

ACQUISITION OF A PORTION OF 30 REGENT STREET

Date:	April 8, 2008
To:	Government Management Committee
From:	Bruce Bowes, Chief Corporate Officer
Wards:	Ward 28 - Toronto Centre Rosedale
Reference Number:	P:\2008\Internal Services\F&re\Gm08040F&re – (AFS 6858)

SUMMARY

The Regent Park Child Care Centre, currently located at 600 Dundas Street West is going to be displaced as a result of Phase 2 of the Regent Park Revitalization Initiative. Children Services has identified a portion of 30 Regent Street as a suitable replacement site for the Child Care Centre.

Negotiations with the Toronto Community Housing Corporation (TCHC) have resulted in a recommendable offer, the salient facts of which are attached as Appendix A to this report.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. The Offer to Sell from Toronto Community Housing Corporation ("TCHC") for the property known as part of 30 Regent Street, more particularly described as being Part of PIN 21080-0400 (LT) part of Lots 13 and 14, West Side of Regent Street Plan D100, City of Toronto, and shown more or less as Part 1 on the attached Sketch PS-2008-030 (the "Property"), for nominal consideration, 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 to Sell on behalf of the City;

2. The transfer of the Property by TCHC to the City be approved by the City of Toronto, in its capacity as Shareholder, pursuant to section (6.3.1)(b) of the Shareholder Direction (the "Shareholder Direction") contained in Clause No. 1 of Joint Report No. 1 of the Policy and Finance Committee and the Community Services Committee adopted by Council, as amended, at its meeting held on October 2, 3, and 4, 2001;
3. The City enter into an amending agreement with TCHC in respect of the Social Housing Agreement registered against the Property and the remainder of 30 Regent Street as Instrument No. AT738616 (the "SHA ") to provide that the SHA does not extend to or bind the Property, to update the appraised value of the remainder of 30 Regent Street as it is referred to in the SHA, together with any other necessary changes to give effect thereto, as approved by the Chief Corporate Officer and in form acceptable to the City Solicitor;
4. The City execute and deliver such partial discharges, releases, surrenders, or consents in respect of the SHA and the appurtenant Restrictive Covenant registered as Instrument No. AT738625, in a form satisfactory to the City Solicitor, such that these encumbrances will remain only on the remainder of 30 Regent Street and the Property will be free from these encumbrances;
5. The City Solicitor be authorized to complete these transactions on behalf of the City including making payment of any necessary expenses, and amending the closing date 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; and
6. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

Although the Property will be conveyed for nominal consideration, the Land Transfer Tax will be based on the fair market value of the Property at the time of registration of the transfer deed, because the transaction is a conveyance by a corporation (TCHC) to its shareholder (the City). The funds for the Land Transfer Tax in the amount of approximately \$11,700.00 are available in the 2008 Approved Operating Budget for Children's Services (E9011Z).

TCHC will build the facility with additional space for two community agencies currently providing service in the Regent Park. Terms and conditions of a construction contract are currently under negotiations between TCHC and Children's Services and the Offer to Sell is conditional on the approval of the project budget by the City. Funds in the amount of \$1,650,000.00 are allocated in the Children's Services 2008 Capital Budget for the Regent Park Child Care Centre Replacement Project.

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

DECISION HISTORY

By its adoption of Clause No. 1 of Joint Report No. 1 of the Policy and Finance Committee and the Community Services Committee, as amended, at its meeting held on October 2, 3 and 4, 2001, Council issued a shareholder direction (“Shareholder Direction”) setting out TCHC’s mandate and responsibilities to the City as shareholder (“Shareholder”).

At its meeting on February 1, 2 and 3, 2005, City Council adopted Administration Committee Report No, 2, Clause 7, recommending the sale of 30 Regent Street to TCHC for replacement housing in relation to the Regent Park Revitalization Initiative.

On December 11, 12, and 13, 2007 Council adopted Executive Committee Item No. 15.45 from the General Manager of Children’s Services recommending that funds in the amount of \$1.650 million allocated for the Blevins Child Care Centre Retrofit Project in the Children’s Services 2008 Capital Budget be changed to the Regent Park Child Care Centre Replacement Project. The report also recommended that the General Manager of Children’s Services be delegated to execute an agreement on behalf of the City with TCHC for the design and construction of a child care centre at 30 Regent Street.

ISSUE BACKGROUND

The Regent Park Child Care Centre (“RPCCC”) is a municipally operated child care program, located at 600 Dundas Street West. The site is due to be demolished in the spring of 2009 as part of the Regent Park Revitalization Initiative. Children’s Services has been working with TCHC to determine an appropriate replacement site.

Plans to relocate the RPCCC to the Blevins Child Care Centre and ultimately to the Nelson Mandela Public School have been revisited because the Regent Park Revitalization is likely to impact the future of the Blevins location and the Toronto District School Board is currently undertaking a review of the schools in the Regent Park area. TCHC and Children’s Services have since determined that a site at 30 Regent Street would provide the best option for the replacement of the child care centre. Although the property including the building will be in City of Toronto ownership, TCHC will build the facility with additional space for two community agencies currently providing services in Regent Park.

