

## CONFIDENTIAL ATTACHMENT #1 - made public on November 22, 2019

### CONFIDENTIAL INFORMATION OR ADVICE

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This staff report follows the report to the Board of Directors, CreateTO (the "Board"), which was adopted at its meeting of September 24, 2019 which sought the Board's endorsement to move forward with the disposition and relocation of the Fire Station (the "Fire Station") situated at 260 Adelaide Street West (the "City Property") from the City Property to Metro Hall, along with the acquisition of 229 Richmond Street West (the "Subject Property"). This report speaks not only to the \$100 million purchase price of the Subject Property, but also to the proposed relocation costs of the Station and the displaced tenants at Metro Hall, namely Children's Services ("CS") and Toronto Employment and Social Services ("TESS"). Additionally, staff have included the draft terms of the Agreement of Purchase and Sale for the Subject Property and the results of three external appraisals on the fair market value of the Subject Property.

Unlocking the value at the City Property will not only fund the construction of a new fire station at Metro Hall, replacing the existing fire station on Adelaide Street, but it will also fund the acquisition of the Subject Property which will be used for City-building opportunities. In addition to the acquisition of the Subject Property, any residual value realized after funding the new fire station and any required relocations within Metro Hall could be used to fund additional City-building opportunities including significant affordable housing within the redevelopment of the properties

### FINANCIAL IMPACT

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The negotiated cost of the acquisition of the Subject Property has been agreed to by all parties to be \$100 million. The cost has been verified through 3 external fair market appraisals as being within the range of fair market value based on the Highest and Best Use of the Subject for a future high density, mixed-use residential and retail / commercial development.

Cushman and Wakefield -	\$104,094,500
MacKenzie Ray Heron & Edwardh -	\$92,100,000
Larry Bedford & Associates Ltd-	\$104,100,000

This acquisition will be funded through recoverable debt, and will be paid back through the proceeds of the disposition of 260 Adelaide St W. The 260 Adelaide St. W. site has an estimated land value of \$130 million based on Highest and Best Use.

A report back in the first quarter of 2020 will include a plan for the 229 Richmond St. site along with accommodation plans for any City tenants that will be displaced by the relocation of the Fire Station to Metro Hall. Should any additional funding sources be

available once a plan for the site is developed these funds will be used to offset the recoverable debt used for the acquisition.

As an interim use, as the City, CreateTO and Planning work through a process to determine how the Subject Property would ultimately be activated, the TPA could operate the parking lot in its current configuration, which will generate an estimated \$420,000 in additional annual gross revenue to the City.

## COMMENTS

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### Land Use

The City Property and the Subject Property are within the King-Spadina Secondary Plan Area, and are designated *Regeneration Areas* in the Official Plan. The policies of the Official Plan encourage the revitalization of Regeneration Areas through redevelopment, which needs to be coordinated with enhancements to the public realm, community infrastructure, and other municipal services in proportion to growth.

The City Property is further designated *Mixed Use Areas 1 – Growth* in the Downtown Plan, with the same designation proposed by the draft King-Spadina Secondary Plan Review. The Subject Property is designated *Mixed Use Areas 2 – Intermediate*, and forms part of the transition from an area of taller buildings in the heart of the King-Spadina East Precinct down towards the Main Street heritage character of Queen Street West. These designations permit and encourage a wide range of uses including employment, commercial, institutional, residential and parks/open space uses.

Metro Hall is designated *Mixed Use Areas* in the Official Plan, and *Mixed Use Areas 1 – Growth* in the Downtown Plan. Mixed Use Areas combine a broad range of commercial, residential, institutional, recreational and cultural uses, reducing automobile dependency and providing opportunities for Torontonians to live, work and shop in the same area.

Provincial and City land use policies emphasize the critical role that community services and facilities play in accommodating growth, maintaining a high quality-of-life and protecting human safety. Given the mature urban context of Downtown, the integration or co-location of these facilities and adaptation of existing facilities and spaces as multi-use community hubs, to meet the needs of the community and ensure the long-term viability of public investments, is critical. The land use policy framework as it applies to Metro Hall supports the creation of a community hub that integrates City facilities and enhances other community service facilities to better serve the growing population of the King-Spadina area and broader Downtown.

### Built Form - Massing, Heights & Densities

In the context of the City Property and the Subject Property, the appropriate scale of development is informed by their relationship with Queen Street West and location within the broader Downtown area. The existing and emerging King-Spadina policy framework provides more tailored direction, taking into account the unique

characteristics within and around King-Spadina. Along the northern boundary of the King-Spadina area, Queen Street West plays an important role as a historic commercial main street and Great Street. Its scale and the presence of sunlight on the north sidewalk of Queen Street West for much of the day and during most seasons are identified in the Queen Street West HCD Plan as valuable attributes to be conserved.

