

**STAFF REPORT
ACTION REQUIRED**



Acquisition of 2623 Eglinton Avenue West

Date:	March 23, 2015
To:	Government Management Committee
From:	President, Toronto Parking Authority
Wards:	Ward 12 York South-Weston
Reference Number:	TPA File No. 1447-00

SUMMARY

The purpose of this report is to obtain Council’s authorization to purchase the property municipally known as 2623 Eglinton Avenue West (the “Property”) from 1840429 Ontario Limited (the `Vendor`) in order to service the short term parking needs of the surrounding Eglinton Hill BIA neighbourhood. Given the level of existing parking demand in the neighbourhood, it is expected that the property will remain as it currently exists. The TPA will lease the standalone commercial building and operate the ancillary surface parking area as a 12-space municipal parking facility..

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. Council authorize the acquisition of the property known municipally as 2623 Eglinton Avenue West from 1840429 Ontario Limited based on the terms and conditions contained in Schedule ‘A’ attached hereto plus the additional expenditure of approximately \$155,000 for any capital improvements to the existing lot and associated costs such as land transfer tax, survey, environmental studies, and legal fees for a total acquisition cost estimate of \$2,780,000.
2. City Council amend the 2015 Capital Budget and 2016-2024 Capital Plan for Toronto Parking Authority by adding the capital project 2623 Eglinton Avenue West Carpark Development to be funded by reallocation of capital funds for Carpark Provisions 2015 project included in the 2015 Approved Capital Budget and 2016-2024 Capital Plan in the amount of \$2,800,000 in order to facilitate the purchase of the carpark;

3. Upon acquisition, the Property be designated for municipal parking purposes, to be managed by the TPA; and
4. The City Solicitor be authorized to complete the purchase transaction, deliver any notices, pay any expenses and amend the closing and other dates to such earlier or later date(s), on such terms and conditions, as she may, from time to time, determine.

FINANCIAL IMPACT

The 2015 Approved Capital Budget and 2016-2024 Approved Capital Plan includes an allocation of \$5,000,000 in funding for new carpark provisions in 2015 in order to accommodate unbudgeted property acquisitions or accelerate already planned acquisitions should opportunities arise (Project: Carpark Provisions 2015).

It is recommended that this already approved funding be reallocated to fund the cost of acquisition and capital improvements required for the carpark at 2623 Eglinton Avenue West estimated at of \$2,800,000. The acquisition is expected to close in May 2015.

The TPA has retained the services of an independent appraisal firm which has reported that the purchase price to be paid for the Property, being the sum of \$2,625,000, is reasonable and reflective of fair market value.

The operating and maintenance costs associated with this facility are available in the TPA's 2015 Operating Budget.

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

DECISION HISTORY

The TPA has entered into an Agreement of Purchase and Sale for the Property with the owner which is subject to certain conditions, including receiving approvals from both the TPA Board of Directors and City Council.

At its meeting of March 26, 2015, the TPA Board of Directors will consider the proposed acquisition of the Property on the terms as outlined herein.

ISSUE BACKGROUND

Due to the construction of the Eglinton Light Rapid Transit ("Eglinton LRT") line, the TPA is actively pursuing new acquisition opportunities to help off-set any anticipated temporary as well as permanent losses of on-street parking spaces along Eglinton Avenue over the next 5 years. TPA staff is also looking for suitable sites that would accommodate the longer term demand for public parking in the area. The purchase of the Subject Property will assist in satisfying both these requirements. The TPA submitted an offer to purchase 2623 Eglinton Avenue West which was accepted on February 27, 2015.

Acquisition of the Property will permit operating the existing ancillary parking lot as a public parking facility capable of accommodating approximately 12 surface parking spaces (see attached *Appendix 'A' – Parking Layout Plan (As Is Condition)*).

COMMENTS

Site Location and Particulars

The Subject Property benefits from a prominent location, positioned on the south-west corner of Eglinton Avenue West and Keele Street within the Eglinton Hill BIA neighbourhood (see attached *Site Location Map*). Surrounding land uses include York Memorial Collegiate Institute on the north side of Eglinton Avenue, open space areas of Coronation Park and Keelsdale Park (and Keelesdale Arena) are conveniently located a short distance to the west; storefront commercial uses predominate along Eglinton Avenue both to the east and west; while detached and semi-detached residential homes are found to the south.

