



STAFF REPORT ACTION REQUIRED

Acquisition of Toronto District School Board's 819 Sheppard Avenue West Site

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| Date: | October 7, 2009 |
| To: | Government Management Committee |
| From: | Chief Corporate Officer General Manager, Parks, Forestry & Recreation |
| Wards: | 10 - York Centre |
| Reference Number: | P:\2009\Internal Services\F&re\Gm09080F&re – (AFS 10642) |

SUMMARY

The Toronto District School Board (TDSB), at its meeting of June 25, 2008, adopted a resolution pursuant to Section 194(3) of the Education Act to declare 16 properties as not required for the purposes of the Board. Pursuant to Ontario Regulation 444/98, the Toronto Lands Corporation (TLC) which is the real estate arm of the TDSB circulated these properties under a Proposal for Sale. Parks, Forestry and Recreation identified an interest in acquiring 819 Sheppard Avenue West which is in an area of low parkland provision.

Negotiations with the Toronto District School Board (TDSB) have been ongoing since April of 2009. The City and TDSB have agreed to the Terms and Conditions as shown on Appendix "A" to this report and describe the salient terms of this proposed acquisition which are considered fair and reasonable.

Real Estate Services seeks authority for the City to acquire the property municipally known as 819 Sheppard Avenue West.

RECOMMENDATIONS

The Chief Corporate Officer and the General Manager, Parks, Forestry and Recreation recommend that:

- (1) Authority be granted to enter into an Agreement of Purchase and Sale with the Toronto District School Board to acquire the property municipally known as 819

Sheppard Avenue West at a purchase price of \$7,572,500.00 plus applicable taxes and registration fees, estimated at \$148,100.00 substantially on the terms outlined in Appendix “A” to this report and on such other terms and conditions as may be acceptable to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.

- (2) Funds drawn from the Parkland Acquisition Reserve Fund – City Wide Land Acquisition (XR-2210), estimated at \$601,960.00 be repaid through allocation of future cash-in-lieu of parkland dedication from developments in Ward 10 exceeding the base 5% contribution.
- (3) The \$3,889,000.00 to be drawn from the Land Acquisition Reserve Fund (XR-1012) for the purchase and capital repairs be repaid to the Land Acquisition Reserve Fund over 20 years from net lease payments paid by the private school currently occupying the building or upon sale of the property.
- (4) This report be forwarded to the Budget Committee for consideration with the 2010 Capital Budget.
- (5) Each of the Chief Corporate Officer and the Director of Real Estate Services be authorized severally to execute, on behalf of the City, the Agreement of Purchase and Sale(s) with the Toronto District School Board.
- (6) The City Solicitor be authorized to complete the transaction(s) 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.
- (7) The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The total cost of this acquisition, is approximately \$8,675,600.00 including all taxes and charges.

Funding will be included in the 2010 Capital Budgets for Parks, Forestry and Recreation and Facilities and Real Estate. Funding in the amount of \$4,786,600.00 will be provided in the Parks, Forestry & Recreation’s 2010 Capital Budget, funded from Parkland Acquisition – North District Local Land Reserve Fund (XR-2041) until the fund is exhausted, estimated at \$3,045,591.00, from the Parkland Acquisition – North York City Land Reserve Fund (XR-2039) until the fund is exhausted, estimated at \$277,196.00, from Parkland Acquisition – North District Local Land Reserve Fund (XR-2206) until the fund is exhausted, estimated at \$861,853.00, and the balance, estimated at \$601,960.00 from the Parkland Acquisition Reserve Fund – City Wide Land Acquisition (XR-2210).

Funding in the amount of \$3,889,000.00 will be included in the Facilities and Real Estate's 2010 Capital Budget, funded from the Land Acquisition Reserve Fund (XR-1012)

A break down of the contemplated costs for the various properties can be found in Appendix "A".

