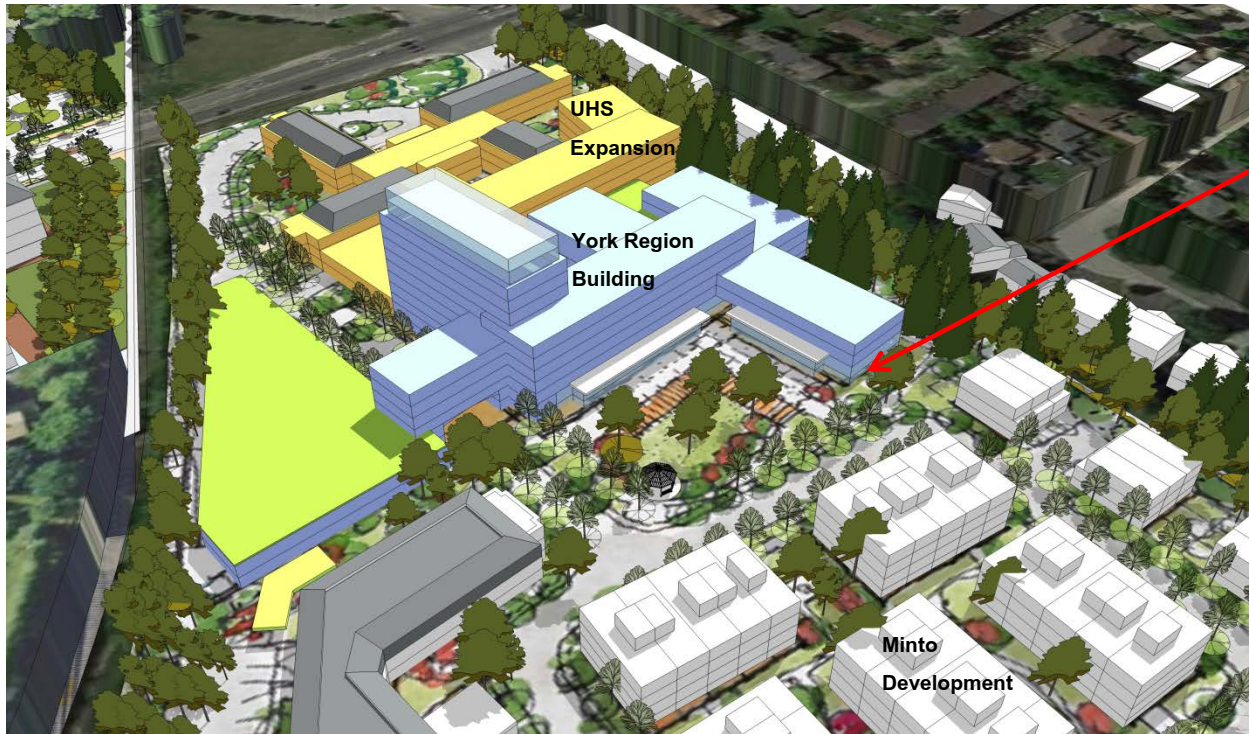
Preliminary Proposed Site Plan



 York Region Seniors' Building

Region's Development

- 250 units for seniors
- 6 to 12 storeys
- Underground and structure parking with roof top garden



- Potential Seniors' Community Centre
- Tenant Amenity & Program Space

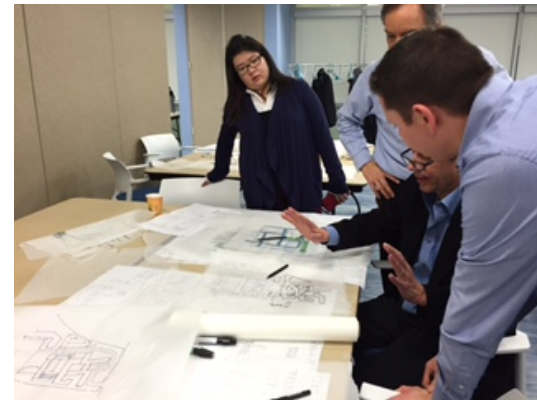
Community Input on UHS Campus Redevelopment

