

**STAFF REPORT
ACTION REQUIRED**



Acquisition of 838 Broadview Avenue

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| Date: | December 14, 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 838 Broadview Avenue from the owner, 2285566 Ontario Inc. in order to service the short term parking needs of the surrounding Danforth BIA neighbourhood. The intention is to maintain the commercial building on a fully leased basis and operate the ancillary parking area as a municipal parking facility until such time as it is determined that the site is ready to be redeveloped into a new surface carpark.

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. Council authorize the acquisition by the City of the property known municipally as 838 Broadview Avenue (the "Property") from 2285566 Ontario Inc. (the "Vendor") for a purchase price of \$3,252,000 and substantially on the terms and conditions contained in Appendix 'A' attached hereto plus the additional expenditure of approximately \$130,000 for associated costs such as land transfer tax, title insurance, appraisal fees, environmental studies, legal fees for a total acquisition cost estimate of \$3,382,000;
2. City Council amend the 2016 Capital Budget and 2017-2025 Capital Plan for the Toronto Parking Authority by adding the capital project "838 Broadview Avenue Carpark Development" to be funded by reallocation of capital funds from "Carpark Provisions 2016" project included in the 2016 Approved Capital Budget and 2017-2025 Approved Capital Plan in the amount of \$3,382,000 in order to facilitate the purchase of the property;

3. Upon acquisition, the Property be designated for municipal parking purposes, to be managed by the Toronto Parking Authority; and
4. 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 2016 Approved Capital Budget and 2017-2025 Approved Capital Plan includes an allocation of \$10,000,000 in funding for new carpark provisions in 2016 in order to accommodate unbudgeted property acquisitions or accelerate already planned acquisitions should opportunities arise (Project: Carpark Provisions 2016).

Total estimated capital costs for the acquisition of the property is \$3,382,000, including the purchase price of \$3,252,000 and associated costs of \$130,000. The property will remain as it currently exists, being a fully leased 2-unit retail building with an ancillary parking at the rear to be operated as a municipal parking facility.

It is recommended that this already approved funding be reallocated to fund the cost of the acquisition required for 838 Broadview Avenue estimated at \$3,382,000. The acquisition is expected to close in February 2016.

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 \$3,252,000, is reasonable and reflective of fair market value.

The operating and maintenance costs associated with this new acquisition will be fully offset by the revenues from the building and the new parking lot. Therefore, there will be no incremental costs to TPA in 2016. Once determined, all associated costs and revenues will be reported through quarterly variance reporting and subsequently included in the TPA's - 2017 Operating budget.

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

DECISION HISTORY

The TPA is entering 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.

ISSUE BACKGROUND

For some time, the TPA has been looking for suitable sites that would accommodate the existing demand as well as longer term needs for public parking within The Danforth BIA neighbourhood. The purchase of the Property will help satisfy these requirements.

The intention is to maintain the commercial building on a fully leased basis and operate the 11-space ancillary parking area as a municipal parking lot (see attached *Appendix 'B' - Parking Layout Plan (As Is Condition)*).

COMMENTS

Site Location and Particulars

The Property, located a short distance north of the major intersection of Broadview Avenue and Danforth Avenue, is positioned on the north-west corner of Broadview Avenue and Pretoria Avenue. Broadview Avenue is a two-way four-lane arterial roadway with Pretoria Avenue being a two-way secondary roadway (see attached *Site Location Map*). The Property benefits from good access to the DVP (Don Valley Parkway) as well as public transit (i.e. subway, streetcar and bus service) including the TTC's Broadview station located close by.

The Property is located within a busy commercial / residential neighbourhood known as The Danforth BIA neighbourhood. The immediate neighbourhood is considered to be a regeneration area characterized by service commercial uses within a mature residential community. Adjacent land uses include; a two-storey residential property to the north (*840 Broadview Avenue*), a three-storey storefront commercial building having upper residential units south of Pretoria Avenue fronting Broadview Avenue; while predominately residential uses are found further to the east and west of the property.

The Property is improved as a single storey commercial building containing two separate commercial units of 2,000 square feet (185.8 square meters) each along with an ancillary parking area at the rear with a total of 11 surface parking spaces (see attached *Appendix 'C' - Photos of Property*). The site measures 132.68 feet (40.44 meters) by 65.88 feet (20.08 meters) or 8741.0 square feet (812.1 square meters) (see attached *Appendix 'D' - Survey of Property*).