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| Payments to all Owners: | Purchase price (less GST) | \$7,572,500.00 |
| | Total Payment to TDSB | \$7,572,500.00 |
| City's Closing Costs: | Land Transfer Taxes – app. | \$148,000.00 |
| | Immediate Capital Repairs – app. | \$855,000.00 |
| | Environmental Testing – app. | \$100,000.00 |
| | Registration Costs –app. | \$100.00 |
| Net Cost to City less GST | | \$8,675,600.00 |

GST on Total Purchase Price of all Properties \$378,625.00

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

DECISION HISTORY

The subject property is owned by the Toronto District School Board (TDSB) and was declared surplus to their needs pursuant to the provisions of *Ontario Regulation 444/98* made under the *Education Act, R.S.O. 1990* at its meeting of June 25, 2008. Pursuant to *Ontario Regulation 444/98* any offers to purchase the above noted property needed to be received by the TDSB by December 12, 2008.

The TLC was advised in writing on November 27, 2008 that the City had interest in the above noted property but required further time to complete reviews. In a letter dated December 9, 2008 Real Estate Services (Acquisitions & Expropriations) followed up with the TLC to confirm City interest in the identified property and TLC's willingness to negotiate for the identified property.

ISSUE BACKGROUND

The subject property is owned by the Toronto District School Board (TDSB) and has been declared surplus to their needs pursuant to the provisions of *Ontario Regulation 444/98* made under the *Education Act, R.S.O. 1990*. Under *Ontario Regulation 444/98* there is a "pecking order" of who has first right to the property. Several educational institutions (TCDSB, French School Board, French Separate School Board, Universities & Colleges and independent schools funded by the Ministry of Education) have priority over the City to these properties if they submit an offer. No other party has expressed interest in the properties the City is pursuing acquisition of.

The subject property has a site area of 6.17 acres (2.5 ha). Parks, Forestry & Recreation has identified an interest in acquiring the open space component associated with 819 Sheppard Avenue West for park purposes. The open space component is located on the southern portion of the property and has an area of 3.61 acre (1.46 ha). The northern portion of the property has an area of 2.56 acres (1.04 ha) and has a school building located on it which is currently leased to a private school known as the Heschel School (see Appendix “C”). The surrounding community has a low level of parkland provision and opportunities such as this to acquire a large piece of open space in this part of the City are limited. This existing school yard has functioned and served as the local open space for the surrounding area. Loss of this open space from the public realm would impact to the surrounding community’s ability to readily access open space.

Negotiations with the Board for the acquisition of these properties have been on-going since April 2009. The TLC has indicated it is not willing to sever the property into two separate parcels of land. Thus, the City’s only option to acquire this property is to buy it in its entirety.

COMMENTS

Acquisition of the open space component of 819 Sheppard Avenue West is desirable for park purposes, as the surrounding community has a lower level of parkland provision. Opportunities to acquire parkland of this size are very limited in this area of the City.

However, in order to secure the open space component of this property, the City has to purchase the entire property. The Real Estate Division of F&RE has undertaken an analysis and determined the return on the acquisition of the school portion of the property is favourable and if sold could eventually recoup the capital outlay.

If the property were to be sold for redevelopment purposes, the cross-hatched area shown on Appendix “C” would form part of the surplus school property lands located to the north. Inclusion of this area as part of the redevelopment site will facilitate the possible extension of Alexis Boulevard which maximizes the development potential of the site and represents good planning. If the cross-hatched lands are sold, P, F&R would be reimbursed for the value of those lands. Until such time, the crossed hatched lands will remain designated and zoned residential and used by P, F&R for park purposes.

The school building is currently tenanted by the Heschel School which has occupied the building for the past 15 years. They have just renewed their lease with the TDSB for an additional 5 years and in discussions with City staff have expressed an interest in entering into a long term lease with the City with an option to purchase the building. Facilities and Real Estate will assume the administration of this existing lease and have jurisdiction over this portion of the property. There will be ongoing capital repairs required in future years and this will be paid from net lease revenues of the school lease. Net revenues will be calculated by deducting fire alarm maintenance costs, snow ploughing costs, 2% for a capital repairs reserve fund that will be established for this property and any other normal lease related and property management expenses.

