

**STAFF REPORT
ACTION REQUIRED**



Acquisition of 242 Danforth Avenue

Date:	May 29, 2015
To:	Government Management Committee
From:	President, Toronto Parking Authority
Wards:	Ward 29 Toronto – Danforth
Reference Number:	TPA File No. 1352-00

SUMMARY

The purpose of this report is to obtain Council's authorization to purchase the property municipally known as 242 Danforth Avenue from the owner, 242 Danforth Developments Inc. in order to construct and operate a surface parking facility having 20 spaces in order to service the short term parking needs of the surrounding Danforth BIA neighbourhood.

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. Council authorize the acquisition by the City of the property known municipally as 242 Danforth Avenue (the "Property") from 242 Danforth Developments Inc. (the "Vendor") for the purchase price of \$2,600,000 and substantially on the terms and conditions contained in Appendix 'A' attached hereto plus the additional expenditure of approximately \$655,000 for construction and associated costs such as land transfer tax, appraisal fees, environmental studies, legal and brokerage fees for a total acquisition cost estimate of \$3,255,000;
2. Pending approval of Recommendation 1, that funding of \$2.800 million for Project No. 429 (Captor Number TPA907960) be advanced from the year 2021 to 2015 and that funding of \$0.455 million from Captor Number TPA907959 be re-allocated to Project No. 429 (Captor Number TPA907960) in 2015;
3. Council authorize that the acquisition of the Property without the assignment of the sign lease as described in Appendix 'A' in the event that the Toronto Parking

Authority (the “TPA”) and the Vendor agree that the lease will not be assigned as part of the transaction;

4. Upon acquisition, the Property be designated for municipal parking purposes, to be managed by the Toronto Parking Authority; and
5. The City Solicitor be authorized to complete the purchase transaction, deliver any notices, pay any expenses and amend the closing and other dates to such earlier or later date(s), on such terms and conditions, as she may, from time to time, determine.

FINANCIAL IMPACT

The project has been identified in the 2015 Approved Capital Budget and 2015–2024 Approved Capital Plan as Project No. 429 having a Captor Number TPA907960 (SAP Number CPK254) with funding allocated in 2021 in the amount of \$2.8 million. Since the acquisition of the Property is expected to close in late July 2015, it is recommended that funding of \$2.800 million be accelerated from 2021 to 2015 with additional capital funds of \$0.455 million being re-allocated from Captor Number TPA907959 (SAP Number CPK253) to Project No. 429 (Captor Number TPA907960). As a result, funding of \$3.255 million will be available in account CPK254 (242 Danforth E. of Broadview) pending approval of Recommendation 2.

Total estimated capital costs for the acquisition and construction of the project are \$3,255,000, including the purchase price of \$2,600,000 and associated costs of \$160,000, as well as construction costs of \$495,000.

The TPA will retain the services of an independent accredited appraisal firm to confirm that the purchase price to be paid for the Property, being the sum of \$2,600,000, is reasonable and reflective of fair market value.

The operating and maintenance costs associated with this facility will be included in the 2016 Operating Budget Submission.

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

DECISION HISTORY

The TPA has entered into an Agreement of Purchase and Sale for the Property with the owner which is subject to certain conditions, including receiving approvals from both the TPA Board of Directors and City Council.

At its meeting of May 28, 2015, the TPA Board of Directors approved acquisition of the Property on the terms outlined herein (*TPA In Camera Agenda Item No.: 5.8*).

ISSUE BACKGROUND

The TPA has been looking for suitable sites that would accommodate the existing demand as well as longer term needs for public parking within this Danforth BIA neighbourhood. The purchase of the Property will help satisfy these requirements. The TPA’s offer to

purchase the Property was accepted on April 30, 2015.

Development of the Property into a public parking facility will result in a site capable of accommodating approximately 20 surface parking spaces to be operated as a 'Pay and Display' type operation (see attached *Appendix 'B' - Proposed Carpark Development Plan (242 Danforth Avenue)*).

