

STAFF REPORT ACTION REQUIRED



Acquisition of 437 Rogers Road

Date:	September 1, 2015
To:	Government Management Committee
From:	President, Toronto Parking Authority
Wards:	Ward 17 Davenport
Reference Number:	TPA File No. 5661-00

SUMMARY

The purpose of this report is to obtain Council's authorization to purchase the property municipally known as 437 Rogers Road from The Batoni Group Ltd. The intention is to maintain the existing semi-detached commercial building on a leased basis until such time as it is determined that the site is ready to be redeveloped. When redeveloped as a surface parking facility, 437 Rogers Road will be combined with the existing adjacent 24-space municipal parking facility located at 433 Rogers Road (Carpark 661) to provide a new surface carpark in order to service the short term parking needs of the surrounding neighbourhood.

RECOMMENDATIONS

The Toronto Parking Authority recommends that:

1. Council authorize the acquisition by the City of the property known municipally as 437 Rogers Road (the "Property") from The Batoni Group Ltd. (the "Vendor") for the purchase price of \$650,000 and substantially on the terms and conditions contained in *Appendix 'A'* attached hereto plus the additional expenditure of approximately \$45,000 for associated costs such as land transfer tax, appraisal fees, a survey, environmental studies, and legal fees for a total estimated acquisition cost of \$695,000;
2. City Council amend the 2015 Capital Budget and 2016-2024 Capital Plan for Toronto Parking Authority by adding the capital project 437 Rogers Road Carpark Development to be funded by reallocation of capital funds from the Redevelopment of Carpark 411 project already included in the 2015 Approved Capital Budget and

2016-2024 Capital Plan in the amount of \$700,000 in order to facilitate the purchase of the Property;

3. Council authorize the assumption of the commercial and the residential leases as described in Appendix 'A', in the event that the Toronto Parking Authority (the "TPA") and the Vendor agree that the leases will be assigned as part of the transaction;
4. Subsequent to acquisition, following the future termination of all leases, the Property be designated for municipal parking purposes to be managed by the Toronto Parking Authority (the "TPA"); and
5. 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 cost of acquisition required for the carpark at 437 Rogers Road is estimated at \$700,000. The acquisition is expected to close in November 2015.

The 2015 Approved Capital Budget does not include any funding provision for this acquisition. However, since the Redevelopment project for Carpark 411 (CPK253) (Captor No. TPA907959), which is included in the 2015 Approved Capital Budget with an allocation of \$2,500,000 has been postponed to 2023, it is recommended that \$700,000 be reallocated to purchase the property at 437 Rogers Road.

The TPA will retain the services of an independent accredited appraisal firm that will confirm that the purchase price to be paid for the Property, being the sum of \$650,000, is reasonable and reflective of fair market value.

The operating and maintenance costs associated with this facility will be included in the 2016 Operating Budget Submission.

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 Vendor which is subject to certain conditions, including receiving approvals from both the TPA Board of Directors and City Council.

At its meeting of July 30, 2015 (*TPA In-Camera Agenda Item No.: 15-118*) including a subsequent poll of the Board, the TPA Board of Directors approved the acquisition of the Property on the terms outlined herein.

ISSUE BACKGROUND

Municipal Carpark 661 located immediately adjacent to the Property and located at 433 Rogers Road was jurisdictionally transferred to the TPA during amalgamation of the City of Toronto. Vehicular access to the existing 24-space surface parking facility is available from both Rogers Road and a shared driveway from Rosethorne Avenue that is subject to reciprocal access rights shared between the Property and 441 Rogers Road.

The TPA has been looking for suitable sites that would help alleviate the existing demand as well as provide for longer term needs for public parking within this neighbourhood. The purchase of the Property will allow for the expansion of the combined lands that include the Property and Municipal Carpark 661 (433 Rogers Road) which will help satisfy these requirements. The TPA submitted an offer to purchase 437 Rogers Road and it was accepted by the Vendor on May 7, 2015.

COMMENTS

Site Location and Particulars

The Property, located a short distance east of the major intersection of Keele Street and Rogers Road, is positioned on the south side of Rogers Road, a two-way local roadway (see attached *Site Location Map*). The Property is improved as a semi-detached single storey storefront commercial unit fronting Rogers Road with a two storey addition at the rear of the property (see attached *Appendix 'B' – Photos of Property*). The Property benefits from good access to Highway 401 and Highway 400 via Black Creek Drive to the west.