Parks, Forestry & Recreation will operate the south portion of this acquisition as shown on Appendix “C”. A public process to look at options for the programming for this new park space can begin sometime in the future. In the interim, this open space can continue to operate as it has to provide active and passive recreational opportunities. Should the Heschel school need to formally use this park space they will be required to obtain a permit from Parks, Forestry & Recreation as would any group wanting to use to the park.

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

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

Brenda Patterson
General Manager, Parks, Forestry &
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ATTACHMENTS

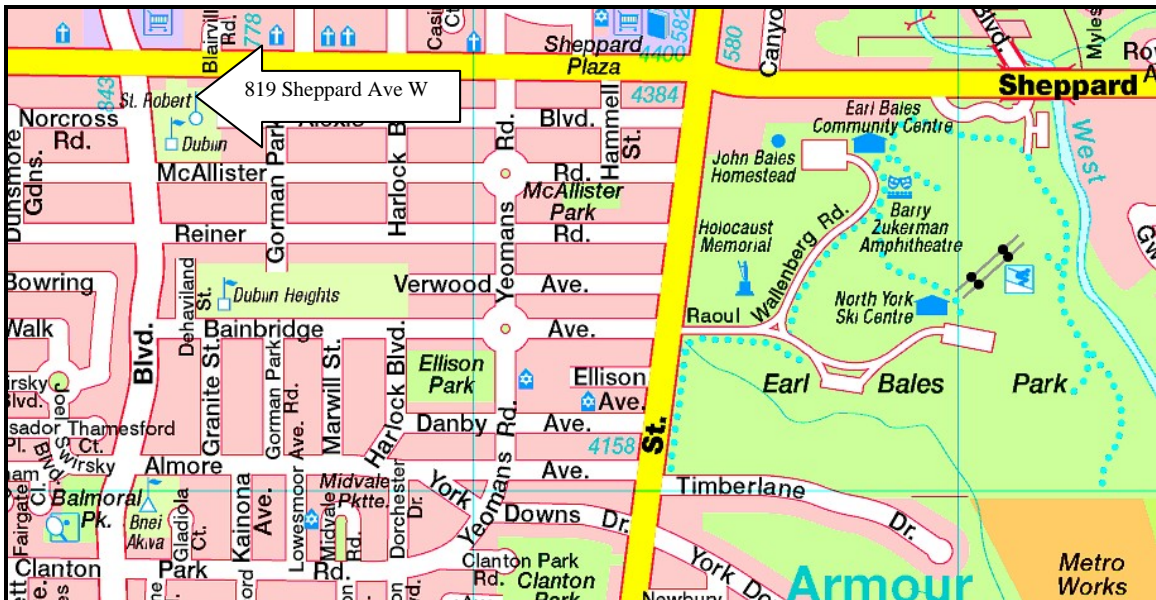
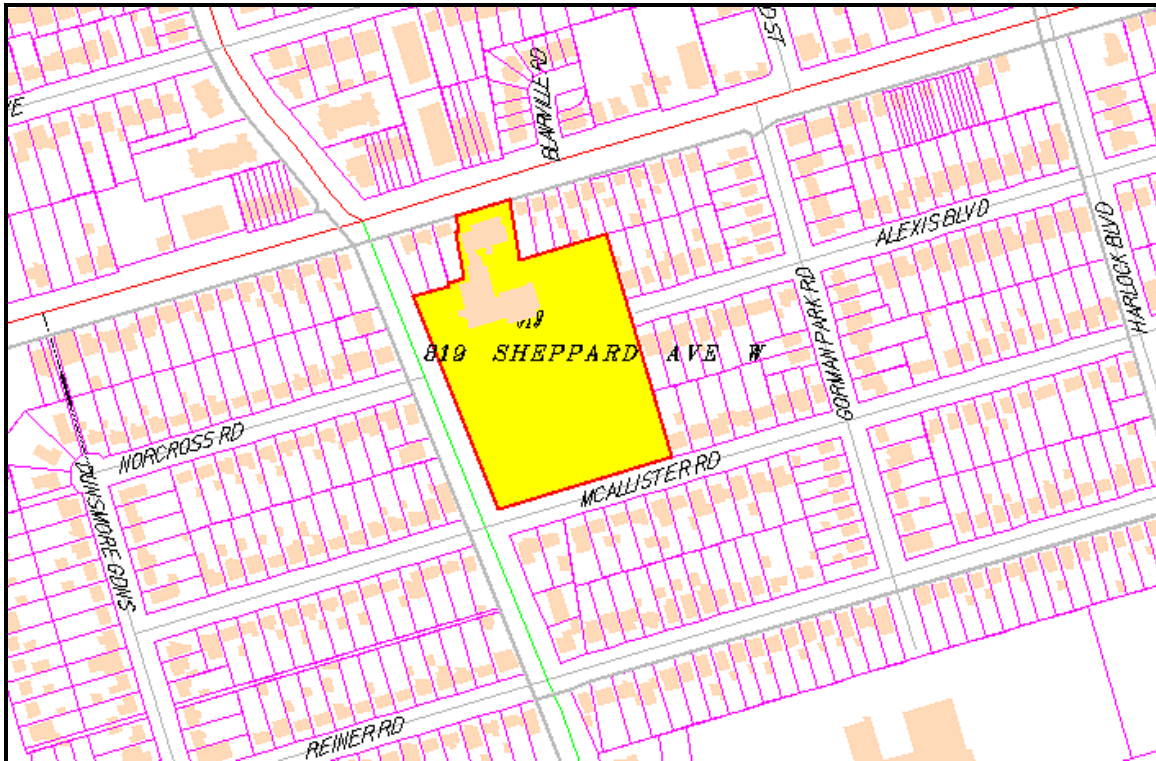
Appendix “A” - Summary of Terms and Conditions - 819 Sheppard Avenue West
Appendix “B” - Location Map- 819 Sheppard Avenue West
Appendix “C” – Property Delineation – 819 Sheppard Avenue West

