

## **Transfer of Properties to Build Toronto and Declaration of Surplus – Fourth Quarter 2011**

<b>Date:</b>	October 26, 2011
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	4, 5, 10, 16, 19, 20, 30, 36, 42
<b>Reference Number:</b>	P:\2011\Internal Services\Re\Gm11033re – AFS # 14543

### **SUMMARY**

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This report recommends the terms of transfer to Build Toronto of the property on the south side of Wilson Avenue, west of Tippet Road, previously declared surplus and further recommends that staff report directly to City Council for its meeting scheduled on November 29 and 30, 2011 on the terms of transfer to Build Toronto of 45 Strachan Avenue, 10 Ordnance Street, 11 and 25 Ordnance Street.

This report also recommends that eleven properties be declared surplus for the purposes of transfer to Build Toronto: the property north of Eglinton Avenue West between Wincott Drive and Islington Avenue; the property north of Eglinton Avenue West between Islington Avenue and Russell Road; the property north of Eglinton Avenue West between Russell Road and Royal York Road; 2398 Yonge Street; 253 Markham Road / 12 Dunelm Street; 5131 Sheppard Avenue East; 138 Hamilton Street; 455 Dovercourt Road; 497 Richmond Street West; the property east of High Street and north of The Queensway; and the property north of Danforth Avenue, between Highview Avenue and Pinegrove Avenue.

In addition, this report recommends that three properties be declared surplus for the purposes of turnover to Build Toronto: 9 Madison Avenue; the properties north of Dunelm Street between Markham Road and Scarborough Golf Club Road; and part of the Westwood property (3741 Bloor Street West and part of 925 Kipling Avenue).

## RECOMMENDATIONS

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### **The Chief Corporate Officer recommends that:**

1. The Chief Corporate Officer (CCO) report directly to City Council for its meeting scheduled on November 29 and 30, 2011 on the terms of transfer to Build Toronto of 45 Strachan Avenue, 10 Ordnance Street and 11 and 25 Ordnance Street, more particularly described in Appendix 2.
2. City Council grant authority to enter into an agreement to transfer the property on the south side of Wilson Avenue west of Tippett Road, more particularly described in Appendix 3, including any agreements related thereto, to Build Toronto, substantially on the terms and conditions set out in Appendices 1 and 3 attached, and on such other and amended terms and conditions as may be approved by the CCO, in a form satisfactory to the City Solicitor.
3. City Council declare the following properties surplus, as set out in Appendices 4(a) – 4(k), subject to the retention of those areas and interests required to satisfy operational requirements and subject to the retention of any interests required by law as well as those City and other interests required to be protected (Required Interests), with the intended method of disposal to be by way of a transfer to Build Toronto, on an “as is” basis, for nominal consideration (with Build Toronto to pay any applicable Land Transfer Tax, HST, registration and other costs):
  - (a) North of Eglinton Avenue West between Wincott Drive and Islington Avenue (Appendix 4 (a));
  - (b) North of Eglinton Avenue West between Islington Avenue and Russell Road (Appendix 4 (b));
  - (c) North of Eglinton Avenue West between Russell Road and Royal York Road (Appendix 4 (c));
  - (d) 2398 Yonge Street (Appendix 4 (d));
  - (e) 253 Markham Road / 12 Dunhelm Street (Appendix 4 (e));
  - (f) 5131 Sheppard Avenue East (Appendix 4 (f));
  - (g) 138 Hamilton Street (Appendix 4 (g));
  - (h) 455 Dovercourt Road (Appendix 4 (h));
  - (i) 497 Richmond Street West (Appendix 4 (i));
  - (j) East of High Street and North of The Queensway (Appendix 4 (j));
  - (k) North of Danforth Avenue, between Highview Avenue and Pinegrove Avenue (Appendix 4(k)).
4. In addition to the declaration of surplus for the purposes of a transfer to Build Toronto in Recommendation 3(d), City Council declare 2398 Yonge Street surplus for the purpose of extending the term of the lease of the existing tenant, the Anne Johnston Health Centre, for a further three year term.