The Subject Property has a frontage along Eglinton Avenue of approximately 80 feet (24.38 meters) and approximately 100 feet (30.48 meters) along Keele Street. The site is improved with a single storey standalone commercial building, formerly a TD Canada Trust bank, with an existing parking lot behind the building (see attached *Appendix 'B' – Photos of Subject Property (2623 Eglinton Avenue West)*). The building provides a total of approximately 4,400 sq. ft. of leasable space (2,217 sq. ft. on the main floor and a 2,200 sq. ft. basement). The parking lot which is accessible eastbound from Eglinton Avenue as well as southbound from Keele Street, is capable of accommodating approximately 12 vehicles (see attached *Appendix 'A' – Parking Layout Plan (As Is Condition)*).

Parking Supply and Demand

This acquisition will serve to offset the anticipated loss of permanent on-street parking spaces as a result of the new Eglinton LRT line. As part of the property acquisition, the TPA proposes to lease the building and use the ancillary parking area for municipal parking purposes, to be operated as a 'Pay and Display' type of operation.

It is expected that the area will undergo a transformation in the next several years as a result of the new Eglinton LRT line and more particularly the proximity to the proposed station (*Eglinton LRT Keele Station*). There will be three separate entrances constructed at the intersection of Keele Street and Eglinton Avenue for the Keele station. The stations' primary entrance will be at the northeast corner, a secondary entrance will be at the northwest corner; and the third entrance will be at the southeast corner. There will also be a bus loop at the northeast corner. The Subject Property occupies the only remaining corner at the intersection not affected by the development of the Eglinton LRT.

Initially, this 12-space lot is expected to experience modest usage levels during the week with somewhat stronger levels of usage and turnover on weekend days, particularly in the summer months. With the building leased, it is expected that usage levels will increase steadily. We are anticipating that within the next few years, especially following the completion of the Eglinton LRT, the existing neighbourhood will begin to transition resulting in increased parking demand. Given that the existing neighbourhood is just starting to transform, it is expected that both residential and commercial activity and, by extension thereof, parking demand will continue to intensify over the medium term.

Potential for Re-Development

Based on the Subject Property's prominent corner location and its proximity to the Eglinton LRT station coupled with both Black Creek Drive located a short drive to the west and the Allen Road Expressway located slightly further to the east, the Subject Property lies within a good area for future mixed-use residential and commercial development. Any future assembly of a larger block of properties that will support a future redevelopment of the site will help to increase the overall value of the Subject Property.

Financial Analysis and Conclusion

Upon acquisition of the Property and completion of capital improvements to the existing surface lot, the total cost to TPA is estimated at \$2.780 million. Based on TPA's forecast revenue projections for the commercial building and the estimate of growth in transient parking demand over the next few years, the resulting internal rate of return (IRR) based on a projected 20-year cash flow meets TPA's usual minimum required IRR of 5.0%. The financial analysis supports the acquisition price of \$2.625 million and the capital improvement costs required to operate the carpark.

The TPA has been looking for suitable sites to accommodate the demand for parking in the area. The creation of this facility will provide additional parking for this growth neighbourhood to better service the parking needs of the community at an appropriate cost and IRR to the TPA.

CONTACT

Lorne Persiko
President, Toronto Parking Authority
Phone (416) 393-7294 / Fax (416) 393-7352
lpersiko@toronto.ca

