

NOTICE OF MOTION

Land Transaction Respecting 20 Gothic Avenue

Moved by: Councillor Saundercook

Seconded by: Councillor Moscoe

“WHEREAS City Council, at its meeting held on May 21, 22 and 23, 2003, adopted Administration Committee Report 4, Clause 11, thereby approving the sale of the City-owned property at 20 Gothic Avenue (‘the Property’) by way of a three-party land exchange among York Condominium Corporations Nos. 323 and 435, Quebex Development Corporation and the City; and

WHEREAS City Council, at its meeting held on July 20, 21 and 22, 2004, adopted Administration Committee Report 5, Clause 18, thereby approving the inclusion of Monarch Construction Limited and/or its subsidiary (‘Monarch’) as a party to all agreements and documents necessary to implement the terms of the sale as previously approved by it; and

WHEREAS Monarch will acquire title to the Property and is to construct and own the new residential condominium development on the Property; and

WHEREAS various agreements amongst the parties pertaining to the land exchange, planning requirements and construction and operational issues are of a complex nature, such agreements are under negotiation but have not yet been finalized; and

WHEREAS Monarch has become increasingly concerned about the delay and the incremental costs both expended to date and which it expects to incur for improvements to the High Park Subway Station and for storm water management in the neighbourhood that are conditions of the development; and

WHEREAS Monarch has proposed to pay the City for the land to be acquired by providing capital improvements and lands to the City and the TTC valued at \$504,000.00, with the balance of the purchase price to be paid in cash and all other terms of the transaction are to remain the same, otherwise, it will have to abandon the development project due to rising costs and delay;

NOW THEREFORE BE IT RESOLVED THAT City Council give consideration to the attached report (June 13, 2005) from the Chief Corporate Officer, entitled ‘Land Transaction Respecting 20 Gothic Avenue’, and that Council adopt the staff recommendations contained in the Recommendations Section;

AND BE IT FURTHER RESOLVED THAT the necessary provisions of Chapter 27 of the City of Toronto Municipal Code be waived to permit introduction and debate of this Notice of Motion at the meeting of Council to be held on June 14, 2005.”

June 14, 2005

Attachment

According to Chapter 27 of the Municipal Code, the foregoing Notice of Motion:

Notice was previously given	
Meets Municipal Code provisions and only requires a simple majority to introduce and debate	
Requires two-thirds to waive notice	(v)
Requires two-thirds to re-open	
Fiscal Impact Statement provided	*
Should have Fiscal Impact Statement prior to debate	*
Requires two-thirds to waive requirement if Council wishes to debate	
Should be referred to the Administration Committee	(v)
Requires two-thirds to waive referral if Council wishes to debate	
Recommendations are time sensitive	(v)

* Deputy City Manager and Chief Financial Officer to advise.

TORONTO STAFF REPORT

June 13, 2005

To: City Council

From: Chief Corporate Officer

Subject: Land Transaction Respecting 20 Gothic Avenue
(Ward 13 - Parkdale-High Park)

Purpose:

To recommend that the terms of the proposed land exchange agreement with respect to the sale and development of the City-owned lands located at 20 Gothic Avenue be revised in order to reflect the incremental cost of development on the site.

Financial Implications and Impact Statement:

Under the original terms of the this land exchange transaction the City was to receive net proceeds in the amount of \$750,000.00 payable in cash on closing. The developer is now proposing to provide capital improvements for the City's and TTC's benefit valued at \$264,000.00; to transfer additional lands to the City valued at \$240,000.00 for TTC use; and, to pay the balance of the purchase price of \$246,000.00 in cash on closing.

Further, as a condition of building approval, the developer is required to construct at its own expense certain municipal works, including stormwater management works, the cost of which is currently estimated at \$458,600.00. It is proposed that a development charge credit be approved in an amount equal to the component of the charge related to sanitary sewers, water and stormwater management services. This credit is currently estimated at approximately \$160,000.00.

