



**STAFF REPORT  
ACTION REQUIRED**

**Woodgreen Community Services Facility – Proposed  
Real Estate Transactions**

<b>Date:</b>	August 9, 2010
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer
<b>Wards:</b>	30 – Toronto-Danforth
<b>Reference Number:</b>	P:\2010\Internal Services\RE\Gm10058re– (AFS 11747)

**SUMMARY**

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On March 31 and April 1, 2010, City Council adopted the recommendations in Item EX41.5 of the Executive Committee regarding the reconfiguration of the block bounded by Danforth Avenue, Coxwell Avenue, Rhodes Avenue and the public lane to the south (the “Identified Block”), where the majority of the lands is within Woodgreen Community Services under its affiliated company Woodgreen Settlement Corporation (collectively referred herein as “WCS”) and City ownership, in order to facilitate the establishment of a site for the proposed new Woodgreen Community Services head office and services facility.

This report seeks authority to enter into a Memorandum of Understanding (“MOU”) between the City, Toronto Parking Authority (“TPA”) and WCS regarding the proposed real estate transactions to implement the proposed reconfiguration of the Identified Block and development of the new WCS facility. The Preliminary MOU is attached as Appendix “A” to this report. Staff is recommending to City Council the approval of the MOU, substantially on the terms and conditions as contained in Appendix “A”.

This report also seeks authority with respect to financial adjustments between the City and the TPA arising from the City’s role in facilitating the proposed new WCS facility and the acquisition of the First Parliament Site.

## RECOMMENDATIONS

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### **The Chief Corporate Officer recommends that:**

1. To facilitate the assembly of lands required for the replacement head office and service facilities of WCS to be located at the south-west corner of Danforth Avenue and Coxwell Avenue, described as Parts 3, 4 and 5 on Sketch No. PS-2009-090a (the “Sketch”):
  - a. City Council authorize entering into the Phase 1 Development Agreement with WCS, as provided for and substantially in accordance with the terms and conditions in the Preliminary MOU as set out in Appendix “A” and on such additional terms as may be required by the Director of Real Estate Services, in a form satisfactory to the City Solicitor, pursuant to which, if WCS cannot negotiate the purchase of 1573 Danforth Avenue required for its proposed new location, on or before November 30, 2010, the City shall, at the expense of WCS, acquire the property;
  - b. If 1573 Danforth Avenue is not acquired by negotiation by WCS or by the City, that City Council authorize the Director of Real Estate Services:
    - (i) to initiate the expropriation process to acquire all right, title and interest in 1573 Danforth Avenue, for municipal purposes, including community improvement purposes and re-development; and,
    - (ii) to sign an application for approval to expropriate and to serve and publish Notices of the Application for Approval to Expropriate; to forward to the Chief Inquiry Officer any request(s) for an inquiry hearing that is/are received; to attend any such hearing to present the City’s position; and to report the Inquiry Officer’s recommendations to City Council for its consideration; and,
  - c. City Council authorize entering into a Memorandum of Understanding with WCS as provided for and substantially in accordance with the terms and conditions in the Preliminary MOU as set out in Appendix “A” and on such additional terms as may be required by the Director of Real Estate Services, in a form satisfactory to the City Solicitor, which shall provide for, if 1573 Danforth Avenue is acquired by WCS or by the City, the subsequent plans, subject to further City Council approvals, to re-align the City properties in the Identified Block and to lease a portion of them to WCS as the site required for its replacement head office and services facility; such further steps shall include the following:

- (i) WCS transferring to the City for nominal consideration its lands at 690-692 Coxwell Avenue, and 1573 Danforth Avenue, if acquired by WCS;
- (ii) WCS constructing, at its expense, a new Carpark for the TPA to replace the existing Carpark 173;
- (iii) WCS to make payment to the TPA in the amount of \$360,000 representing a repayment of the original acquisition price for 1549 Danforth Avenue;
- (iv) WCS, at its expense, to design, construction manage and construct the new park finished to the same level as the current landscaped area to the new location, shown as Part 1 on the Sketch, to the satisfaction of the General Manager of Parks, Forestry and Recreation (“PF&R”);
- (v) WCS paying the costs for the relocation of the current landscaped area, with the exception of environmental remediation costs which would be shared 50/50 with the City;
- (vi) the improvement and widening of the existing adjacent public lane by and at the expense of WCS to an upset amount of \$250,000, in accordance with the requirements of Technical Services;
- (vii) the City providing a net net ground lease of the lands shown as Parts 3, 4 & 5 on the Sketch to WCS for a term of 49 years with an option to renew for further two terms of 25 years each.