Parking Supply and Demand

The intension is to operate the rear parking area under a 'Pay and Display' type of operation with Mobile Pay. The interim operation of the 11-space lot is expected to experience a high level of usage and turnover largely as a result of the property's proximity to commercial uses along Broadview Avenue as well as the medical office building known as the Albany Medical Clinic located at 807 Broadview Avenue.

Potential for Re-Development

The Property lies within an area that supports future development. Under the City of Toronto Official Plan, the site is located on an *Avenue* for urban structure and is a *Mixed Use Area* under the land use designation. *Avenues* are "important corridors along major streets where re-urbanization is anticipated and encouraged to create new housing and job opportunities, while improving the pedestrian environment, the look of the street, shopping opportunities, and transit service for community residents", according to Section 2.2.3 of the Official Plan. The Property is subject to Zoning By-law No. 438-86, and is zoned Mixed Commercial Residential (MCR).

Financial Analysis and Conclusion

The total cost of acquisition of the Property to the TPA is estimated at \$3.382 million (\$3.252 million purchase price and \$130,000.00 in closing and associated costs). Based on

TPA's forecast revenue projections for the commercial building and the estimate of growth in transient parking demand over the next few years, 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 therefore supports the acquisition price of \$3.382 million to operate the existing parking area as a municipal parking facility. The introduction of this carpark 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

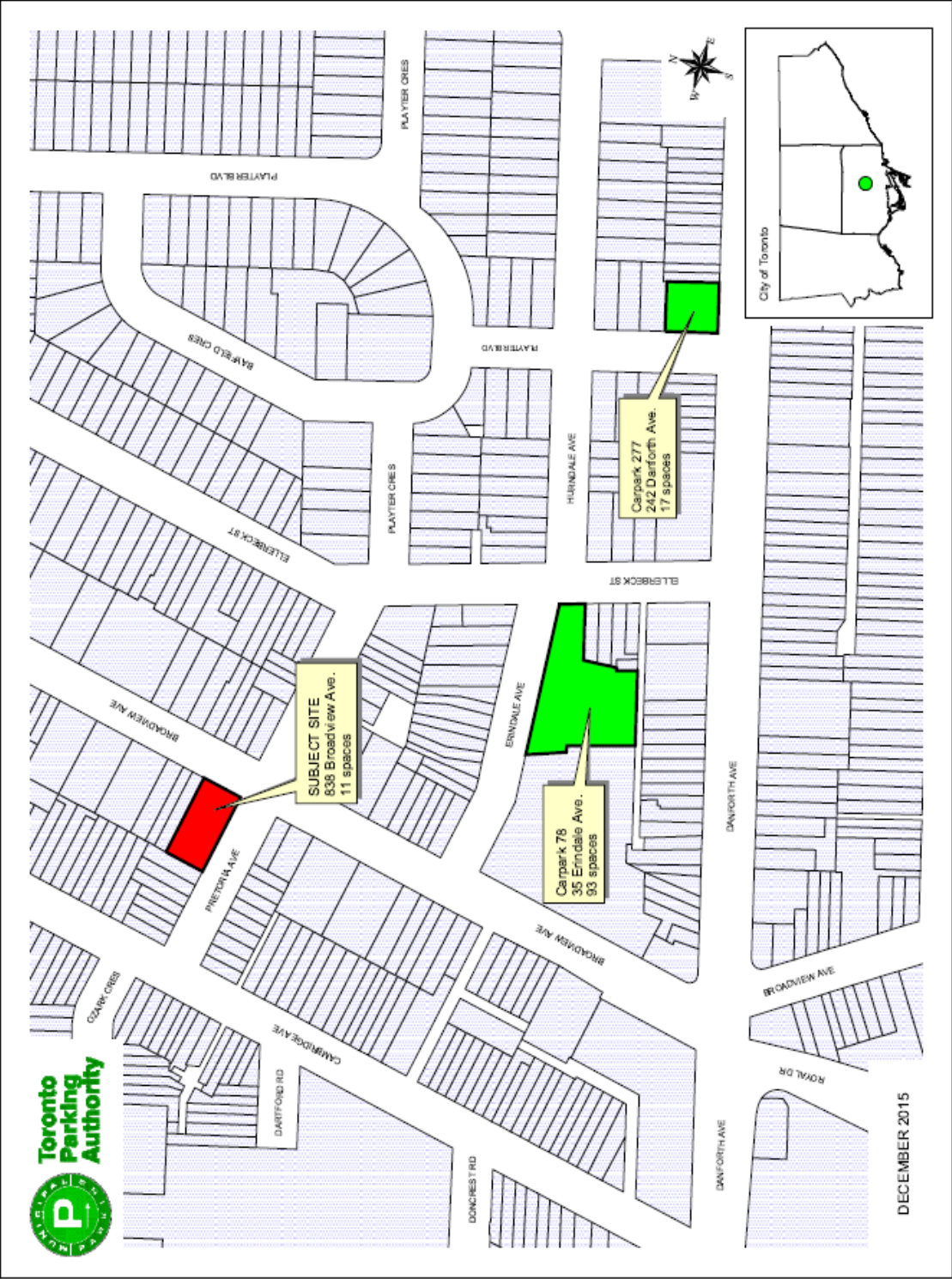
Appendix 'A' Summary of Agreement of Purchase and Sale for the Acquisition of 838
Broadview Avenue