COMMENTS

Site Location and Particulars

The Property benefits from a prominent location, positioned on the north-east corner of Danforth Avenue and Playter Boulevard (see attached *Site Location Map*). Located a short distance east of Broadview Avenue within a busy commercial / residential neighbourhood known as The Danforth BIA neighbourhood, the Property benefits from good access to the Don Valley Parkway (Highway 404) to the west as well as public transit (i.e. subway, streetcar and bus service) with the TTC's Broadview station on the Bloor-Danforth subway line located close by.

The immediate neighbourhood is characterized by storefront commercial uses fronting Danforth Avenue while residential uses predominate further to the north and south of the Property. Adjacent land uses include; a three storey residential property to the north, two and three-storey mixed use commercial / residential properties fronting Danforth Avenue to the west, east and south of the Property (see attached *Appendix 'C' - Photos of Property* and *Appendix 'D' - Aerial Image of Surrounding Neighbourhood*).

The Property is a vacant land parcel measuring approximately 78.5 feet (23.9 meters) by 84.0 feet (25.6 meters) (see attached *Appendix 'E' - Survey of Property*).

The Property has an existing third party sign on the property under a sign lease between the Vendor and Astral Media Outdoor, L.P. The TPA is investigating the terms of the sign lease as part of its due diligence of the Property. The annual rental for the lease is approximately \$3,000. If the TPA determines that it is not feasible to acquire the Property with the sign, the TPA intends to seek an amendment to the agreement with the Vendor to have the sign removed prior to closing.

Parking Supply and Demand

The operation of the 20-space lot is expected to experience a high level of usage and turnover largely as a result of the property's proximity to the adjacent commercial uses located along Danforth Avenue. A public parking facility at this location will help satisfy this increased parking need within this immediate neighbourhood which will in turn help support the economic viability of the new lot.

Financial Analysis and Conclusion

Based on TPA's estimate of transient parker demand over the next few years, the new lot will generate sufficient returns to support the purchase price of the Property and the construction costs required to build the surface parking lot which total \$3.255 million. The resulting internal rate of return (IRR) based on a projected 20-year cash flow meets TPA's

usual minimum required IRR of 5.0%. The financial analysis supports the purchase price of the Property and the construction costs required to build the surface parking lot.

The TPA has been looking for suitable sites to accommodate the demand for parking in the area. The creation of this facility will provide additional parking for this growth neighbourhood to better service the parking needs of the community at an appropriate cost and IRR to the TPA.

CONTACT

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SIGNATURE

Lorne Persiko, President

ATTACHMENTS

Site Location Map

Appendix 'A' Summary of Agreement of Purchase and Sale for the Acquisition of 242 Danforth Avenue