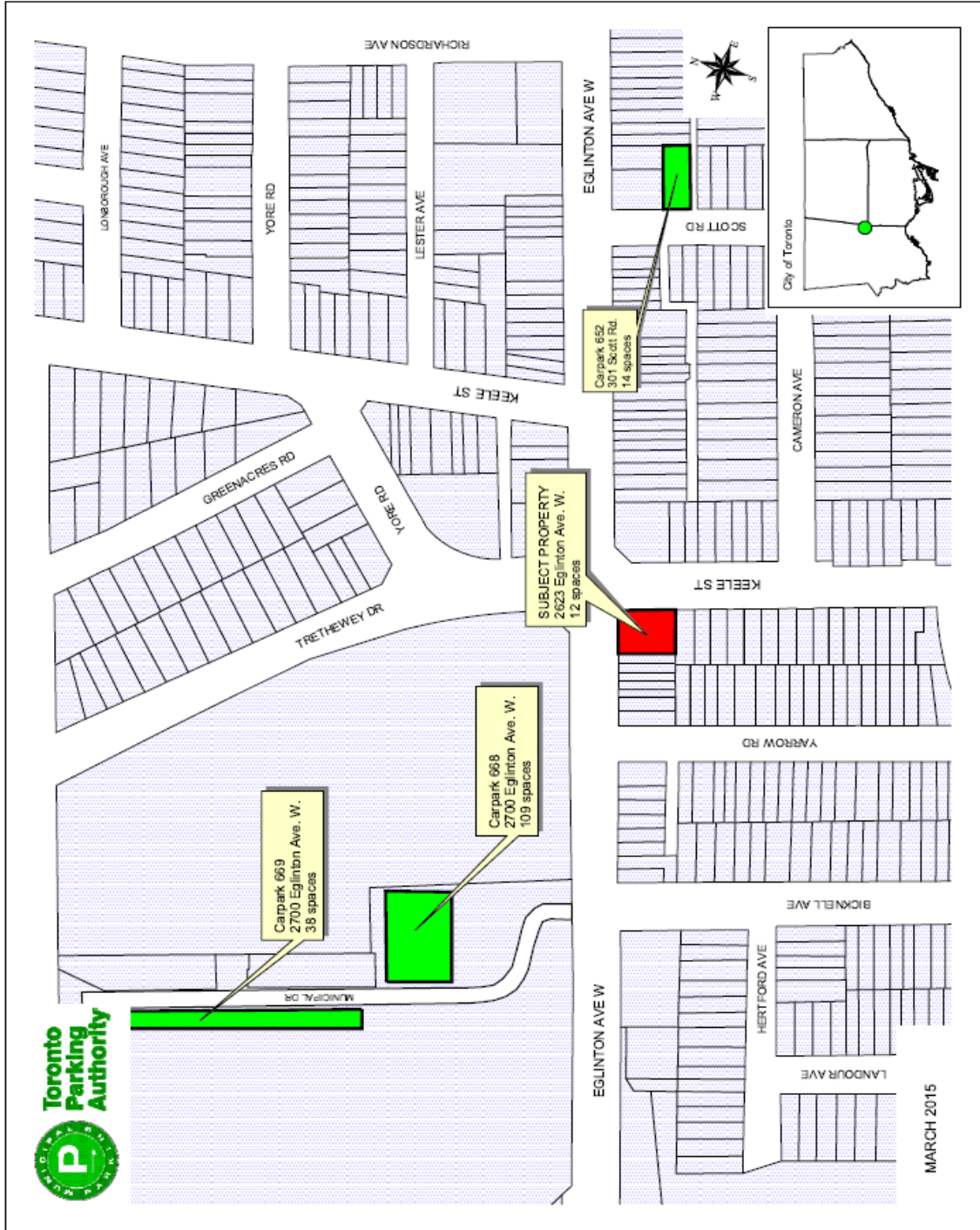
SIGNATURE

Lorne Persiko, President

ATTACHMENTS

Site Location Map
Schedule 'A' Summary of Agreement of Purchase and Sale (*2623 Eglinton Avenue West*)
Appendix 'A' Parking Layout Plan (As Is Condition)
Appendix 'B' Photos of Subject Property (*2623 Eglinton Avenue West*)