2. For the purposes of financial adjustments between the City and the TPA, City Council exempt the 465 Huron Street property from the Policy Governing Land Transactions Among City ABCDs and Proceeds from Sale of Surplus City-Owned Real Property (the “Proceeds Policy”), so that a portion of the Fair Market Value (“FMV”) contribution in the amount of \$375,000 by TPA for 465 Huron Street be credited to TPA as compensation for the following projects rather than being deposited in the Land Acquisition Reserve Fund (“LARF”), and the remaining \$65,000 of the FMV contribution amount by TPA be deposited into LARF:

- a. \$125,000 be credited to TPA to compensate for the loss of land value associated with the relocation of Carpark 173 at 1549 Danforth Avenue in connection with the WCS land assembly outlined above; and
- b. \$250,000 be credited to TPA to compensate for its costs to construct replacement parking that will be lost at 111 Broadview Avenue (Carpark 45) in connection with the City’s acquisition of the First Parliament Site.

3. City Council authorize the Director of Real Estate Services to sign and consent on behalf of the City to applications for planning approvals by WCS, as required, for the development of a portion of the City owned land within the Identified Block, including rezoning, site plan approval and/or building permits.

4. City Council authorize the Chief Corporate Officer and the Director of Real Estate Services severally to execute Agreements of Purchase and Sale and all implementing documentation, on behalf of the City.
5. City Council authorize the City Solicitor to complete the transactions on behalf of the City, including paying any necessary expenses, amending the closing, due diligence and other dates, and amending and waiving terms and conditions, on such terms as she considers reasonable.
6. City Council direct that upon completion of the replacement carpark, the new carpark location, shown as Part 2 on the Sketch, be designated for municipal parking purposes by by-law, to be managed by the TPA.
7. City Council authorize and direct the appropriate City Officials to take the necessary action to give effect to the foregoing, including the introduction in City Council of any bills necessary to give effect thereto.

### Financial Impact

WCS will assume all of the costs associated with the reconfiguration of the City's lands, acquisition costs for additional land required for the reconfiguration, costs to relocate the TPA Carpark and costs to relocate and develop the landscaped area for parks purposes, with the following exceptions: any yet unknown environmental costs associated with the park relocation will be shared 50/50 with the City and any costs in excess of \$0.250 million to improve and widen the public lane will be paid by the City. The potential impact to the City as a result of the exceptions noted above cannot be determined at this time. It is anticipated that these costs will be identified during 2011 and/or 2012 and will be included in various program operating and/or capital budgets for consideration by Budget Committee for the 2012 and/or 2013 budget years.

If City Council approves Recommendation No. 2, the City will forego the proceeds from the TPA in the amount of \$0.375 million for the transfer of operational management of 465 Huron Street to them from being allocated into LARF as per Council Proceeds Policy. The fair market value for 465 Huron Street is \$0.440 million. The \$0.375 million will be credited to TPA for compensation to TPA for the following:

TPA Location	Amount	Particulars
1. Carpark 173 1549 Danforth Avenue	\$125,000	Part of recovery of loss of land value associated with the relocation of Carpark 173 in connection with the WCS land assembly
2. Carpark 45 111 Broadview Avenue	\$250,000	Represents construction costs to replace TPA's lost parking at Carpark No. 45 in connection with the First Parliament Site
Total	\$375,000	Total Amount to be credited from the FMV of 465 Huron Street

The remaining \$0.065 million will be allocated into LARF.

In addition, the TPA will receive \$0.360 million from WCS representing a repayment of the TPA's original acquisition price for 1549 Danforth Avenue.

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

## **DECISION HISTORY**

On December 1, 2 and 3, 2008, City Council adopted the recommendations in Item CD20.17 for staff to assist in locating a larger centralized facility to replace WCS's current primary service location.

