

## **Permission to Purchase Land to Support the Film Industry**

**Date:** October 3, 2017

**To:** City Council

**From:** Deputy City Manager, Cluster A, Deputy City Manager, Cluster B and Deputy City Manager & Chief Financial Officer

**Wards:** 30

### **REASON FOR CONFIDENTIAL INFORMATION**

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This report is about a proposed or pending land acquisition by the City or one of its agencies or corporations.

### **SUMMARY**

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Over the past year staff, strongly supported by the local Councillor and the Toronto Film, Television and Digital Media Board, undertook a study to examine the status of film studio development in the Port Lands area. Hemson Consulting was selected as the consultant and they worked closely with Planning, Toronto Port Lands Company (TPLC) and the industry to review the state of the studio industry in the Port Lands and South of Eastern areas. The main findings of the Study are:

- Strong need for more film studios
- Diverse range of studios needed (size, cost)
- Port Lands and South of Eastern areas are ideal for film and TV studios
- Development pressures are significant in this area and could lead to loss of studio space overall

The recommendations of the consultant include:

- Seek to maintain existing studios in the area as much as possible
- Allow longer land leases by TPLC to facilitate the time needed to recoup capital investment
- Maximize the availability of developable properties in the port lands
- Encourage and incent flexibility and innovation in studio design
- Limit speculation on land

Recently, a property has been put up for sale in the Port Lands. The business operates as a film studio. The City has a keen interest in continuing the present use of the land.

## **RECOMMENDATIONS**

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The Deputy City Manager, Cluster A, Deputy City Manager, Cluster B and Deputy City Manager & Chief Financial Officer, recommend that:

1. City Council adopt the confidential instructions to staff in Confidential Attachment 1.
2. City Council direct the Toronto Port Lands Company (TPLC) to report back, together with the Deputy City Manager & Chief Financial Officer, to Council for approval of the transaction terms, following completion of the negotiations.
3. City Council authorize a loan to TPLC for the acquisition of the lands described in the confidential attachments to this report, such loan to supplement TPLC's equity contribution. The said loan is to be repaid with all net income from said lands, and other TPLC revenues if required, on terms and conditions satisfactory to the Deputy City Manager & Chief Financial Officer, and in a form satisfactory to the City Solicitor.
4. City Council authorize the public release of Confidential Attachments 1 and 2 following the closing of any purchase transaction.

## **FINANCIAL IMPACT**

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The Financial Impact of the recommendations from the Deputy City Manager, Cluster A, Deputy City Manager, Cluster B and Deputy City Manager & Chief Financial Officer is contained in the Confidential Attachment.

## **DECISION HISTORY**

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### **Study of Film and Screen Industry Studios in the Port Lands and South of Eastern Employment District**

The Toronto Film, Television and Digital Media Board undertook a study to examine the status of film studio development in the Port Lands area. Hemson Consulting was selected as the consultant and they worked closely with Planning, Toronto Port Lands Company and the industry to review the state of the studio industry in the Port Lands and South of Eastern areas. The Study's main findings include the need for more film studios and recommends maintaining existing studios in the area as much as possible.

The study will be considered by City Council at its meeting on October 2, 3 and 4, 2017. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.ED23.7>

## **Spotlight on Toronto: A Strategic Action Plan for the Film, Television and Digital Media Industry**

City Council, on July 4, 5, 6 and 7, 2017, adopted a strategic action plan for the screen industry. The Toronto Film, Television and Digital Media Board's strategic action plan, based on consultation with industry and government partners, identifies goals and recommended actions to enhance the partnership between the City and the film, television and digital media industry and seize opportunities within this rapidly evolving sector. One of the five pillars of the strategy is "Strong Fundamentals in Physical Infrastructure and Workforce Development". This pillar recommends immediate action to create opportunities for studio development and investment, and address demand for location filming.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.ED22.4>

## **Port Lands Acceleration Initiative**

On October 2, 2012, City Council adopted the Port Lands Acceleration Initiative - Final Report providing direction for moving forward with the revitalization of the Port Lands. The Port Lands Acceleration Initiative was undertaken by City staff, Waterfront Toronto and the Toronto and Region Conservation Authority (TRCA) to re-examine the Don Mouth Naturalization and Port Lands Flood Protection Project Environmental Assessment (DMNP EA) and develop a business and implementation plan for the Port Lands as directed by City Council at its meeting on September 21, 2011. In the recent (July 2017) Port Lands Planning Initiatives - Interim Report, the overall framework for the port lands sets aside lands specifically to support studio use in that area while at the same time introducing other uses that will constrain the overall availability of future lands for studios.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX22.1>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX9.6>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG21.4>

## **COMMENTS**

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The demand for high quality studio space in Toronto is strong and growing. Film, television, digital and commercial production investment in Toronto achieved \$2.0 billion in 2016. Toronto has one of the largest screen-based industries in North America, employing over 30,000 people and is growing rapidly. The property that is the subject of this report is located in an established area for studio operators.

As with the entire Port Lands area, there are environmental issues with the soil. These are issues that TPLC have a long history of mitigating, and when necessary, correcting. See Confidential Attachment 2 for a preliminary environmental appraisal.

The east side of downtown Toronto (Port Lands and South of Eastern) has been one of Toronto's important film studio areas. Until recently there were five film and TV studio complexes in the area: Revival, Cinespace (2 locations), Showline and Pinewoods (multi). TPLC also owns several buildings that are used as support spaces for the film

industry. There are also pre- and post-production companies located in the area to support the users of the film and TV studios.

Revival (formerly Filmport and located on Eastern Ave) is the site where Smart Centres attempted to change the use to a big box retailer and this was rejected at an OMB hearing around 2010. Since then and after being closed for several years, it is now a thriving studio complex.

The City, through TEDCO and now Build Toronto, owns 20% of the purpose built, large film studio complex known as Pinewoods. This project was initiated by the City in the mid 2000's due to the realization that the local filming industry needed a large quality space to house major productions. After a rocky start due to economic conditions in the 2009-2010 time period, Pinewood has done well and is now searching for new investors. It is also expanding its presence on its site with new studio space.

In 2016 and earlier this year, Cinespace sold their two studio complexes although both are still operating as studios until the new owners are ready to redevelop the properties. One will be part of the new East Port development (former Unilever Brothers soap factory site) and the other was purchased by General Motors for a new electric vehicle research and development centre and ancillary retail space. Neither studio property sale was an open process nor were the City or TPLC given the opportunity to buy or find a studio buyer. Cinespace has since expanded their operations in Etobicoke and announced further construction there, which provides for the replacement of studio space.

Due to all these changes and development pressures, staff, strongly supported by the local Councillor and the Toronto Film, Television and Digital Media Board, undertook a study to examine the status of film studio development in the Port Lands area. Hemson Consulting was selected as the consultant and they worked closely with Planning, TPLC and the industry to review the state of the studio industry in the Port Lands and South of Eastern areas. The main findings of the Study are:

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- Encourage and incent flexibility and innovation in studio design
- Limit speculation on land

Recently, a studio property and business has been put up for sale in the Port Lands due to the death of the founder and owner. The business operates mostly as a television studio. The City has a keen interest in continuing the present use of the land.

## CONTACT

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## SIGNATURE

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## ATTACHMENTS

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Confidential Attachment 1  
Confidential Attachment 2 - Preliminary Environmental Appraisal