Site Location Map

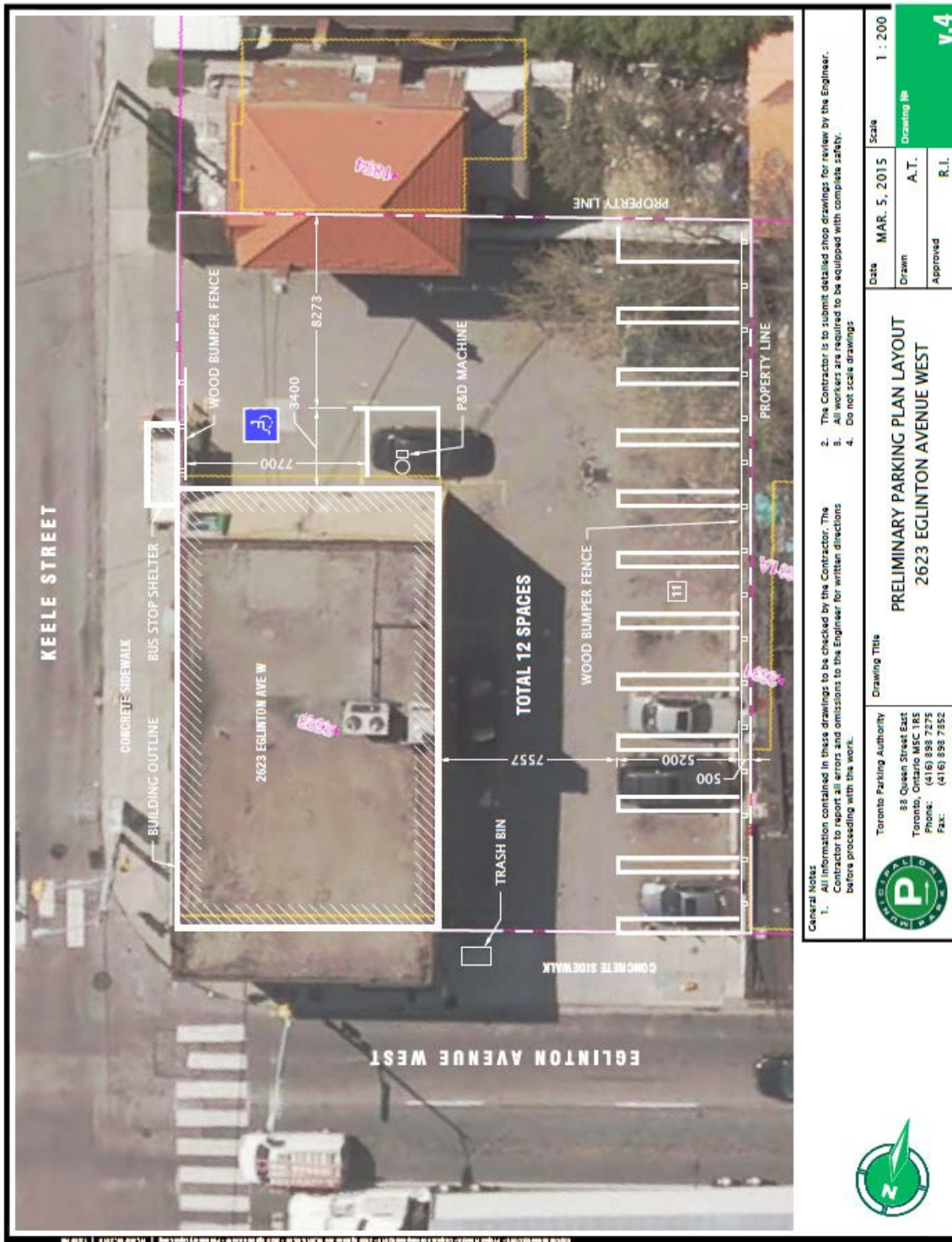


Schedule "A"

Summary of Agreement of Purchase and Sale

1. Purchaser – Toronto Parking Authority / registered owner to be City of Toronto
2. Vendor – 1840429 Ontario Limited
3. Purchase Price – \$2.625 million
4. First Deposit - \$100,000 upon acceptance of the Purchase and Sale Agreement
5. Second Deposit - \$100,000 due on March 27, 2015
6. Site Dimensions / Site Area – 80 feet (24.38 meters) x 100 feet (30.48 meters) / 8,000 square feet (743.22 square meters)
7. Purchaser's Conditions –Obtaining TPA Board and City Council approval of the proposed transaction, and acceptable results of due diligence investigations, including environmental reports
8. Restrictive Covenant – In favour of Penlim Investments Limited, its affiliates...and its related companies including The Toronto-Dominion Bank, expiring December 7, 2019 which prohibits using the property for various banking or financial related services
9. Right of First Offer – In favour of Penlim Investments Limited, its affiliates...and its related companies including The Toronto-Dominion Bank, expiring December 7, 2017 to lease space for the purposes of installing and operating an automated banking machine(s) (ATM(s)) should a redevelopment of the Lands or a major renovation of the Building occur
10. Due Diligence Date – May 8, 2015
11. Closing – May 28, 2015

Appendix 'A' Parking Layout Plan (As Is Condition)



Appendix 'B'
Photos of Subject Property (2623 Eglinton Avenue West)



South-West Corner – Eglinton Avenue and Keele Street



Eglinton Avenue Frontage



View East – Eglinton Avenue



View North – Keele Street