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-12-01-cc27-dd.pdf> ;

<http://www.toronto.ca/legdocs/mmis/2008/cd/bgrd/backgroundfile-17264.pdf>

On March 31 and April 1, 2010, City Council adopted the recommendations in Item EX41.5 authorizing, among other matters, the Director of Real Estate Services to negotiate a Memorandum of Understanding with WCS for the reconfiguration of the Identified Block and to report back on the proposed real estate transaction(s) including terms for the acquisition, exchange and/or reconfiguration of the lands within the Identified Block and responsibility for associated costs. The confidential attachment to the report illustrates the proposed principles for reconfiguration.

<http://www.toronto.ca/legdocs/mmis/2010/cc/decisions/2010-03-31-cc47-dd.htm>

<http://www.toronto.ca/legdocs/mmis/2010/ex/bgrd/backgroundfile-27449.pdf>

In conjunction with the City's acquisition of the First Parliament Site, all parking spaces that will be lost at TPA Carpark 45 due to the relocation of the TTC transit loop from 70 Parliament Street will be replaced. The TPA recently purchased 134 and 136 Broadview Avenue to facilitate a partial replacement of lost parking spaces at Carpark 45. The City will reimburse the TPA for costs related to the replacement of all lost parking spaces at Carpark 45, including development/construction and other associated costs.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-11-30-cc42-dd.htm>

## **ISSUE BACKGROUND**

Woodgreen Community Services is a non-profit charitable organization that has been providing housing and social services to communities within the central-east area of the City for 71 years. The City has provided funding to WCS since 1946 to assist this Agency in providing social services to the public.

WCS has requested the City to assist in the search of a location for a new larger WCS facility to replace its aging primary service facility at 835 Queen Street East and to integrate its services within the east central area of the City into one location to accommodate growth, meet changing needs in the community and improve its accessibility by public transportation. WCS has indicated that it requires a 90 foot

frontage onto Danforth Avenue to build a building that would meet the projected space and program requirements. It was further identified that the block bounded by Danforth Avenue, Coxwell Avenue, Rhodes Avenue and the public lane to the south was the preferred site for the establishment of a site for the proposed new WCS head office and services facility. The Identified Block is owned by three (3) parties: the City owns the largest portion of the block (1549 Danforth Avenue - Carpark 173 & 1555 Danforth Avenue - landscaped area), WCS owns 690 & 692 Coxwell Avenue and a third party owns 1573 Danforth Avenue, as shown in Appendix “B” titled “Existing Configuration”.

It is proposed that the Identified Block be reconfigured to provide WCS with a developable parcel with a frontage on Danforth Avenue to accommodate WCS’s proposed building.

**COMMENTS**

City staff has determined that a reconfiguration of the Identified Block, as shown in Appendix “C” titled “Proposed Reconfiguration”, is possible and has benefits to both WCS and the City.

**Proposed Reconfiguration of the City Lands**

The Property Management Committee (PMC), at its meeting held on February 24, 2010, supports the concept of the proposed reconfiguration of the Identified Block, of which requires the relocation of the City-owned landscaped area and the surface parking lot and having a portion of the City-owned land to be made available to WCS to facilitate a new head office and services facility.

The TPA, subject to the approval of its Board, agrees with the relocation of Carpark 173 provided that it be made whole financially, including but not limited to providing replacement surface parking lot as a turnkey development, in accordance with the standards and specifications of the TPA. TPA has agreed in principle to the following recoveries for compensation for the reduced value of its landholding:

Market Value of Existing Carpark 173	<b>\$1,325,000</b>
Recoveries:	
Value of new parking lot based on a capitalized net parking revenue stream	\$360,000
Cash payment by WCS representing a repayment of the original acquisition price for 1549 Danforth Avenue;	\$360,000
Net present value of increased parking demand added by the development of WCS facility	\$480,000
Credit from the City for the transfer of 465 Huron Street	\$125,000
	<b>\$1,325,000</b>

PF&R agrees with the relocation and the slight reduction in size of the landscaped area provided that WCS cover all the costs of park relocation and development.