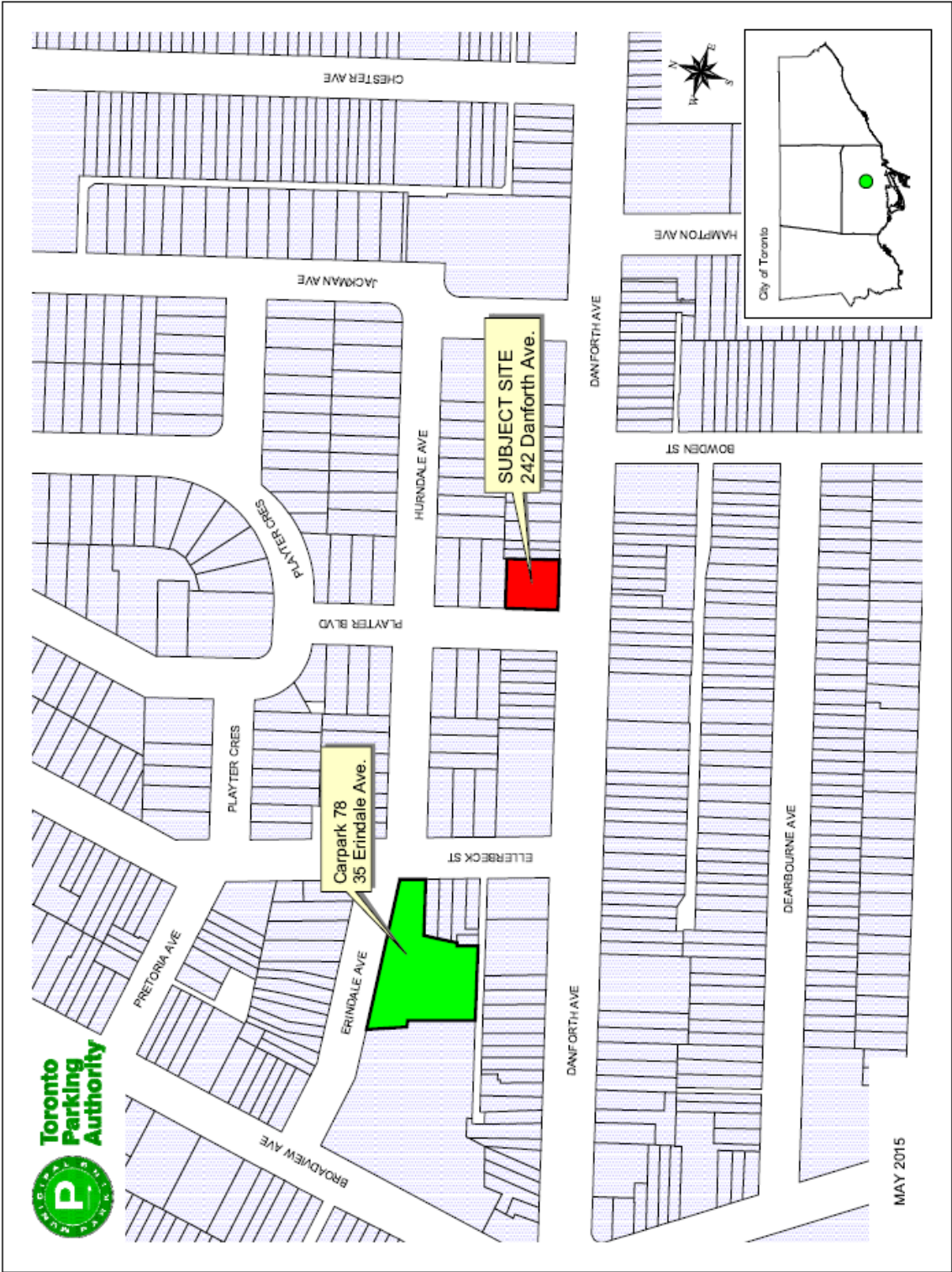
Appendix 'B' Proposed Carpark Development Plan (*242 Danforth Avenue*)

