



STAFF REPORT ACTION REQUIRED

Supplementary Report on Sale of a Portion of the Public Lane Abutting 286 King Street East and 501 Adelaide Street East

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| Date: | May 17, 2007 |
| To: | Toronto and East York Community Council |
| From: | Chief Corporate Officer |
| Wards: | 28 – Toronto Centre-Rosedale |
| Reference Number: | P:\2007\Internal Services\F&re\Te07051F&re – (AFS 5185) |

SUMMARY

The purpose of this report is to report on the republication of the notice of sale, and the submissions on behalf of the owners of 284 King Street East, in the time between Toronto and East York Community Council's consideration on March 27, 2007 of the sale of a portion of the lane abutting 286 King Street East and 501 Adelaide Street East to the abutting owner, Context (King Adelaide) Inc., and Council's referral on April 23 and 24, 2007 of the matter back to TEYCC.

The purpose of this report is also to incorporate TEYCC's recommendations, the March 6, 2007 report from the Chief Corporate Officer and the information in this report into one report, and to authorize the sale of the Lane to Context on the terms and conditions recommended in this report.

The terms for completing the transaction, as set out herein, are considered to be fair, reasonable and reflective of market value.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. The Offer to Purchase from Context (King Adelaide) Inc. ("Context") to purchase a portion of the public lane abutting 286 King Street East and 501 Adelaide Street East, shown as Part 1 on Sketch No. PS-2005-145 (the "Lane"), in the amount of

\$222,000.00 be accepted substantially on the terms and conditions outlined in Appendix “A” to this report, and that each of the Chief Corporate Officer and the Director of Real Estate Services be authorized severally to accept the Offer on behalf of the City.

2. City Council approve the assignment of the Lane Agreement to Toronto Community Housing Corporation (“TCHC”) pursuant to Clause 20.1 of the Agreement, conditional on TCHC being the registered owner of 286 King Street East and 501 Adelaide Street East on the closing date of the Lane.
3. Such transfer to TCHC be at a purchase price of \$1.00 thereby making a grant to TCHC in the amount of \$222,000.00, such grant being considered by City Council to be in the interests of the municipality, and that TCHC fund the costs related to the closure and sale of the Lane, including, but not limited to, staff time.
4. Authority be granted to direct a portion of the proceeds of closing to fund the outstanding expenses related to the Lane and the completion of the sale transaction in the event the sale proceeds to Context.
5. The City Solicitor be authorized to complete the transaction on behalf of the City, including making payment of any necessary expenses and amending the closing and other dates to such earlier or later date(s) and on such terms and conditions as she may from time to time consider reasonable.

Financial Impact

Revenue in the amount of \$222,000.00 plus GST if applicable, less closing costs and the usual adjustments is anticipated if the sale is to Context.

Should TCHC be the owner of the 286 King Street East and 501 Adelaide Street East at the time of closing, then the purchase price would be \$1.00, thereby making a grant to TCHC in the amount of \$222,000.00.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council, at its meeting held on September 25, 26 and 27, 2006, adopted the recommendations in Clause No. 110 of Report No. 7 of Toronto and East York Community Council, thereby declaring the Lane surplus and directing staff to invite an offer to purchase the Lane from the abutting owner, Context.

At its meeting on March 27, 2007, TEYCC had before it a report from the Chief Corporate Officer, dated March 6, 2007, recommending, among other things, that an

offer to purchase the Lane from Context be accepted on substantially the terms and conditions attached as Appendix “A” to the report. TEYCC recommended the adoption of the staff report and added the further recommendations that if Toronto Community Housing Corporation is the registered owner of the lands abutting the Lane on the closing date, the agreement to sell the Lane be assigned to TCHC from Context, and the sale be for \$1.00, thereby making a grant to TCHC of \$222,000.00.

Council at its meeting on April 23 and 24, 2007 deferred consideration of Item TE4.109 and referred this item back to TEYCC for re-consideration at its May 29, 2007 meeting.

ISSUE BACKGROUND

Context initiated a request to the City for closing and conveyance of the Lane, so that the Lane could be incorporated into its development on the lands abutting the Lane, municipally known as 286 King Street East and 501 Adelaide Street East. According to the proposal for the development, the Lane would continue to be used for vehicular access, with an overpass built above it.