The immediate neighbourhood is characterized by storefront commercial uses fronting Rogers Road while residential uses predominate further to the north and south of the Property (see attached *Appendix 'C' – Aerial Image of Surrounding Neighbourhood*). Adjacent land uses include:

East TPA's 24-space surface parking facility (CP 661)

North An attached two-storey mixed use property with storefront retail units on the ground level and residential uses above fronting Rogers Road

West A similar single storey storefront retail property that is attached to the Property

South An access driveway with a detached two-storey residential property

The Property which measures approximately 23.8 feet by 141.5 feet (7.2 meters by 43.1 meters) benefits from a driveway off Rosethorne Avenue that is subject to reciprocal rights of access shared between the attached adjacent property located at 441 Rogers Road and Carpark 661 (433 Rogers Road). Carpark 661 is a 24-space surface parking facility which measures approximately 9,850 sq. ft. and has a frontage along Rogers Road of approximately 60.0 feet (18.3 meters) and a depth of 149.8 feet (45.7 meters) (see attached *Appendix 'D' – Survey of Property (433 Rogers Road (CP661) and 437 Rogers Road)*).

Re-Development

Following the successful acquisition of the Property, the TPA intends to pursue the acquisition of the other half of the commercial property located immediately adjacent and to the west of the Property. The combined lands with a frontage along Rogers Road of approximately 115.9 feet (35.3 meters) coupled with corner exposure will create a land parcel of sufficient size to support the expansion of the existing surface lot and even a future redevelopment of the assembled lands. If the TPA is unsuccessful in acquiring the adjacent property, the TPA has still increased its land holdings at a prime corner for potential redevelopment.

Financial Analysis and Conclusion

Discussions with the Vendor indicate that the Gross Revenue for the building is reported to be approximately \$52,000.00 per annum with a single residential unit and a single ground floor commercial unit. The commercial unit is leased on a semi-gross basis.

Based on the rent roll provided by the Vendor, the property achieves in excess of the minimum IRR of 5.0% on an 'as is' basis. This return remains subject to further financial due diligence as TPA staff will ensure that minimum IRR thresholds are achieved.

The TPA supports the acquisition of the Property for the following reasons:

- Provides interim revenue stream until such time as the site can be redeveloped allowing for the expansion of the adjacent surface carpark;
- The Property has longer-term development potential, particularly if we can secure the adjacent property to the west; and
- Provides an excellent opportunity to be part of any future redevelopment.

The financial analysis supports the purchase price of the Property at an appropriate cost and IRR to the TPA.

