



## STAFF REPORT ACTION REQUIRED

### Supplemental Report – 505 Richmond St W – Proposed YMCA Centre

<b>Date:</b>	September 29, 2015
<b>To:</b>	City Council
<b>From:</b>	City Solicitor
<b>Wards:</b>	Ward 20 – Trinity-Spadina
<b>Reference Number:</b>	

#### SUMMARY

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On September 21, 2015, Executive Committee considered EX8.15 - *505 Richmond St W – Proposed YMCA Centre*. Executive Committee requested the City Solicitor to discuss with the appropriate parties and report directly to City Council on the appropriate mechanism to facilitate the transfer of a portion of the property at 505 Richmond Street West to the YMCA for the purposes of the construction of a YMCA facility at the property.

The purpose of this report is to address Executive Committee's request. It is Build Toronto's desire to facilitate the acquisition of that portion of the property to be used by YMCA at a nominal cost. Build Toronto is considering alternative means of achieving this result while at the same time disposing of its interest in 505 Richmond at fair market value. Those alternatives require the City to waive the restrictions contained in Build Toronto's shareholder direction on making donations or similar contributions to any charity or charitable organization. This report makes a recommendation regarding the appropriate mechanism to facilitate the acquisition for nominal consideration by YMCA of Greater Toronto of a portion of the property.

#### RECOMMENDATIONS

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The City Solicitor recommends that:

1. City Council waive the restrictions of Section 2.4(a) of Build Toronto's Shareholder Direction solely for this transaction on terms and conditions satisfactory to the City Manager and in a form approved by the City Solicitor, in order to permit Build Toronto to facilitate the acquisition for nominal

consideration by YMCA of Greater Toronto of a portion of the property owned by an affiliate of Build Toronto at 505 Richmond Street West, Toronto for the purposes of the construction of a YMCA facility at such property.

## **Financial Impact**

The possible transaction facilitated by the proposed recommendation would have no direct financial implications for the City. In the year in which a transaction takes place Build Toronto would receive net revenue reduced by the amount of the contribution made to facilitate the acquisition by YMCA which may possibly affect the amounts available to fund future dividends.

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

## **DECISION HISTORY**

On September 21, 2015, Executive Committee considered *505 Richmond St W – Proposed YMCA Centre*. Executive Committee recommended that City Council support in principle a YMCA as an appropriate use in the potential redevelopment of the property and agree that existing and future Section 37 and Section 45 funds from Ward 20, to a maximum of two-thirds of the construction cost of the facility, be allocated toward the YMCA Centre, with such allocation to be determined through the budget process and future reports for Council approval; and directed the General Manager, Parks, Forestry and Recreation to negotiate a Community Use Agreement for the YMCA Centre.

In addition, Executive Committee requested the City Solicitor to discuss the matter with the appropriate parties and report directly to City Council on the appropriate mechanism to facilitate the transfer of a portion of the property at 505 Richmond Street West to the YMCA for the purposes of the construction of a YMCA facility at the property.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.15>

## **ISSUE BACKGROUND**

Build Toronto has advised City Staff that it would like to facilitate the purchase of a portion of the 505 Richmond Street West property by YMCA. However, Build Toronto faces two constraints.

Under Section 6(1) of Ontario Regulation 295/09 of the *City of Toronto Act, 2006* Build Toronto shall not sell or transfer land or an interest in land to any person at less than fair market value if the land or interest in land has been sold or transferred to Build Toronto by the City.

Further, pursuant to Section 2.4(a) of its Shareholder Direction Build Toronto shall not make donations or similar contributions to any charity or charitable organization. The

possible means of facilitating the acquisition by YMCA at nominal cost would require council to waive the application of Section 2.4(a) of the Build Toronto Shareholder Direction for this transaction. The purpose of the donation would be to increase affordable access to community space and recreational programs and services and would not appear to offend the policy behind the restriction on donations.

## **COMMENTS**

The property at 505 Richmond is intended to be sold by Build Toronto to a private developer to permit the redevelopment/revitalization of the site. The purchase price will be for the agreed upon fair market value of the entire building, including the space that is intended for occupation by the YMCA (referred to as the "YMCA Box").

Build Toronto has identified a variety of ways which the transaction might be structured. The following description is intended to illustrate alternatives that might be employed; but is not exhaustive of the types of transactions that may be considered by the parties to facilitate the transfer.

On the closing of the sale to the developer the fair market value purchase price may be satisfied by a combination of payment in cash and the delivery of a promissory note to Build Toronto in an amount that reflects the fair market value of the YMCA Box. The promissory note would later either be (i) released in exchange for a transfer of title to the YMCA Box by the developer, either directly or through Build Toronto, to YMCA; or (ii) satisfied by the private developer by paying the amount of the promissory note in cash if, for unforeseen reasons, the development does not include the YMCA.

The transaction structure ultimately employed by the parties must be designed to satisfactorily address the requirement that the property be sold by the Build Toronto affiliate for fair market value. Section 2.4(a) of the Build Toronto Shareholder Direction would have to be waived by Council for this transaction in order to permit Build Toronto to make a donation or similar contribution to facilitate the acquisition of the YMCA Box by the YMCA.

## **CONTACT**

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## **SIGNATURE**

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City Solicitor