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

Recommendations:

It is recommended that:

- (1) the terms of the land transaction with respect to 20 Gothic Avenue between the City and Monarch Construction Limited et al (collectively "Monarch"), as authorized by City

Council at its meetings on May 21, 22 and 23, 2003 and on July 20, 21 and 22, 2004, be amended to provide that Monarch pay the City for the land to be acquired by providing capital improvements and lands to the City and the TTC valued at \$504,000.00, with the balance of the purchase price to be paid in cash and all other terms of the transaction are to remain the same;

- (2) City Council approve a development charge credit in an amount equal to the component of the development charge payable with respect to the sanitary sewer, water and stormwater management services;
- (3) the City Solicitor be authorized to complete the transaction on behalf of the City, including payment of any necessary expenses, on the terms recommended in Recommendation (1), and on such other terms and conditions as she may from time to time considers reasonable; and
- (4) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

By adoption of Clause No. 11 of Report No. 4 of the Administration Committee on May 21, 22 and 23, 2003, City Council authorized the sale of 20 Gothic Avenue (the "Property") to Quebex Development Corporation ("Quebex"). The sale of the Property is part of a land exchange agreement wherein Quebex is to convey an existing development site on Quebec Avenue to York Condominium Corporations Nos. 323 and 435 (the "Condominiums"). The Condominiums, which are the current tenants of the Property under a long-term lease with the City, will surrender their leasehold interest to the City as well as make an additional payment to it. The Property is then to be conveyed to Quebex for development of a residential condominium.

By adoption of Clause No. 18 of Report No. 5 of the Administration Committee on July 20, 21 and 22, 2004, City Council approved the inclusion of Monarch Construction Limited and/or its subsidiary ("Monarch") as a party to all agreements and documents necessary to implement the terms of the sale as previously approved by it. Monarch, therefore, will acquire title to the Property and is to construct and own the new residential condominium development.

Because of the complex nature of the transaction, various agreements amongst the parties pertaining to the land exchange, planning requirements and construction and operational issues are required. These agreements have not yet been finalized.

Comments:

The development of the Property will entail construction over a section of the High Park Subway Station. Although most of the technical issues relative to this component of the proposed development have been resolved and are in the final stage of documentation, this has been a protracted and complex process. Monarch has become increasingly concerned about the delay and the incremental costs both expended to date and which it expects to incur for future City and

TTC requirements that are conditions of the development; in particular, for improvements to the High Park Subway Station and for stormwater management in the neighbourhood. Monarch contends that these improvements are upgrades that otherwise would have been undertaken by the City and the TTC over time and that, given the delay to date, if these incremental costs have to be absorbed in their entirety into its development budget, the project will no longer be viable.

In support of its claims, Monarch has submitted a summary of these incremental costs which it has or will incur in during project development.

City and TTC staff have reviewed Monarch's summary of incremental costs and concluded that of that an amount of \$264,000.00 is attributable to capital improvements to the High Park Subway Station for items such as waterproofing and installation of a hydro ductbank. The remaining costs, however, were considered by the City and TTC to be part of the construction costs allowed for during negotiations of the purchase price of the Property between the parties although in some instance there is an municipal incidental benefit.

In an attempt to reduce its cash expenditure on this project, Monarch also proposed the conveyance of two parcels of land ("Monarch's Lands") adjacent to an existing TTC transit facility at 410 Queens Quay West in favour of the City in exchange for credit toward the purchase price of the Property. A sketch showing the Monarch's Lands is attached as Appendix "A".

TTC staff have considered Monarch's land offer and have confirmed an interest in acquiring Monarch's Lands for TTC purposes. A City staff appraisal indicates that Monarch's Lands would have a value of \$240,000.00 to the TTC given its adjacent transit facility.

Under the terms of the land exchange agreement as authorized by City Council, Monarch was to pay the City an amount of \$1,000,000.00, inclusive of a cash payment of \$250,000.00 pursuant to Section 37 of the *Planning Act*. The net proceeds of sale which would have been taken into general revenue from this land exchange agreement were therefore in the amount of \$750,000.00.

Monarch has now proposed that it will provide \$504,000.00 of equivalent benefits to the City and TTC in the form of capital improvements to the High Park Subway Station and by transfer of lands adjacent to 410 Queens Quay West in lieu of cash. Monarch has requested a credit for this amount and proposes to pay the balance of the purchase price in cash in the amount of \$246,000.00 to complete the land exchange transaction. Monarch will remain liable for the cash payment of \$250,000.00 pursuant to Section 37 of the *Planning Act*. If the above restructuring is not approved, Monarch has stated that it will have to abandon this development project due to rising costs and delay.

