



REPORT FOR ACTION

Review of 260 Eighth Street Land Transaction: No Wrongdoing Identified

Date: October 6, 2020
To: Audit Committee
From: Auditor General
Wards: All

SUMMARY

This report provides the Auditor General's findings from reviewing the 2018 sale of a property at 260 Eighth Street in Etobicoke, Ontario (the Property). This review was initiated based on concerns brought forward by a complainant in relation to the sale of the Property. They included that the sale amount of the Property was less than market value, the approval process for the sale of the Property was not conducted in accordance with City guidelines, and the best value for the Property was not attained.

We conducted an investigative review to evaluate whether there was evidence to support concerns of wrongdoing. This does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). However, we believe we have performed sufficient work in satisfaction that there was no wrongdoing in this transaction.

The Auditor General's review including hiring a designated professional real estate appraiser to conduct an independent appraisal of the Property. Based on this review, it was concluded that there was insufficient evidence to support a claim that the Property was sold at less than market value.

We also reviewed the process surrounding the special meeting related to this transaction. Proper procedures appear to have been followed in the process, including the notice for and conduct of the special meeting of the Boards of Build Toronto and Toronto Port Lands Company which occurred on April 15, 2019.

Given that the sale price of the Property was at fair market value and the appropriate processes were followed in the notice for and conduct of the special meeting, we decided not to investigate the matter of obtaining the best value for the property by maximizing the number of jobs. It is important to note that during our review, no evidence came to our attention to sufficiently support or refute the job creation numbers by any of the proponents or that would suggest that the Property's successful purchasers are likely to create fewer jobs than other developers.

Finally, there was a question regarding whether late, unsolicited offers received should have been accepted. In our view, it was appropriate for CreateTO to proceed with the agreement it already had in place, considering that fair market value was being received from the successful proponent, as well as the complexity of the transaction and environmental issues on the Property. In addition, it is important for the public to be able to rely on the City's open bidding process.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council receive this report for information.

FINANCIAL IMPACT

There is no financial impact related to this report.

DECISION HISTORY

The request and approval of the sale of 260 Eighth Street was considered by the Board of Directors of CreateTO in March 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.RA9.4>

This report is being considered by the CreateTO Board of Directors on October 9, 2020.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.RA17.5>.

COMMENTS

The Auditor General's report was prepared to address concerns about the land transaction that took place. Based on our investigative review, we found sufficient evidence to support that the appropriate steps were taken to complete this transaction.

Not all concerns which are raised to the attention of the Auditor General are found as wrongdoing. However, it is still important and, in the best interest of the City to raise the matter when there is a legitimate concern about how a transaction was handled.

The Auditor General's review provides further insight and independent clarity as well as assurance to City Council and the public that such a transaction was handled appropriately. We thank the complainant for bringing this matter forward.

The attached report provides the CreateTO Board of Directors, the City of Toronto's Audit Committee and members of Council with the results from our investigative review. There are no recommendations in the report.

CONTACT

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SIGNATURE

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Auditor General

ATTACHMENT

Attachment 1: Review of 260 Eighth Street Land Transaction: No Wrongdoing Identified