CONTACT

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SIGNATURE

Lorne Persiko, President

ATTACHMENTS

Site Location Map

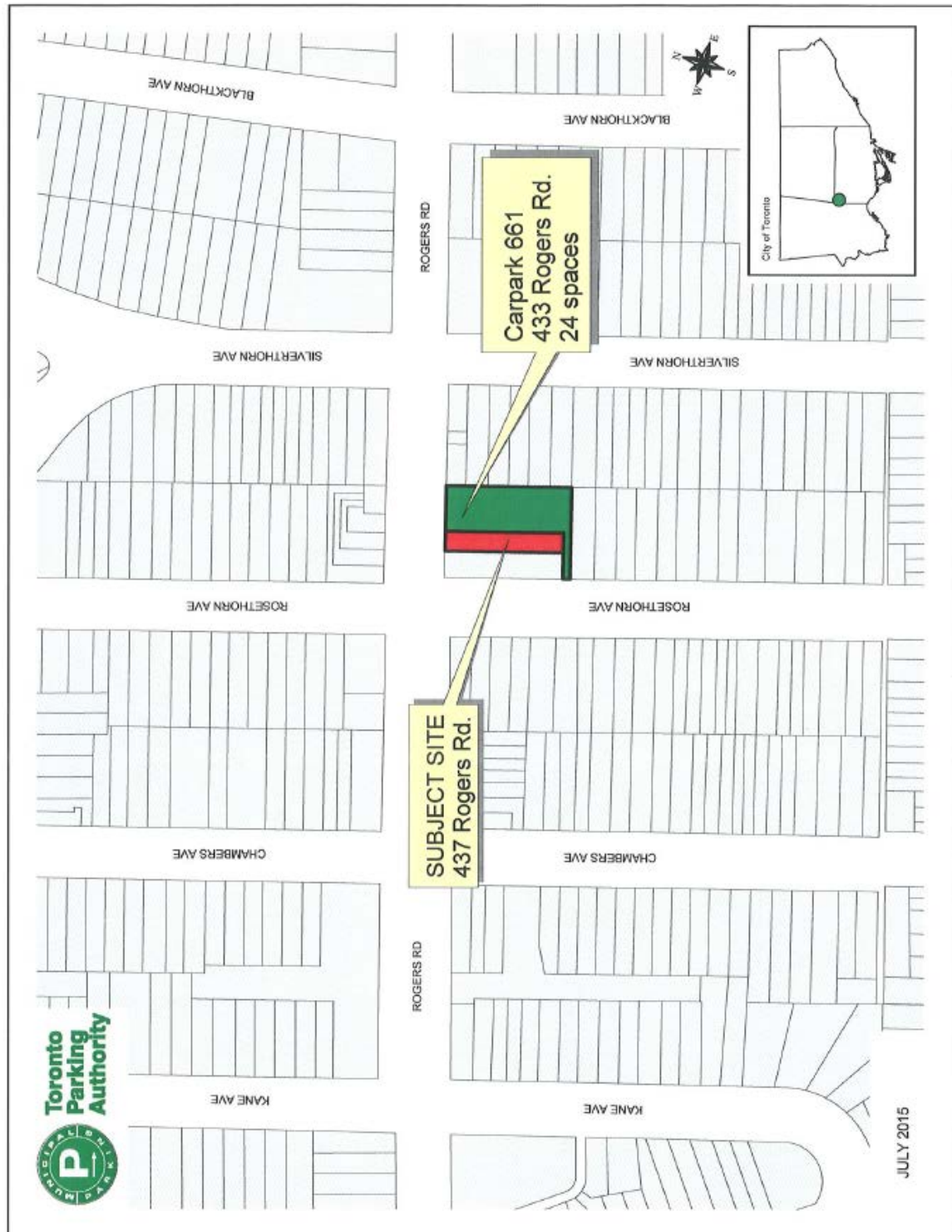
Appendix 'A' Summary of Agreement of Purchase and Sale for the Acquisition of 437 Rogers Road

Appendix 'B' Photos of Property

Appendix 'C' Aerial Image of Surrounding Neighbourhood

Appendix 'D' Survey of Property (*433 Rogers Road (CP661) and 437 Rogers Road*)

Site Location Map



Appendix 'A'

Summary of Agreement of Purchase and Sale for the Acquisition of 437 Rogers Road

1. Purchaser – Toronto Parking Authority / registered owner to be City of Toronto
2. Vendor – The Batoni Group Ltd.
3. Purchase Price – \$650,000.00
4. Deposit - \$50,000.00, issued upon acceptance of PSA
5. Site Dimensions / Site Area – 23.8 feet (7.2 meters) x 141.5 feet (43.1 meters) / 3,367.7 square feet (312.9 square meters)
6. Purchaser's Conditions – Obtaining TPA Board and City Council approval of the proposed transaction, and acceptable results of due diligence investigations, including environmental reports
7. Due Diligence Acceptance Date – October 15, 2015
8. Closing Date – November 5, 2015