Appendix 'C' Photos of Property

Appendix 'D' Aerial Image of Surrounding Neighbourhood

Appendix 'E' Survey of Property

Site Location Map



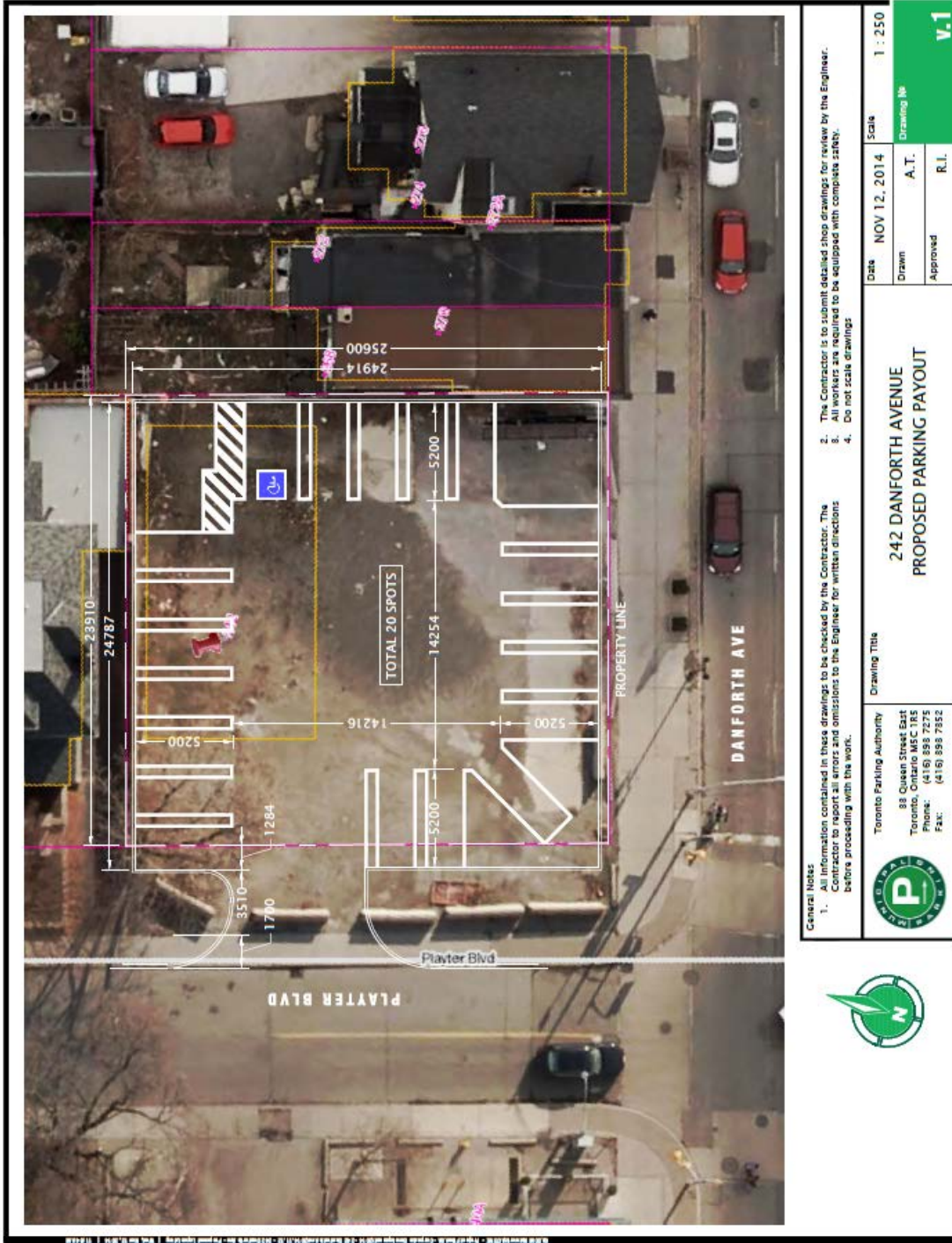
Appendix 'A'

Summary of Agreement of Purchase and Sale for the Acquisition of 242 Danforth Avenue

1. Purchaser – Toronto Parking Authority / registered owner to be City of Toronto
2. Vendor – 242 Danforth Developments Inc.
3. Purchase Price – \$2,600,000
4. Deposit - \$100,000, issued upon acceptance of PSA
5. Site Dimensions / Site Area – 78.5 feet (23.9 meters) x 84.0 feet (25.6 meters) / 6,594.0 square feet (611.8 square meters)
6. Purchaser's Conditions – Obtaining TPA Board and City Council approval of the proposed transaction, and acceptable results of due diligence investigations, including environmental reports
7. Vendor to assign to the Purchaser all of the Vendor's interest in the sign lease between the Vendor and Astral Media Outdoor, L.P. with respect to the existing third party sign on the Property
8. Due Diligence Date – July 15, 2015
9. Closing – July 30, 2015

Appendix 'B'

Proposed Carpark Development Plan (242 Danforth Avenue)



Appendix 'C'
Photos of Property



242 Danforth Avenue, Toronto





View West – Danforth Avenue



View East – Danforth Avenue

Appendix 'D'

Aerial Image of Surrounding Neighbourhood



Appendix 'E'

Survey of Property