Stormwater Management Tank

The topography of the Property is an existing overland flow route serving a drainage area of approximately 6 ha of lands in the area. A major storm would result in storm water being conveyed through the Property over to Bloor Street West to the south. The proposed

development on the Property would block the drainage route and cause flooding of the Property and adjacent properties in the event of a major storm.

As a condition of the development approval, Monarch is required to construct a stormwater management tank (“SWMT”) at a cost of approximately \$458,600.00. The provision of a SWMT at the Property will not only collect storm water from the Property but also storm water from the immediate area. It is considered reasonable that a development charge credit in an amount equal to the component of the development charge payable with respect to the sanitary sewer, water and stormwater management services be allowed to Monarch to reflect the provision of the SWMT otherwise not required on other development sites and which will serve the wider community.

Conclusions:

Since all parties to the land exchange agreement have expended a tremendous amount of time and financial commitment to this development project over the last two years and as there is a municipal benefit from this innovative residential development over transit facilities, Monarch’s proposal to provide equivalent value in lieu of a portion of the cash balance to the City to complete the land exchange agreement is reasonable. City Council should approve Monarch’s proposed amendments to the land exchange transaction with a view to facilitating the development of the Property.

Contacts:

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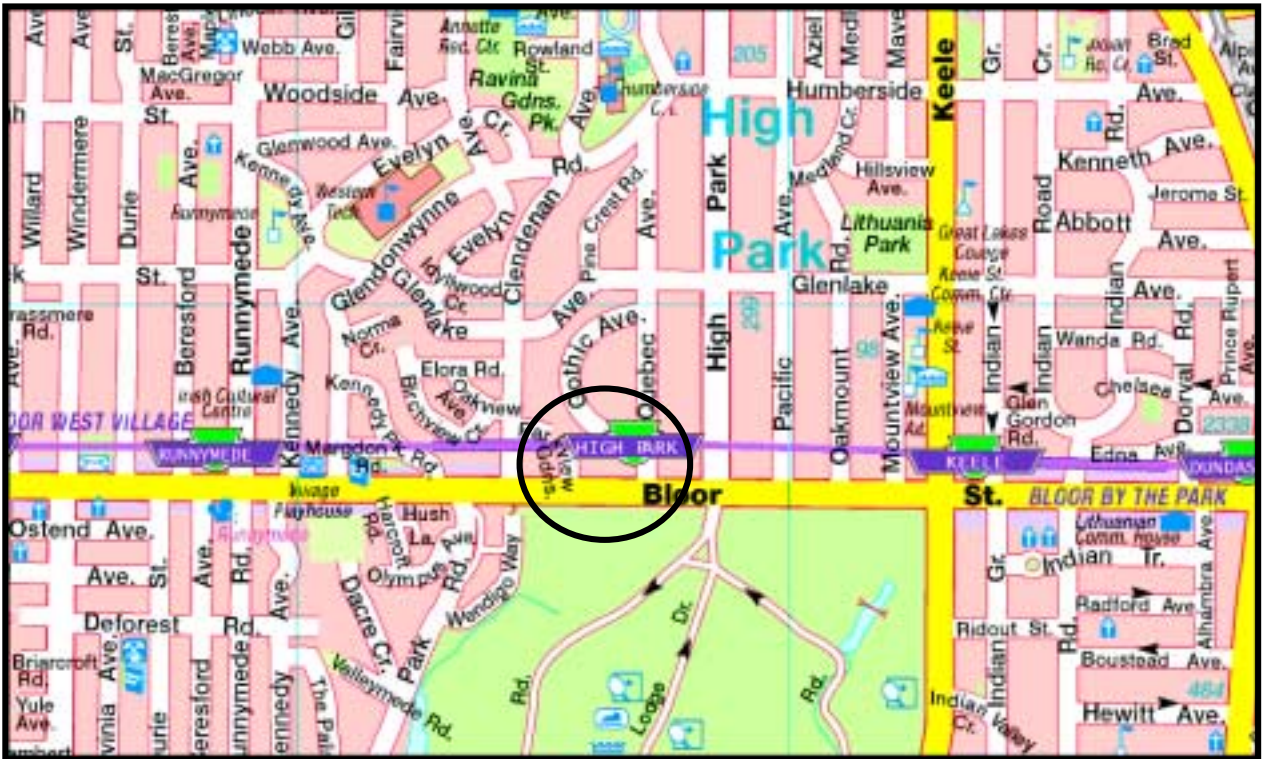
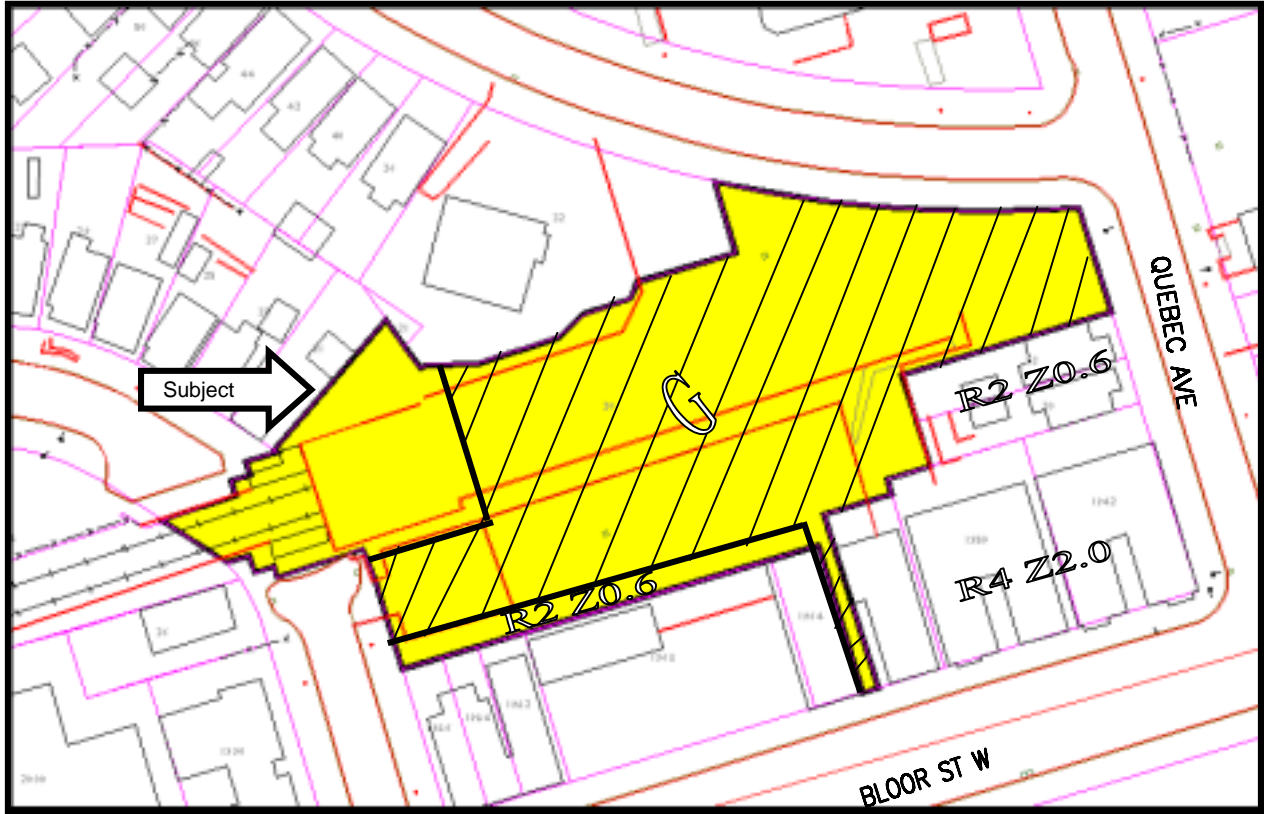
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List of Attachments:

Site Maps
Appendix “A” - sketch showing the Monarch’s Lands



Appendix "A"