5. City Council declare the following properties surplus, substantially on the terms and conditions set out in Appendix 5, and on such other and amended terms and conditions as may be approved by the City Manager, in a form satisfactory to the City Solicitor, subject to the retention of those areas and interests required to satisfy operational requirements and subject to the retention of any interests required by law as well as those City and other interests required to be protected (Required Interests), with the intended method of disposal to be by way of a turnover to Build Toronto, on an “as is” basis, for nominal consideration:
  - (a) 9 Madison Avenue (Appendix 5(a));
  - (b) Seven properties north of Dunelm Street, east of Markham Road (Appendix 5 (b));
  - (c) Part of the Westwood property (3741 Bloor Street West and part of 925 Kipling Avenue (Appendix 5 (c))).
6. City Council grant authority to the CCO to permit Build Toronto to engage in licensing and leasing activities in respect of the properties in this report that are or become the subject matter of executed transfer agreements, during the period prior to the closing of the transfer transactions, on terms and conditions as may be approved by the CCO, in a form satisfactory to the City Solicitor.
7. City Council grant authority to fund the City’s outstanding expenses related to the properties in this report from the Approved Operating Budget for Facilities Management and Real Estate Services (FM&RES), in the year(s) that the expenses are incurred, as necessary, and, once these expenses are known, to transfer the funding for these expenses from the Land Acquisition Reserve Fund (LARF), with appropriate adjustments to FM&RES’ Approved Operating Budget, as necessary, through subsequent Quarterly Variance Reports.
8. City Council approve, as the approving authority under the provisions of the *Expropriations Act*, the transfer to Build Toronto of any property in this report that was acquired by expropriation without giving the original owner from whom the property was expropriated the first chance to repurchase the property.
9. City Council authorize each of the CCO and the Director of Real Estate Services severally to execute the transaction documents required to implement the Recommendations in this report on behalf of the City, including the execution of any required consents, approvals or permissions.
10. City Council authorize the City Solicitor to complete the transactions provided for in this report on behalf of the City, including making payment of any necessary expenses, amending the closing and other dates to such earlier or later date(s), and amending or waiving the terms and conditions, as she may from time to time consider reasonable.

11. City Council authorize and direct the appropriate City officials to introduce in Council any Bills necessary to give effect to the foregoing, including the rescission of any relevant by-laws.

### **Financial Impact**

The transfer of the properties that are the subject of the Recommendations in this report providing for transfers to Build Toronto will defer the receipt of proceeds from the disposition of these properties during Build Toronto's development process. However, the transfer will optimize benefits to the City as a whole and achieve potentially greater returns over time.

As the properties to be transferred to Build Toronto are being transferred for nominal consideration, no revenue will be available to cover the expenses of effecting the transfers, such as registration charges that would normally be for the account of the vendor in a transaction of purchase and sale, survey fees, appraisal fees, etc. As the total of the expenses related to these properties is not known at this time, it is recommended that these expenses be accommodated within FM&RES' Approved Operating Budget, in the year(s) that the expenses are incurred, as necessary, and that, once these expenses are known, funds be provided from the LARF. Budget transfers to adjust FM&RES' Approved Operating Budget, as necessary, funded from the LARF through subsequent Quarterly Variance Reports, are also recommended.

There are no financial implications from the Recommendations providing for the declaration of surplus of properties for transfer or turnover to Build Toronto.

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

### **DECISION HISTORY**

On May 25, 26, and 27, 2009, City Council adopted EX32.5, as amended, endorsed the Principles of a Real Estate Strategy and declared surplus, subject to the retention of required interests, sixteen properties, with the intended method of disposal to be a transfer to Build Toronto, and five properties, with the intended method of disposal to be a turnover to Build Toronto.