- Community information session was held on January 6, 2016
- Public Design Charrette led by Minto held on January 13, 14 & 15, 2016



Design Charrette Feedback

- Maintain buffer adjacent to the single family homes
- Replace Seniors' Community Centre
- Include open green space
- Develop Construction Management Plan
- Maintain York Region transit through site
- Overall response was positive



Minto's Role (Current & Proposed)

Current Obligations:

- Official Plan Amendment
- Zoning By-law Amendment
- Site Plan Approval
- Design Development

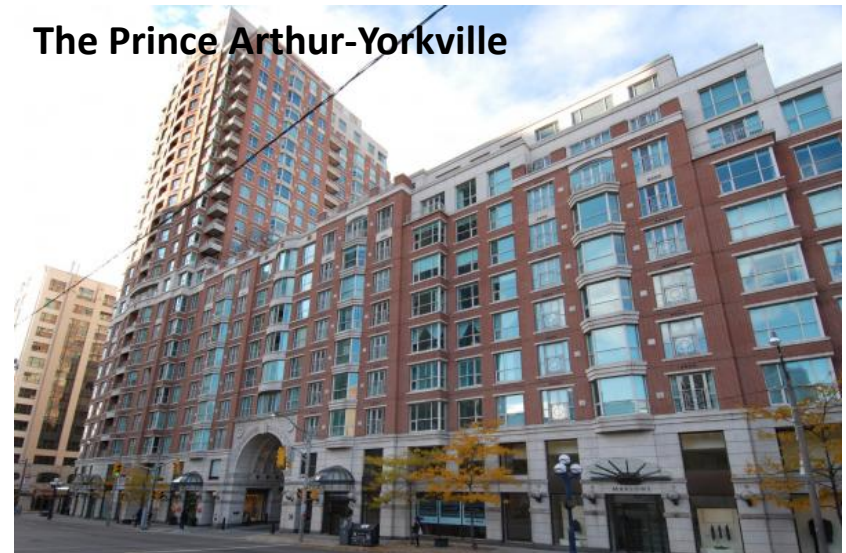
Proposed Direct Purchase:

- Design/Build Developer
- Construction Plans & Permits
- Construction Management


Minto Southshore-Etobicoke



The Prince Arthur-Yorkville

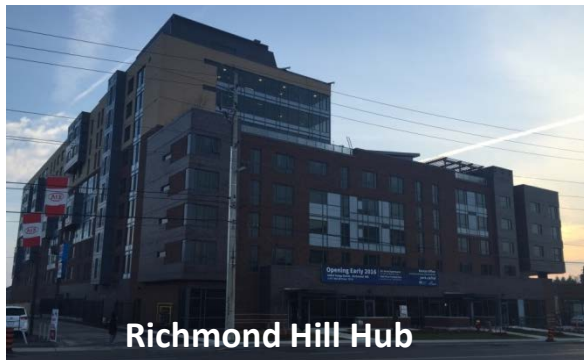


Why Direct Purchase?

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- Construction must be complete within 36 months of Closing (following Official Plan and Zoning-By law Amendment approval) – Penalties due to UHS & Minto beginning in month 37 if the Region's building is not complete
 - Efficiency by using a builder that has established relationships with the community
 - Confidence of Regional staff in terms of reasonability of costs for similar builds

Confidence in Construction Costs

- Current housing project-competitively bid
- Recent Construction Costs Indexed to 2016
- Enhanced Design Guidelines and Standards