Appendix “A” - Terms and Conditions – 819 Sheppard Avenue West

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| Owner: | Toronto District School Board | |
| Location: | 819 Sheppard Avenue West, Toronto (Appendix “B”) | |
| Legal Description: | Lot 43 – 46, 89-90 Plan 1938, Twp of York; Block B, C Plan 3553 NY; Part Lot 68 Plan 3457 NY; Part Alexis Blvd Plan 1938 Twp of York closed by NY349292, City of Toronto; Part West ½ Lot 15 Con. 2 WYS Twp of York as in NY37726, except Part 1 RS506; Toronto (No York), City of Toronto | |
| Approximate Lot Size: | 6.17 acres (2.5 ha.) | |
| Improvements: | School Building | |
| Zoning: | R4 – (One-Family Detached Dwelling Fourth Density Zone) | |
| Official Plan: | Mixed Use Area and Neighbourhoods | |
| City Appraised Value: | \$8,000,000.00 | |
| Irrevocable Date: | 90 days | |
| Due Diligence: | 120 business days (with a possible extension of 30 days) following acceptance by the Toronto District School Board | |
| Closing Date: | 30 business days following the expiry of the Due Diligence Condition | |
| Deposit: | \$2.00 | |
| Conditions: | Satisfactory results of the Due Diligence Condition | |
| COSTS: | Payment to Vendor: | \$7,572,500.00 |
| | City’s Closing Costs (approximately): | |
| | Land Transfer Tax | \$ 148,000.00 |
| | Registration Costs | \$ 100.00 |
| | Immediate Capital Repairs | \$ 855,000.00 |
| | Environmental Testing | <u>\$ 100,000.00</u> |
| | Total Closing Costs | \$1,103,100.00 |
| | Total Acquisition Costs of City | \$8,675,600.00 |

GST on Purchase Price \$378,625.00

Appendix “B” - Map 819 Sheppard Avenue West



Appendix "C"

Property Delineation – 819 Sheppard Avenue West