New Model to Enhance Toronto's Economic Competitiveness  
(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-15926.pdf>)

Principles of a Real Estate Strategy and Declaration of Surplus for Sale/Transfer or Turnover to Build Toronto  
(<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-20629.pdf>)

Appendices 2, 3 and 4 - Properties to be Declared Surplus  
<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-20630.pdf>)

Report on Executive Committee Motion Regarding EX32.5a

<http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/backgroundfile-21424.pdf>  
<http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/backgroundfile-21647.pdf>

On September 30, and October 1, 2009, City Council adopted GM24.30, and approved the terms of transfer of four properties. On November 30 and December 1, 2, 4 and 7, 2009, City Council adopted GM26.30 as amended, and approved the terms of transfer of six properties. On May 11 & 12, 2010, City Council adopted GM30.17, and approved the terms of transfer of five properties. On August 25, 26, and 27, 2010, City Council adopted GM33.20, and approved the terms of transfer of three properties.

On May 17, 18 and 19, 2011, City Council adopted GM3.21, as amended, and approved the terms of transfer of eight properties.

(April 14, 2011) Report from the Chief Corporate Officer on Transfer of Properties to Build Toronto and Declaration of Surplus - Second Quarter 2011

<http://www.toronto.ca/legdocs/mmis/2011/gm/bgrd/backgroundfile-37549.pdf>

Appendices 1-11 to the report (April 14, 2011) from the Chief Corporate Officer

<http://www.toronto.ca/legdocs/mmis/2011/gm/bgrd/backgroundfile-37550.pdf>

On October 24 and 25, 2011, City Council declared surplus 45 Strachan Avenue, 10 Ordnance Street, 11 and 25 Ordnance Street for transfer to Build Toronto with the adoption of GM8.4.

(August 31, 2011) Staff Report - Declaration of Surplus for Transfer to Build Toronto - 10, 11 and 25 Ordnance Street and 45 Strachan Avenue

<http://www.toronto.ca/legdocs/mmis/2011/gm/bgrd/backgroundfile-41275.pdf>

Appendix 1- 11 and 25 Ordnance Street

<http://www.toronto.ca/legdocs/mmis/2011/gm/bgrd/backgroundfile-41336.pdf>

Appendix 2 - 10 Ordnance Street and 45 Strachan Avenue

<http://www.toronto.ca/legdocs/mmis/2011/gm/bgrd/backgroundfile-41337.pdf>

(September 27, 2011) Staff Report - Status of Bridge Connection Within the Ordnance Lands

<http://www.toronto.ca/legdocs/mmis/2011/gm/bgrd/backgroundfile-41346.pdf>

(October 5, 2011) Staff Report - Ordnance Lands - Response to GM 7.4 Report

<http://www.toronto.ca/legdocs/mmis/2011/gm/bgrd/backgroundfile-41484.pdf>

## **COMMENTS**

Some of the properties that are dealt with in this report require comment.

### **Transfer Properties**

#### **Strachan/Ordnance Area (Appendix 2)**

The City-owned properties east of Strachan Avenue and fronting on Ordnance Street, 45 Strachan Avenue, 10 Ordnance Street, 11 and 25 Ordnance Street have been declared surplus for transfer to Build Toronto to facilitate the comprehensive development of this tract in conjunction with a privately-owned 30 Ordnance Street property.

As the terms of transfer between Build Toronto and Eva's Phoenix have not been finalized, this report recommends that the Chief Corporate Officer report directly to City Council on the terms of transfer.

## **Declare Surplus Properties**

### **Parts of the Eglinton West Corridor (Appendices 4(a) – 4(c))**

There are three City-owned blocks along the north side of Eglinton Avenue West from Wincott Drive to Royal York Road that are being recommended for transfer to Build Toronto. With respect to the block between Wincott Drive and Islington Avenue, the City is retaining Part 2 on Sketch No. PS-2011-085 for the existing woodlot, and Part 5 of said Sketch for road widening purposes. In addition, the City is retaining a 4.2 m strip of land along the north limit of Eglinton Avenue West, to achieve the road allowance set out in the official plan.

The Ward Councillor has expressed concern that the City should be protecting this arterial corridor by planning for future subway/transit stations at the major intersections, limiting direct driveway access to Eglinton Avenue West and, where possible, protecting mature trees. Notwithstanding these concerns, this report recommends that these blocks be declared surplus for transfer to Build Toronto.