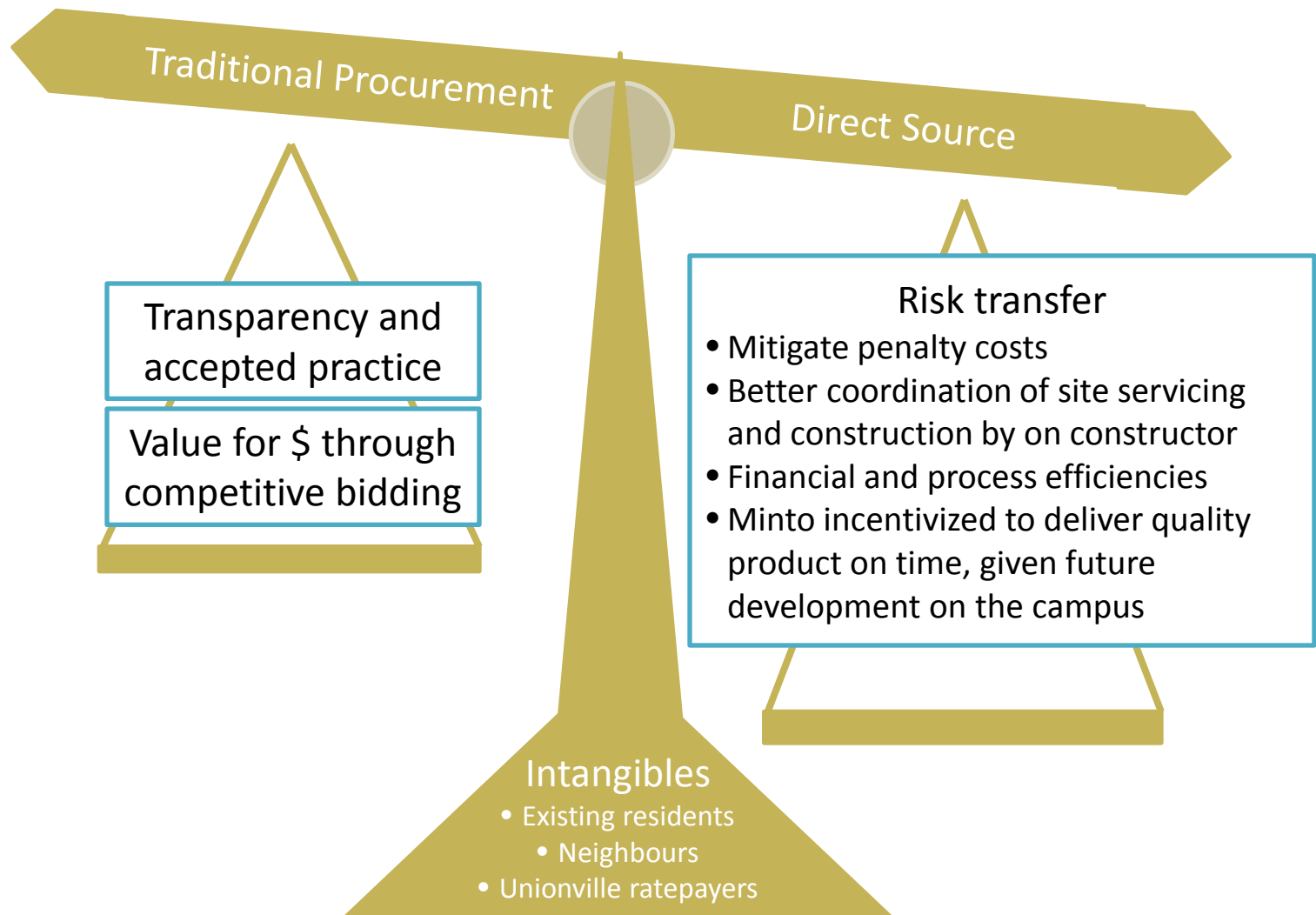


Direct Purchase- Not Precedent Setting

- Previous examples for Direct Purchase procurement on large construction projects