When the City transferred 30 Regent Street to TCHC for nominal consideration the parties entered into a Social Housing Agreement (“SHA”) to ensure that the site would be used to provide housing accommodation primarily for persons with low to moderate incomes. The SHA contained a provision for financial compensation to the City in the amount of the appraised value of 30 Regent Street, together with a cost of living increase calculation, in the event that TCHC conveyed the whole or any part of 30 Regent Street

within a 20 year period following TCHC's acquisition of the site. Further, the SHA provided that 30 Regent Street would be encumbered with a Restrictive Covenant that would prohibit the disposition of all or any portion of the site without the consent of the City. Given that the City will become the owner of part of 30 Regent Street if this transaction is approved by Council, it is necessary to amend the SHA to provide that the Property is not subject to the SHA and that the appraised value of the remainder of 30 Regent Street is updated to a current value. The City will also need to consent to the registration of the transfer to the City by reason of the Restrictive Covenant. Specific recommendations are included in this report in respect of the SHA and the Restrictive Covenant to accommodate this transaction.

Pursuant to section (6.3.1)(b) of the TCHC Shareholder Direction (the "Shareholder Direction") contained in Clause No. 1 of Joint Report No. 1 of the Policy and Finance Committee and the Community Services Committee, the transfer of Property by TCHC must be approved by City of Toronto, in its capacity as Shareholder. The Shareholder Direction provides that TCHC will not, without the approval of the Shareholder, sell real property assets used for the purposes of providing rent-geared-to-income and market housing, or which are zoned or deemed suitable for housing purposes. Although 30 Regent Street is vacant land and is not currently being used for housing, the lands are suitable for housing purposes. As such a recommendation is also included for the City of Toronto as Shareholder to approve the conveyance.

COMMENTS

The Shelter, Support and Housing Administration Division has been consulted and supports the recommendations in this report.

The Chief Planner has been consulted and has provided comments. City Planning has no objection to the proposal to use part of the 30 Regent Street site for community facilities. Previously, 54 grade-related large family housing units had been proposed for the site in Phase 1 of the revitalization, and the new proposal would result in a reduction to approximately 30 such units. There are sufficient opportunities in the remaining phases of the revitalization to meet the approved targets for grade-related family units. As the site has already received Site Plan approval based on 54 residential units, it will be necessary to amend the Site Plan to permit the development of both the community facilities and the revised housing proposal.

TCHC and Children's Services are currently negotiating the terms of a construction contract for the construction of the facility on the Property (the "Construction Contract").

Negotiations with TCHC on the within transaction have resulted in an Offer to Sell as outlined in Appendix A of this report. The Offer is conditional upon a mutual condition that the obligations of TCHC to convey the Property and of the City to acquire the Property are subject to and conditional upon the Project Budget under the Construction Contract being approved by the designated City Representative on or before March 31, 2009 or such later time as the parties may mutually agree.

Staff considers the Offer to Sell to the City to be fair and reasonable and therefore recommend the approval of this transaction.

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix “A” – Terms and Conditions
Appendix “B” – Site Sketch

APPENDIX A
Terms and Conditions – Part of 30 Regent Street

Owner: Toronto Community Housing Corporation

Location: south portion of 30 Regent Street

Legal Description: Part of PIN 21080-0400 (LT) part of Lots 13 and 14, West Side of Regent Street Plan D100, City of Toronto, and shown more or less as Part 1 on the attached sketch (the "Property")

Purchase Price: Nominal

Property Value: \$877,500.00

[DELETION HERE – THE \$1.650 MILLION IS NOT PART OF THIS TRANSACTION]

Area: 1,225 square metres more or less

Irrevocable Date: 60 days following execution of the Offer by the Vendor

Due Diligence: 30 days following execution by the City of Toronto

Closing Date: 14 days following the satisfaction of the Mutual Condition

Mutual Condition: On or before March 31, 2009 the Project Budget under the **Construction** Contract shall have been approved by the City Representative.

Costs: Land Transfer costs of approximately \$11,637.50

Additional Terms: The Parties acknowledge that the Property is encumbered with a **Social Housing Agreement and Restrictive Covenant**. The City agrees to obtain a Consent so as to enable the registration of the Transfer under this Agreement as a Closing Document.

The parties agree to enter into an amendment agreement on Closing to be registered on title to the lands originally charged with the Social Housing Agreement (the "SHA Lands") to provide:

- a. that the Social Housing Agreement does not extend to or bind the Property and applies only to the **SHA** Lands save and except the Property;

- b. that Clause 12 of the Social Housing Agreement is amended to replace the figure \$2,600,000.00 with \$2,128,500.00 being the appraised value of the SHA Lands save and except the Property **as of February 21, 2008 and to provide that the cost of living increase shall be calculated on the said current value from and after said date, together with any other necessary changes to give effect thereto.**