Appendix 'B' Parking Layout Plan (*As Is Condition*)

Appendix 'C' Photos of Property

Appendix 'D' Survey of Property

Site Location Map



Appendix 'A'

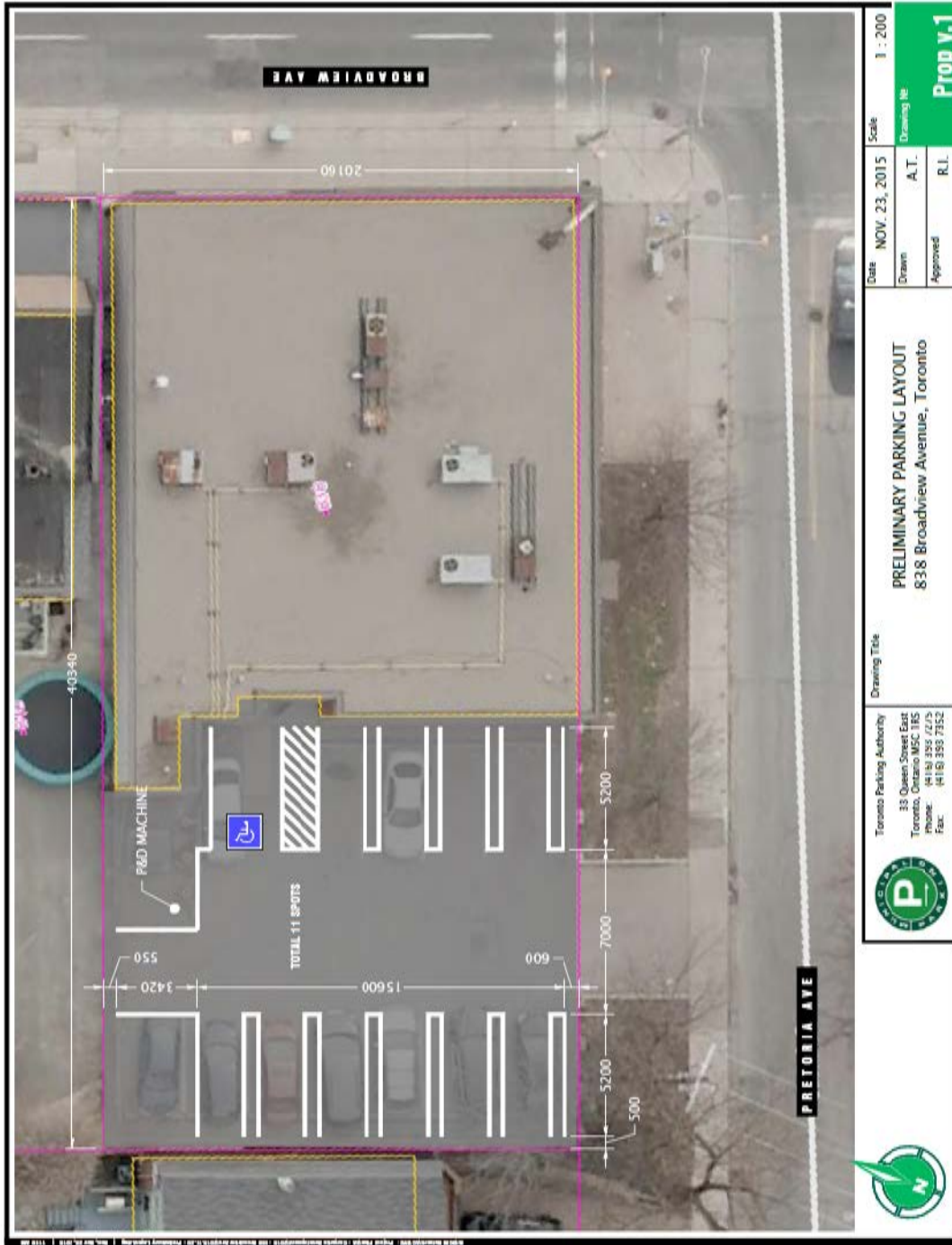
Summary of Agreement of Purchase and Sale for the Acquisition of 838 Broadview Avenue