### **2398 Yonge Street (Appendix 4(d))**

As this property in the Yonge Eglinton area has potential for more intensive redevelopment, it is recommended that it be declared surplus for transfer to Build Toronto. 2398 Yonge Street has been leased to the Anne Johnson Health Centre for a cumulative period of twenty years and they seek a further extension of the lease. As an extension of the lease will result in a total lease term exceeding twenty-one years, it is necessary to declare the property surplus for the purpose of extending the term of this lease. Build Toronto is agreeable to the extension of the lease for up to a three year term while planning approvals are being sought for the redevelopment of the property. In addition, some of the space is currently occupied by Toronto Public Health.

### **253 Markham Road / 12 Dunelm Street (Appendix 4(e))**

In its consideration of GM33.20 on August 25, 26, and 27, 2010, City Council deferred the declaration of surplus of the 253 Markham Road and 12 Dunelm Street property pending a report from the Director of Community Planning regarding the future land use designation of this property, together with several additional properties on Dunelm Street. City Planning staff has advised that it is appropriate for the review of the land use designation in this area to take place when an application for development of the lands is submitted. City Council also requested RES to confirm whether the YMCA has an interest in acquiring this property for a future facility. The YMCA has advised that it has no interest in the property. It is now appropriate for City Council to reconsider whether it wishes to declare this property surplus for transfer to Build Toronto.

It should be noted that the remaining seven Dunelm Street properties referenced in the above-noted land use designation review are included in this report in Appendix 5(b), to be declared surplus for turnover to Build Toronto.

**5131 Sheppard Avenue East (Appendix 4(f))**

This property was acquired for the purposes of transit development along the Sheppard Avenue East corridor. The TTC considers it premature to release this property, as the alignment and design of the Sheppard subway extension into the Scarborough area is still under review and some or all of this property may be needed for transit purposes.

Notwithstanding the TTC's position, this report recommends that 5131 Sheppard Avenue East be declared surplus for transfer to Build Toronto.

**455 Dovercourt Street (Appendix 4(h))**

The Member of Parliament for Davenport expressed concern about the recommendation to declare 455 Dovercourt Road surplus for transfer to Build Toronto and advised that a community group would be interested in purchasing the site for recreational, social and educational services for the community. Ward Councillors have expressed interest in the property being made available for sale to non-profit community groups rather than to Build Toronto. Notwithstanding these concerns, this report recommends that 455 Dovercourt Street be declared surplus for transfer to Build Toronto.

**497 Richmond Street West (505 Richmond Street West) (Appendix 4(i))**

The property is currently being used for City services, including the Policy, Planning Finance and Administration and I&T divisions, and they will have to be relocated in order for redevelopment to proceed. In addition, there are several Below Market Rent tenants in the building. The property, in conjunction with the park to the south, was conveyed by a grant to the City for public market and parkland purposes in the 1800's. By an Order In Council, permission was given by the Province for the property to be utilized for municipal services. Parks, Recreation and Forestry (PF&R) has an interest in reclaiming the property for an expansion of the adjacent St. Andrew's Playground. The property is occupied by a heritage building (Water Works Building, 1931) and a heritage easement will be required as a requirement of a transfer to Build Toronto. Toronto Parking Authority (TPA) has expressed an interest in a below-grade strata for parking purposes in any redevelopment that may occur. The Ward Councillor has expressed interest in the property for public and/or commercial use. Notwithstanding these matters, this report recommends that 497 Richmond Street West be declared surplus for transfer to Build Toronto.

A parking area to serve staff using the buildings on 497 Richmond Street West is developed on a portion of the park to the south of the property that this report recommends be declared surplus. This parking area will remain in the operational management of PF&R and be converted back to park use.

**East of High Street and North of The Queensway (Appendix 4(j))**

This property is currently used for City services and forms part of a buffer area for the Humber Sewage Treatment Plant, under the operational management of Toronto Water.