Appendix 'B'
Photos of Property

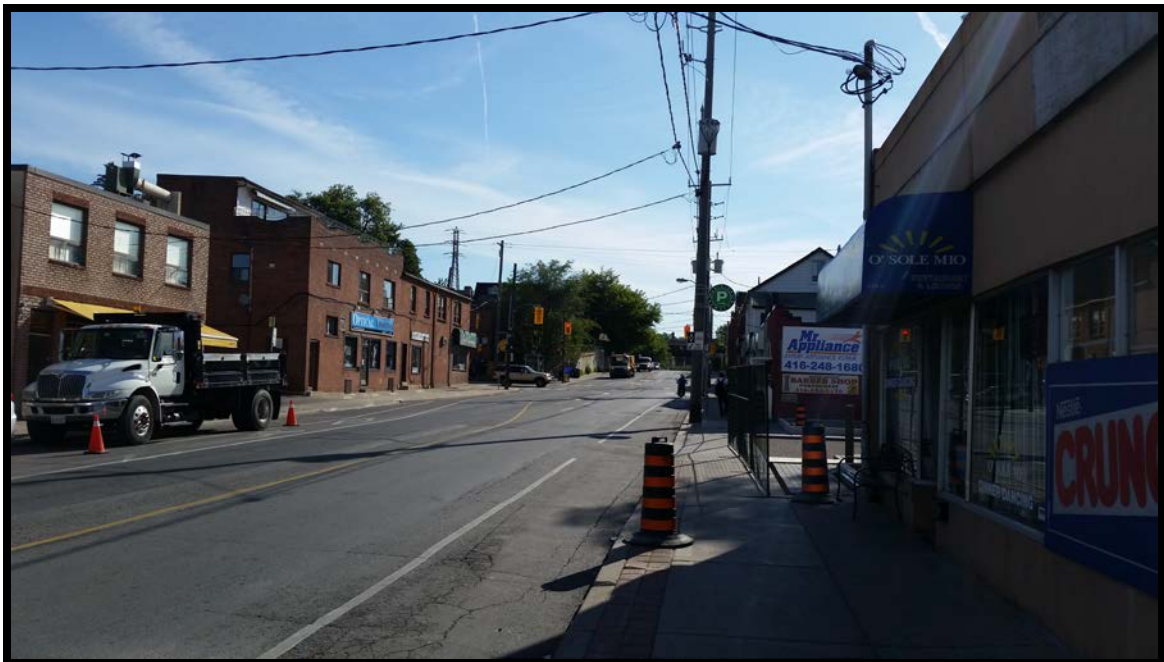


437 Rogers Road, Toronto





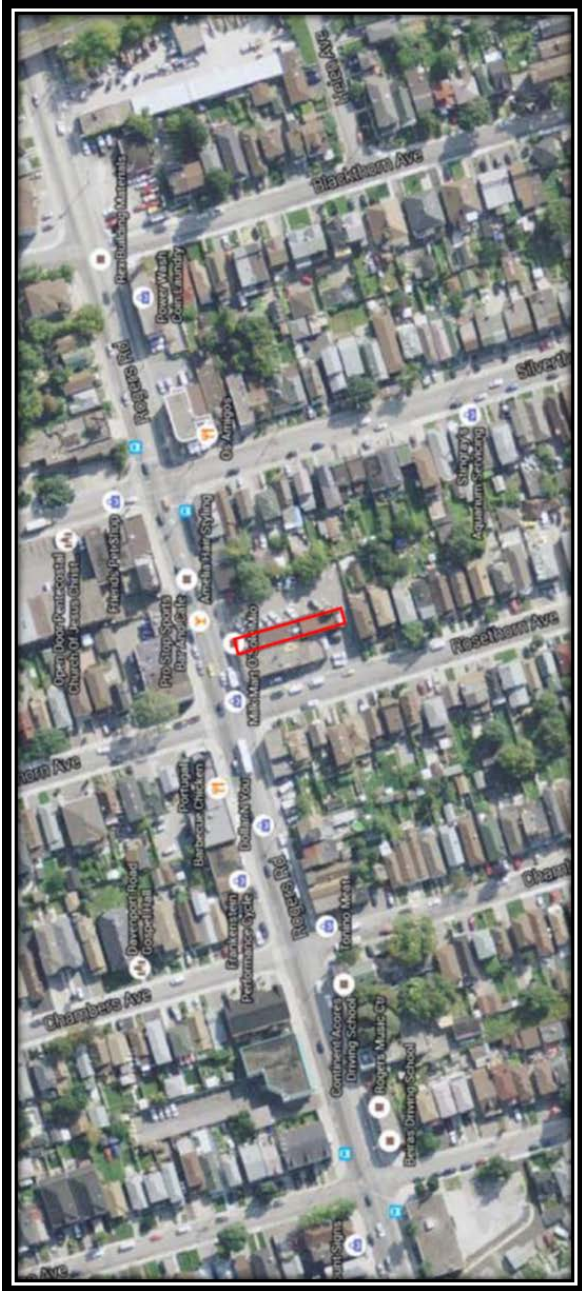
View West – Rogers Road



View East – Rogers Road

Appendix 'C'

Aerial Image of Surrounding Neighbourhood



Appendix 'D' **Property Survey** *433 Rogers Road (CP661) and 437 Rogers Road*