1. Purchaser – Toronto Parking Authority / registered owner to be City of Toronto
2. Vendor – 2285566 Ontario Inc.
3. Purchase Price – \$3,252,000
4. Deposit - \$100,000, issued upon acceptance of PSA
5. Site Dimensions / Site Area – 132.7 feet (40.4 meters) x 65.9 feet (20.1 meters) / 8,741.0 square feet (812.1 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. Due Diligence Date – February 10, 2016
8. Closing – February 26, 2016

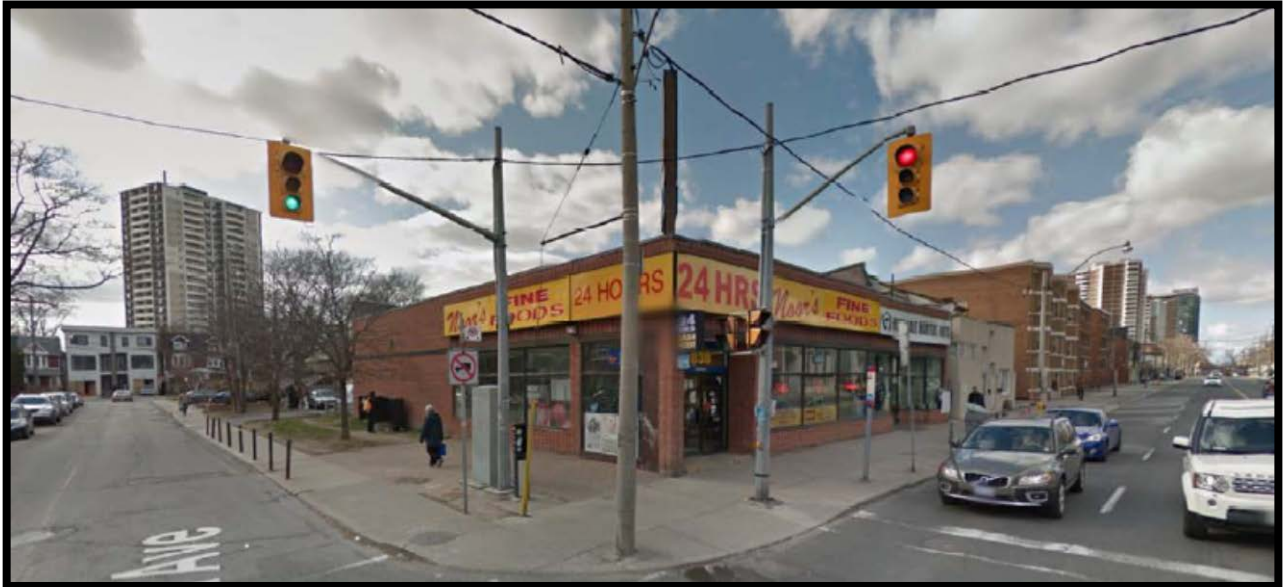
Appendix 'B'

Parking Layout Plan

(As Is Condition)



Appendix 'C'
Photos of Property



838 Broadview Avenue



Access to Surface Parking Area from Pretoria Avenue