On April 19, 2007, after TEYCC made its recommendations regarding accepting and assigning the offer to purchase from Context as described above, NorthWest Value Partners (“NorthWest”), the owner of the property at the terminus of the Lane municipally known as 284 King Street East, submitted an unsolicited offer to purchase the Lane for \$500,000.00 to Real Estate staff and directly to Council as a communication for consideration at its April 23 and 24, 2007 meeting.

On April 23, 2007, it was brought to staff’s attention that there was an error in the description of the Lane in the notice to the public of the proposed sale published on November 7, 2006 in the Toronto Star.

Further, Rick Pennycooke of The Lakeshore Group, planners for NorthWest, submitted a letter to Council dated May 14, 2007, attached as Appendix “C” to this report, which required information from staff.

COMMENTS

Notice of the proposed sale with a complete description of the Lane was published on May 4, 2007 in the Toronto Star and posted on the City’s website. No enquiries have been received. The notice requirements of Chapter 213 of the City’s Municipal Code have therefore now been complied with.

The offer to purchase the Lane for \$500,000.00 from NorthWest, dated April 19, 2007, was unsolicited, as Council had directed staff to invite an offer to purchase from Context. NorthWest’s offer expired if not accepted by the City by 3:00 p.m. on May 15, 2007. Accordingly, NorthWest’s offer is not open to be recommended by TEYCC on May 29, 2007 or accepted by Council at its meeting of June 29, 2007. Further, NorthWest, as an owner located at the terminus of a public lane, is not considered to be an abutting owner.

At present, Context is the abutting owner of the Lane. If TCHC acquires 286 King Street East and 501 Adelaide Street East, then TCHC will be the abutting owner of the Lane.

The May 14, 2007 letter from The Lakeshore Group asserts that NorthWest's offer was returned to NorthWest by City staff "without being considered or brought to Council's attention". In fact, the offer was before Council at its meeting on April 23 and 24, 2007, as Item TE4.109.1, as NorthWest had submitted its offer directly to Council as a communication. Further, Council did not consider the sale of the Lane at its meeting on April 23 and 24, 2007. Instead, Council deferred consideration of the sale and referred the matter back to TEYCC for consideration. The offer was returned to NorthWest by staff because it expired on May 15, 2007.

The letter from The Lakeshore Group also provides "that the [Lane] is not being offered first to a City Department or agency for use". As per the usual process before Transportation Services recommends that a public lane be declared surplus, the proposed closure and sale was circulated to other City Divisions, including the Planning Division, for comments. It should be further noted, that the Planning Division did not comment at that time that an Official Plan Amendment would be required to close the Lane.

Staff continue to recommend the sale of the Lane to Context and the recommendations in this report also incorporate the amendments made by TEYCC at its March 27, 2007 meeting, namely that if TCHC is the registered owner of 286 King Street East and 501 Adelaide Street East on the closing date (i.e. TCHC is the abutting owner on the closing date), the agreement be assigned to TCHC and the sale to TCHC be for \$1.00, thereby making a grant to TCHC of \$222,000.00. The remaining terms and conditions of the sale are the same as those recommended by staff in the March 6, 2007 report, except that Context has since changed the irrevocable date in its offer to June 29, 2007. Recommendation 4 was also added into this report to authorize that the outstanding expenses related to the Lane closing and sale be paid from the proceeds of closing if Context is still the abutting owner on the closing date so that the sale to Context proceeds.

Further details of the Lane are:

Approximate Dimensions:

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| North/South Measurement | 4.5 m (14.76ft) |
| East/West Measurement | 21.3 m (69.88 ft) |

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| Approximate Area: | 96 m ² (314.96 ft ²) |
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A Cost Centre has been put in place to charge costs directly related to the sale of City-owned properties, and includes such items as commission, surveying and registration of the sale. If the sale proceeds to Context, Recommendation 4 in this report recommends directing a portion of the sale proceeds to fund the outstanding expenses related to the Lane. If the sale proceeds to TCHC, Recommendation 3 in this report recommends that TCHC fund the outstanding expenses related to the Lane.

CONTACT

Joe Casali
Director of Real Estate Services
Tel: (416) 392-7202
E-Mail: jcasali@toronto.ca

Chuck Donohue, P.Eng.
Executive Director, Facilities & Real Estate
(416) 397-5151
cdonohue@toronto.ca

SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix "A", Terms and Conditions
Appendix "B", Site Map and Sketch PS-2005-145
Appendix "C", Letter dated May 14, 2007 from LakeShore Group