

EX33.17 - Confidential Attachment E – made public on April 29, 2016

Acquisition of 295, 297, 299, 301A and 305 George Street, Toronto

Date:	June 18, 2013
To:	Executive Committee
From:	Brenda Patterson, Deputy City Manager, and Roberto Rossini, Deputy City Manager and Chief Financial Officer

CONFIDENTIAL RECOMMENDATIONS

It is recommended that:

City Council authorize the General Manager, Shelter Support and Housing Administration to increase the capital account CHS031, Shelter Development/Redevelopment, by \$8,500,000.00 funded by the Land Acquisition Reserve Fund (LARF) (XR-1-12).

CONFIDENTIAL INFORMATION

Financial Impact

This adjustment will finance the acquisition of 295, 297, 299, 301A and 305 George Street; the payment of the land transfer tax; HST; the removal of debris; the temporary securing of and stabilization of the buildings, as well as the possible acquisition of 303, 309 and 311 George Street. The impact of these transactions will be to allocate \$8.500 million from the Land Acquisition Reserve Fund, which will increase the 2013 approved project cost for CHS031 Shelter Development/ Redevelopment from \$21.850 million to \$30.350 million, and includes all acquisition costs.

ADDRESS/OWNER	LEGAL DESCRIPTION	PURCHASE PRICE
295 GEORGE STREET AND 299 GEORGE STREET/ 1654028 ONTARIO LIMITED	295 George Street: Part Lot 8, Plan 150, Toronto [PIN 21100- 0076(LT)] 299/301 George Street: Part Lots 9 & 10, Plan 150, Designated As Part 2, Plan 66R-22161, Toronto [PIN 21100- 0169(LT)]	\$2,593,000 .00 PLUS HST
297 GEORGE STREET, 301A GEORGE STREET AND 305 GEORGE STREET/ 1654029 ONTARIO LIMITED	297 George Street: Part Lots 8 & 9, Plan 150, Toronto [PIN 21100-0117(LT)] 301A George Street: Part Lots 9 & 10, Plan 150, Toronto [PIN 21100-0119(LT)] 305 George Street: Part Lots 10 & 11, Plan 150, Designated As Part 1, Plan 66R-22161, Toronto [PIN 21100- 0168(LT)]	\$3,507,000 .00 PLUS HST
LAND TRANSFER TAX, HST AND COST TO SECURE (above properties)		\$400,000
303 GEORGE STREET, 309 GEORGE STREET AND 311 GEORGE STREET		ESIMATED COST OF ACQUISITION \$2,000,000.00
		TOTAL \$8,500,000.00

TERMS AND CONDITIONS:

The owners, 1654028 Ontario Limited and 1654029 Ontario Limited (the "Owners"), both of which corporate entities have the same principal, have signed Offers to Sell agreements that are conditional on Council approving the acquisitions and allowing the City to undertake further due diligence, with an irrevocable date of July 31, 2013.

1) Consideration:

City agrees to pay to 1654028 Ontario Limited \$2,593,000 .00 plus HST for properties located at 295 George Street and 299 George Street.

City agrees to pay to 1654029 Ontario Limited \$3,507,000 .00 plus HST for properties located at 297 George Street, 301A George Street and 305 George Street.

Total consideration for all five properties is \$6,100,000 plus HST, with a combined deposit of \$4.00.

2) Land Transfer Tax and Registration Costs:

The City would be responsible for its costs associated with the acquisition. Combined Land Transfer Tax and Provincial registration costs is in the range of \$100,000.00.

3) Irrevocable Period:

The Irrevocable Date ends 11:59 p.m. on July 31, 2013.

4) Due Diligence Conditions:

Following acceptance of the offer, the City shall be permitted to enter onto the five (5) properties for a period of ninety (90) days with a further possible extension of 90 days, if required, for the purpose of carrying out due diligence including, but not limited to, soil tests, environmental analyses, inspections and other inquires of any kind. The City must determine and be satisfied in its sole discretion with the condition of the property of if not the City may terminate the agreement.

5) Closing:

The Closing Date is 90 days following the delivery to the City's written notice that Due Diligence has been completed to the City's satisfaction. Given the

immediate need to secure and stabilize the properties, every effort would be made to close the transactions as soon as possible.

The Closing of the two transactions are mutually conditional upon one another, in order that the City be in a position to acquire all 5 properties or, failing that, none, as all are required in order to effect the proposed redevelopment of Seaton House.

6) Condition of Property on Closing:

While unusual, on the Closing Date, the City is accepting the properties on an "as is" basis, which include the state of debris existing as of the date of execution by the Owners, which will include all chattels, fixtures, construction materials and so forth now on the property. The acquisition price reflects the cost of removing the debris. As a result of the state of the properties, the Owners are not in a position to secure property insurance but it is a requirement of the Agreements that liability insurance having a limit of 5 million dollars be kept in place until Closing.

7) Removal of Debris, Building Securement and Stabilization Costs:

The buildings are primarily derelict and have been damaged by fire and weather. A recent report was prepared by Goldsmith Borgal & Company Ltd., on behalf of the City, detailing the condition of each structure. Once the properties are in the ownership of the City, debris will be removed from the buildings and a stabilization plan will be immediately implemented to secure the structures, protect them from further deterioration and provide protection to the heritage features until a redevelopment plan is finalized. The estimated cost of removing debris and stabilizing the structures is estimated at \$200,000 and is to be funded from LARF.

8) Acquisition of 303, 309 and 311 George Street:

Staff have determined that in order to effect the most beneficial redevelopment of Seaton House, it is necessary to acquire all of the properties adjacent to the south, which include the properties for which City staff have negotiated the agreements and are recommended herein together with an additional three properties located at 303, 309, and 311 George Street for an amount not to exceed \$2.000 million, which includes the full cost of securing these properties.