

Release of Blocks 31 and 18AB in the Railway Lands

Date:	August 25, 2011
To:	Affordable Housing Committee
From:	Director, Affordable Housing Office
Wards:	20, Trinity Spadina
Reference Number:	AFS 14288 - Railway Lands Property Transfer, Block 31 and 18 AB

SUMMARY

This report provides an update on the negotiations to transfer Blocks 31 and 18AB in the Railway Lands in downtown Toronto to Toronto Community Housing (TCHC). It recommends that Council approve the exchange of mutual releases of the Offer to Purchase agreements entered into between the City and TCHC in July 2008.

Further, it is recommended that the Director, Affordable Housing Office, report to Council at a later date on TCHC's request for reimbursement of pre-development costs.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council approve the exchange of mutual releases whereby both the City and TCHC release the other from obligations and liabilities imposed by the two Offer to Purchase agreements entered into by them for the transfer of the real property known as Blocks 31 and 18AB in the Railway Lands.
2. Prior City Council authority for TCHC to be an agent for the development of Block 31 and Block 18AB as set out in Recommendation 1 of Clause No. 36 of Policy and Finance Report No. 4, adopted on April 12, 13 and 14, 2005 be rescinded.

3. The Director, Affordable Housing Office, report to Council on TCHC's request for reimbursement, at a later date, following a review of the pre-development activity undertaken and related expenses.

Financial Impact

While at this time the City has made no commitment to reimburse TCHC for pre-development costs expended to date on Block 31 of the Railway Lands, TCHC has requested to be reimbursed by the City for these costs.

The Director of the Affordable Housing Office, in discussion with TCHC, will determine whether to recommend the reimbursement of any or all of the pre-development costs, and will report back to Council with a funding source, as may be required.

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

DECISION HISTORY

On April 12, 13, and 14, 2005, City Council adopted Report No. 4, Clause No. 36 of the Policy and Finance Committee which approved Toronto Community Housing as agent for the City to conduct due diligence, feasibility site plan and other pre-development studies required to develop affordable housing on the City's Block 31, 32, 36, 18AB of the Railway Lands.

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050412/pof4rpt/cl036.pdf>

On July 16, 17, 18, and 19, 2007, City Council adopted EX10.34 as amended, which authorized the Director of Real Estate Services in consultation with the Director of Development, Affordable Housing Office, to negotiate and enter into Offers to Sell Block 31, 32, 36 and 18AB to TCHC.

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-07-16-cc11-dd.pdf>

On August 4, 2009, the Director of Community Planning, Toronto and East York District, reported to the Toronto and East York Community Council on the re-zoning application and preliminary report submitted by TCHC regarding Block 31, Railway Lands West.

<http://www.toronto.ca/legdocs/mmis/2009/te/bgrd/backgroundfile-23177.pdf>

ISSUE BACKGROUND

As part of the overall planning approvals in the early 1990's for the former Railway Lands, and in an effort to create a new mixed-income community, the City of Toronto received four sites for the development of affordable rental homes, as well as a library,

daycare, community centre and schools. Blocks 31, 32, 36 were transferred to the City in 1994 from Canadian National Railways for the purpose of providing affordable housing and community infrastructure. (See attached Appendix A Map.)

In April 2005, Toronto City Council appointed Toronto Community Housing as its agent for the development of Blocks 31, 32, 36 and 18AB. Block 18AB is a small site south of the Rogers Centre which is currently generating revenue for the City from commercial signage. In July 2007, Council approved the transfer of these blocks to TCHC and Offer to Purchase agreements were entered into for the sale at nominal consideration. The conveyance of Blocks 32 and 36 was completed in December of 2009.

With the support of \$39.1 million in federal/provincial economic stimulus funding and Affordable Housing Program investments, TCHC is building 427 affordable rental homes on Block 32. These homes are scheduled to be ready for occupancy in late 2012.

Block 36 is in the final design stages and will include a mix of private condominiums, affordable homes and a public library to serve the new Railway Lands community. TCHC is planning to develop approximately 87 new affordable ownership homes on Block 36.

Agreements signed in 1994 provided for development levy revenue to be allocated for the construction of elementary schools for both Toronto District School Board and the Toronto Catholic District School Board, as well as a community centre. By the time all of the levies are collected, approximately \$38.5 million will be available to assist in these developments. An existing agreement requires that these funds be expended in the construction of these facilities within a specific time-frame or be returned to the developer.

TCHC informed the City on June 16, 2011 that it was not in a position to proceed with the development of Block 31 and Block 18AB, particularly given the fact that no affordable housing funding was available to assist with the project and a release from the Offer to Purchase agreements was discussed.

TCHC has done a considerable amount of pre-development work on Block 31, including soil and environmental testing, design development and project co-ordination of a rezoning application. In this regard TCHC has request to be reimbursed \$1.49 million in pre-development expenses.

Recognizing the value of the work done to date, staff will report at a later date on the financial aspects of the TCHC pre-development investments and its contribution to advancing the multi-use facility planned at this location.

COMMENTS

TCHC has advised that it cannot proceed with the development of Block 31 and Block 18AB and the Offer to Purchase agreements for these properties; consequently it is appropriate to exchange mutual releases from the agreements.

Once a review of pre-development activity and expenses has been completed, the Director, Affordable Housing Office, will report to Council on the appropriate reimbursement to TCHC and the source of funds for such reimbursement.

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SIGNATURE

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ATTACHMENT:

Appendix A – Map

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