Toronto Water has advised that this property continues to be required as a buffer area and that allowing development within the buffer area will increase the capital investment that Toronto Water will have to make in odour control equipment at this plant. The property adjoins a natural heritage area to the north. Notwithstanding Toronto Water's objections, this report recommends that the property be declared surplus for transfer to Build Toronto. Build Toronto should be required to address the mitigation measures for odour control associated with future development.

#### **North of Danforth Avenue, Between Highview Avenue and Pinegrove Avenue (Appendix 4(k))**

The property is within the Kingston-Danforth Transit Improvement Study area, and has been examined in connection with the reconfiguration of the Danforth Avenue and Kingston Road intersection. However, the results have not yet been reported to City Council nor has the Transit Project Assessment Process been initiated or budgeted for. City Planning staff has advised that the southern portion of Part 1 on Sketch PS-2006-067 would be required for the proposed redesign of the Danforth Avenue and Kingston Road intersection. Notwithstanding these comments, this report recommends that these lands be declared surplus for transfer to Build Toronto.

### **Turnover Properties**

#### **9 Madison Avenue (Appendix 5(a))**

The property is currently used for City services, a TPA parking lot at grade and the infrastructure of the TTC subway below-grade under the majority of the site.

This report recommends that the above-grade property be declared surplus for turnover for Build Toronto to undertake a master planning exercise to determine the feasibility of the development of the property taking into account the subsurface subway infrastructure and the requirement for an above-grade easement to protect such infrastructure.

#### **Part of the Westwood Property – 3741 Bloor Street West and part of 925 Kipling Avenue (Appendix 5(c))**

The property is vacant and requires environmental remediation and the installation of services before development can proceed. Although a portion of the property was previously declared surplus for sale to the Ontario Realty Corporation, that transaction was terminated and now the property is recommended for turnover to Build Toronto to undertake a master planning exercise and consider the multiple municipal interests in the property including: PF&R's interest in parkland and a community centre; City Planning and Technical Services requirements for the installation of services as a condition of any transfer of the property since a Holding Category no longer applies; Toronto Police Service request for additional land for 22 Division; the interest of the Energy Efficiency Office in the development of a district heating project on this property; and the interest of the Affordable Housing Office.

## **Conclusion**

This report recommends the terms and conditions for transfer to Build Toronto of one property, the declaration of surplus of eleven properties for transfer to Build Toronto, and the declaration of surplus of three properties for turnover to Build Toronto.

Implementation of the recommendations in this report will contribute to Build Toronto's portfolio of development properties and help to enhance and realize the value of the City's real estate holdings.

## **CONTACT**

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## **SIGNATURE**

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Bruce Bowes, P.Eng.  
Chief Corporate Officer

## **ATTACHMENTS**

- Appendix 1– Terms & Conditions for All Transfer Agreements
- Appendix 2 – 45 Strachan Avenue, 10 Ordnance Street, 11 and 25 Ordnance Street
- Appendix 3 – Terms & Conditions for Transfer:
  - South of Wilson Avenue and West of Tippett Road
- Appendix 4 – Properties to be Declared Surplus for Transfer:
  - 4(a) North of Eglinton Avenue West, Wincott Drive to Islington Avenue
  - 4(b) North of Eglinton Avenue West, Islington Avenue to Russell Road
  - 4(c) North of Eglinton Avenue West, Russell Road to Royal York Road
  - 4(d) 2398 Yonge Street
  - 4(e) 253 Markham Road / 12 Dunhelm Street
  - 4(f) 5131 Sheppard Avenue East
  - 4(g) 138 Hamilton Street
  - 4(h) 455 Dovercourt Road
  - 4(i) 497 Richmond Street West
  - 4(j) East of High Street and North of The Queensway
  - 4(k) North of Danforth Avenue between Highview Avenue and Pinegrove Avenue
- Appendix 5 – Terms & Conditions for All Turnover Agreements
  - Properties to be Declared Surplus for Turnover:
    - 5(a) 9 Madison Avenue
    - 5(b) 7 Properties North of Dunelm Street, East of Markham Road
    - 5(c) Part of the Westwood Property (3741 Bloor Street West and part of 925 Kipling Avenue