



**STAFF REPORT
INFORMATION ONLY
with Confidential Attachment**

120 and 130 Harbour Street – Analysis of Highest and Best Use

Date:	December 12, 2008
To:	Toronto and East York Community Council
From:	Chief Corporate Officer
Wards:	Ward 20 – Trinity-Spadina
Reference Number:	P:\2009\Internal Services\F&re\Te09010F&re – (AFS 9178)

SUMMARY

The purpose of this report is to advise Toronto and East York Community Council of a higher order use for 120 and 130 Harbour Street.

The confidential information contained in Attachment 1 should remain confidential, as it relates to proposed or pending acquisition or sale of land for municipal or local board purposes, and as such may not be disclosed under the provisions of the Municipal Freedom of Information and Protection of Privacy Act.

Financial Impact

This report is for information purposes only.

DECISION HISTORY

Toronto and East York Community Council, at its meeting on November 27th, 2007, requested the Executive Director, Facilities and Real Estate to report to the Toronto and East York Community Council on the feasibility of a higher order use for 130 Harbour Street. A similar request was also made for Toronto Parking Authority to report on a higher order use for 120 Harbour Street.

The decision advice can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/mmis/2007/te/decisions/2007-11-27-te11-dd.pdf>

Councils direction arose from a Staff Report to Toronto and East York Community Council, entitled “York Street Pedestrian Promenade Plan, Front Street West to Queens Quay West.” The Staff Report, from Community Planning and Transportation Services, can be found through the following hyperlink:

<http://www.toronto.ca/legdocs/mmis/2007/te/bgrd/backgroundfile-8727.pdf>

ISSUE BACKGROUND

The City of Toronto currently owns and utilizes 120 and 130 Harbour Street, two adjacent parcels of land which combine for an area of approximately 27,529 square feet (see “Appendix A” for location and site configuration). Council’s direction was to evaluate a higher order use for the property, in order to animate the York Street streetscape. Given the proximity of the two parcels of land, which sit adjacent to each other at the north-west corner of Harbour Street and York Street, a joint study was conducted to evaluate the highest and best use of the combined site.

Currently, 130 Harbour Street is utilized by the Toronto Police Service as a vehicle impound lot for illegally parked cars. 120 Harbour Street is currently leased and operated by Toronto Parking Authority (“TPA”) as a paid parking lot, which accommodates 40 parking stalls for public parking purposes. The development of these properties is being encouraged to improve the streetscape and unlock the sites financial value.

COMMENTS

Facilities & Real Estate engaged Altus Group Limited to undertake the study of short and long-term uses, including options analysis surrounding development. The following options on highest and best use were evaluated:

- High rise residential condominium development
- Office development
- Above grade parking garage
- Hotel development

A summary of the study’s findings and expected market values can be found in Confidential Attachment 1.

Site Characteristics

120-130 Harbour Street contains an area of 27,529 square feet in an attractive downtown location. The site is within close proximity to Union Station, a few blocks south of the financial district and walking distance to major City attractions. It also provides for easy access to the Gardiner Expressway and sits adjacent to Harbourfront to the south.

Short-Term/Interim Use

There are three current uses of the site:

1. Toronto Police Service vehicle impound lot on 130 Harbour Street.
2. Toronto Parking Authority parking lot on 120 Harbour Street.
3. Two signboards located on the east side of 120 Harbour Street, fronting York Street.

Confidential information regarding current uses can be found in Attachment 1.

In recognition of the timing and risks associated with developing the property, it is recommended that the City take action to maximize the interim value of the site, including increasing surface parking income and taking advantage of potential signage revenues. This would help improve the holding income of the property to the City and any potential developers, which makes the property more saleable in a real estate environment that is under increasing downward pressures.

Long-Term Opportunities

The following options were considered in evaluating the site for long-term use:

1. Residential Condominium

A residential condominium development appears to be the preferred development option following discussions with City Planning. There are a number of condominium developments in the immediate area and preliminary analysis shows that a high rise residential development generates a significant financial return.

2. Office Development

Office and mixed-use developments are permitted under the existing zoning, but at much lower density that makes this option less feasible. Furthermore, the current economic environment and new supply of office space in the area is likely to reduce demand, making an office development less desirable or viable than a condominium.

3. Freestanding Parking Garage

The recent development of former parking lots in the area has reduced the availability of public parking, creating a demand for this type of development. Furthermore, the proximity of this property to major City attractions, such as Air Canada Center, CN Tower, Rogers Center and other condominium and commercial developments makes parking development a valid alternative. However, financial analysis of an above-grade structure shows that that this type of development would provide only marginal value. The existing use as a surface parking lot with signage revenue is more attractive with less financial risk, offering the potential for future development.

4. Hotel Development

There may be potential for a combined residential condominium and hotel development (depending on market demand and achievable density), but these projects are typically located on larger sites and are usually located in more central locations.

Potential Limiting Factors

There is currently an Environmental Assessment in progress for the demolition and replacement of the York Street ramp (eastbound). This assessment should consider the potential development to ensure that any relocation of the ramp does not negatively affect the development potential, as the location of the replacement ramp has not yet been determined. The highest and best use study also assumes that all development constraints, including rezoning and an Official Plan Amendment, together with servicing capacity, site access and traffic constraints can be satisfied.

Conclusion

Preliminary architectural drawings for a residential condominium, office development and freestanding parking garage are provided in “Appendix B.” Based on a range of market values, site specific characteristics, development precedents in the area, an evaluation of current market conditions and the cost and revenues associated with development alternatives, it was determined that the highest and best use for the property in the long term would be development with a high rise residential condominium. This is subject to a number of constraints and limiting conditions, which will require further investigation, including consultation with Planning, Transportation Planning, Technical Services, Waterfront Toronto, Waterfront Secretariat, and other stakeholder groups. The City should undertake a process to maximize the potential long-term value of the property.

As an interim use, it is recommended that the City take advantage of potential signage and parking revenues. Facilities and Real Estate staff will be working with Toronto Police Services and Toronto Parking Authority to maximize the short-term value of the site, including:

- Removing and relocating the Toronto Police Services impound lot to a less valuable location, allowing for additional public parking spaces and added income; and
- Replacing existing signboards with conforming signboards; and,
- Greening of the site to make the space more aesthetically pleasing

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SIGNATURE

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ATTACHMENTS

Attachment 1 – Confidential Information
“Appendix A” – Location Map
“Appendix B” – Architectural Drawings