## **Memorandum of Understanding**

Staff have negotiated with WCS the terms of the Preliminary MOU attached as Appendix “A”, which if adopted by City Council shall be the basis of the MOU between the City and WCS. The MOU primarily relates to the acquisition of 1573 Danforth Avenue, either by WCS or by the City, the conveyance of WCS lands at this block to the City and the lease of the lands required for the replacement head office and service facilities of WCS, shown as Parts 3, 4 & 5 on the Sketch (the “Development Lands”), the reconfiguration and relocation of the parking lot and landscaped area, the responsibility for associated costs and other subsequent plans required to develop the proposed facility.

## **Acquisition of 1573 Danforth Avenue**

WCS has attempted to negotiate the purchase of 1573 Danforth Avenue, however, to date, the owner of 1573 Danforth Avenue has indicated to WCS that it has no interest in selling its property. WCS wish to continue to attempt to purchase the property, however, if WCS cannot negotiate the purchase of the property on or before November 30, 2010, Recommendation No. 1 authorizes the Director of Real Estate to negotiate the acquisition of 1573 Danforth Avenue, and if unsuccessful, to issue expropriation notices.

## **Declaration as Surplus**

Pursuant to Chapter 213 of the City of Toronto Municipal Code (Sale of Real Property), before disposing of any property (including a lease of 21 years or longer), the property must first be declared surplus and a notice of the proposed disposal and the manner of disposal must then be given to the public. As such, as outlined in Appendix “A” the proposed long-term ground lease to WCS will be conditional on the Development Lands being declared surplus for the purpose of a long-term lease to WCS.

## **Ground Lease to WCS**

A further report will be brought forward with respect to the terms and conditions of the long-term ground lease with WCS for approval and a Municipal Capital Facility Agreement with WCS.

## **Development Applications**

The proposed development would be subject to the usual development applications by WCS for approvals in accordance with the *Planning Act*, City zoning and site plan standards.

## **WCS’s Agreement with the TPA**

WCS is to enter into a Construction Procedures & Development Agreement with and satisfactory to the TPA on the relocation of Carpark 173 and the construction of the replacement carpark and to provide a Letter of Credit to secure its obligations to the TPA.

## **TPA Compensation and Application of the City’s Real Estate Policies**

Based on the Proceeds Policy, the net proceeds of sale of City real estate are to be deposited in the LARF, rather than being directed to other initiatives. Similarly, where

TPA receives operational management of lands, TPA pays FMV, with all such net proceeds to be deposited in LARF.

Carpark 205 located at 465 Huron Street is currently on a basis of a Letter of Agreement between Real Estate Services and the TPA. At its meeting on April 14, 2008, PMC recommended the transfer of operational management of the surface rights of 465 Huron Street to TPA to be used for surface parking only, at the FMV of \$440,000. The transfer of operational management has not occurred yet pending payment of FMV by TPA.

In conjunction with the City's acquisition of the First Parliament Site, the City is to reimburse the TPA for all land acquisition, construction and other associated costs required to replace approximately 39 surface parking spaces that will be lost at Carpark 45 (111 Broadview Avenue) due to the relocation of the TTC transit loop from 70 Parliament Street. TPA's recent purchase of 134 and 136 Broadview Avenue will facilitate the construction of approximately 25 parking space surface facility. Replacement land for approximately 14 more TPA parking spaces is still required. It is being proposed that the construction cost in the amount of \$250,000 to replace TPA's lost parking spaces be credited from the transfer of 465 Huron Street to TPA.

Recommendation No. 2 proposes an exemption from the Proceeds Policy to forego a portion of the proceeds from TPA in the amount of \$375,000 for the transfer of operational management of 465 Huron Street to them as compensation resulting from the WCS project (\$125,000) and the acquisition of the First Parliament Site (\$250,000), and that the remaining \$65,000 will be deposited into LARF.

This report has been prepared in consultation with staff from Social Development, Finance and Administration, PF&R, Finance and TPA.

## **CONTACT**

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## **SIGNATURE**

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Chief Corporate Officer

## **ATTACHMENTS**

Appendix "A" - Preliminary MOU  
Appendix "B" - Site Map and Existing Configuration  
Appendix "C" - Sketch No. PS-2009-090a - Proposed Reconfiguration