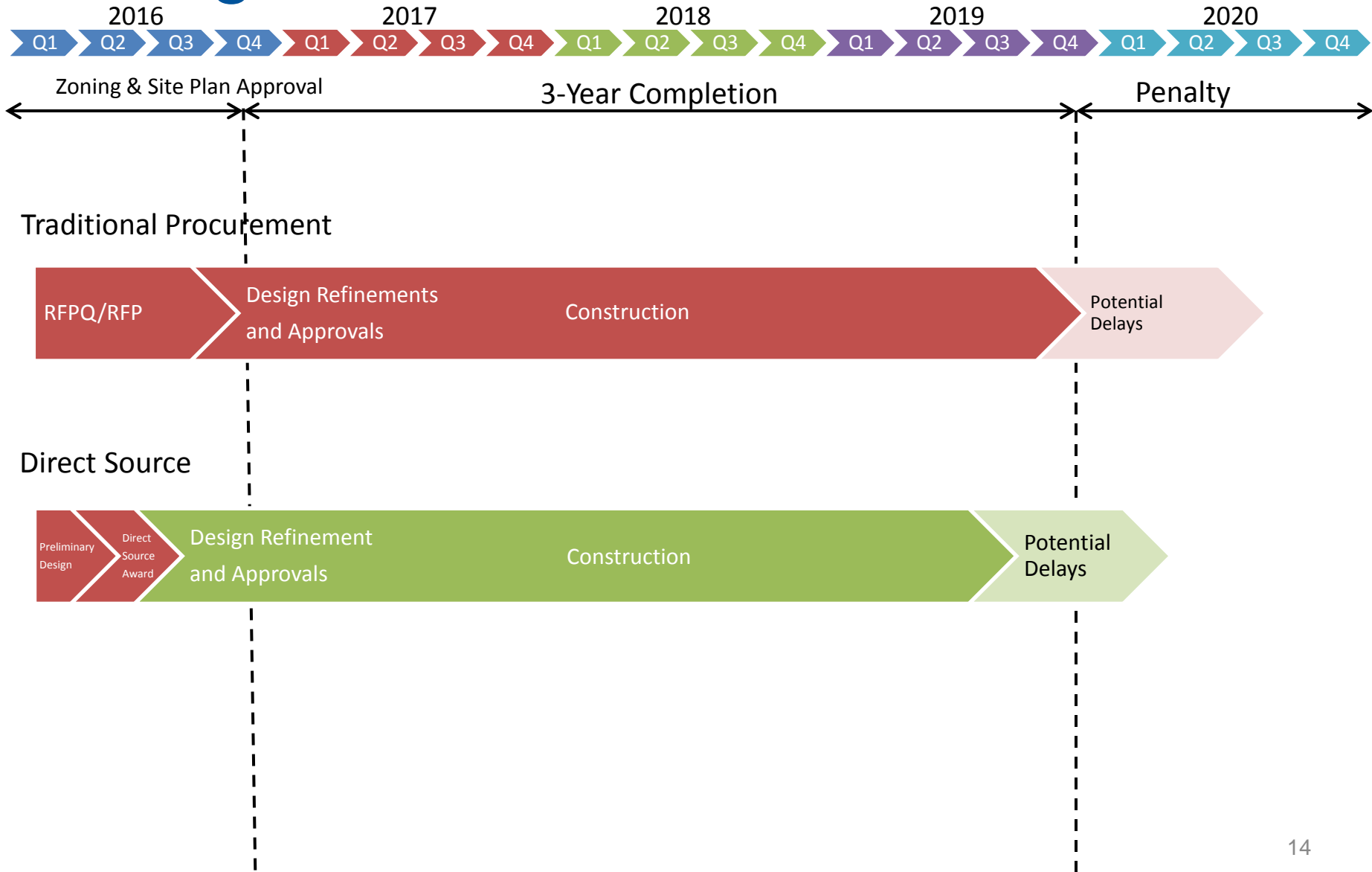


Direct Sourcing Mitigates Risks and Enhances Customer Service



Timing Considerations

Region Risk
Minto Risk



Next Steps



- March 2016- Approval to Negotiate
- April & May –Negotiate with Minto
- Chairman execute contractual documents to secure deal

Thank you