The Mixed Use Areas 1 designation of the City Property applies to areas with the greatest potential heights. Intensification is intended to occur in a diverse range of building typologies and scales, one of which is tall buildings that contribute to and enhance liveability. Development in the vicinity of the City Property has generally been permitted to a height not exceeding 157 metres, which is the height of the TIFF Bell Lightbox building at the northwest corner of King Street and John Street, in line with the original planning intent that it be a landmark tower in the area. The corresponding densities of development have generally ranged from approximately 17 to 23 times the lot area (Floor Space Index, or FSI).

The Subject Property is located to the north of the City Property and is designated *Mixed Use Areas 2 – Intermediate*. The existing character and planned context of Mixed Use Areas 2 generally forms an intermediate, transitional scale between the taller buildings anticipated in Mixed Use Areas 1 and the predominantly mid-rise character anticipated in areas designated Mixed Use Areas 3, such as along Queen Street West. The Subject Property is located in a height transition zone, which applies a 45-degree angular plane taken from the property line on the north side of Queen Street West to ensure development creates no net-new shadow on the north sidewalk of Queen Street West.

Given the land use designations, site context, sunlight and shadow objectives, and need for transition downwards towards Queen Street, the City Property is able to accommodate a substantially taller, more intense, scale of development than could be achieved on the Subject Property.

## **Fire Station**

In its 2019-2028 Council Approved Capital Plan, Toronto Fire Services ("TFS") provided an update on building condition audits conducted for all TFS facilities, and recommended proceeding with identification of design opportunities to enable future fire stations to be integrated into various community hub and residential development proposals as opposed to maintaining the traditional stand-alone fire station model, with the following evaluation criteria:

- Evaluating opportunities for location optimization of facilities in "poor" condition;
- Maintaining optimal fire station locations that will improve response time and provide operational efficiencies; and
- Identifying and pursuing potential co-location with other City facilities, including emergency response co-location

CreateTO and City Real Estate Management ("CREM"), working with the TFS on their Transformation Plan, identified the City Property as an opportunity to unlock a high value fire station site to address their state-of-good-repair (SOGR) backlog.

## **Child Care and Toronto Employment & Social Services Facilities**

Metro Hall's two storey base building houses a number of users including: TESS, CS, Toronto Office of Partnerships ("TOP") and a space occupied by a third-party (YMCA) under a lease with the City. The proposal to relocate the Fire Station to Metro Hall would displace both TESS and CS, who collectively occupy approximately 2,670 square metres (28,700 square feet) of space. Both TESS and CS have front-facing counter services that would have to be relocated, and CS has an early childcare centre which could be relocated within Metro Hall or potentially relocated into the redevelopment of the City Property.

The relocation of TESS office space will be considered as part of the Council-approved Office Optimization Program, which will provide opportunities to rationalize office space across the City-wide office portfolio. Opportunities for the relocation of the TESS and CS public-facing counter space can be considered as part of a review of the remaining Metro Hall space allocation, opportunities at City Hall as a result of the relocation of the Library to Old City Hall or opportunities within other City-owned properties and private redevelopments in proximity to Metro Hall.

## **Toronto Parking Authority**

The Subject Property is a 2,656 square metre (28,589 square feet) privately-owned property currently used as a surface parking lot with approximately 104 spaces. As an interim use, as the City, CreateTO and Planning work through a process to determine how the Subject Property would ultimately be activated, the TPA could operate the parking lot in its current configuration, which will generate an estimated \$420,000 in additional annual gross revenue to the City.

## **Affordable Rental Housing Opportunity at the City Property**

The future residential potential at the City Property provides the City the opportunity to investigate the inclusion of affordable housing. Leveraging the City's interest in the site would be consistent with the City's current efforts in supporting affordable housing and mixed income communities through the Open Door Program and Housing Now Initiative. The City's Housing Secretariat will work with CreateTO to report in 2020 on the feasibility of including in any new residential development affordable housing.

## **Planning Applications**

Redevelopment of the City Property would require a Zoning By-law Amendment application to set out appropriate development standards, and a Site Plan Control application.

City Planning staff recommend that the following principles guide any future application:

- Height and massing consistent with the direction set out in the Downtown Plan (OPA 406), Council-adopted Downtown Tall Buildings Setback Area Specific Policy (OPA 352), the Council-adopted King-Spadina Heritage Conservation District, and the emerging policy framework for King-Spadina endorsed by Council through the King-Spadina Secondary Plan Review;

- The provision of a specified number and type of residential units as affordable housing; and
- The provision of a mid-block connection or other privately-owned publicly-accessible space.

The existing zoning for Metro Hall permits the proposed relocation and integration of the Fire Station and expansion of other community service facilities, however the need for a Minor Variance application to implement updated development standards may be identified through the detailed design process. A Site Plan Control application may also be required.

### **Supplementary Information**

The following figures and table provide supplementary information in support of the recommended acquisition of the Subject Property:

- Figure 1: Location Map
- Figure 2: Official Plan (Map 18: Land Use Plan)
- Figure 3: Downtown Plan (Map 41-3: Mixed Use Area)
- Figure 4: Rendering - Fire Station Concept (55 John Street)
- Figure 5: Rendering - Development Massing Concept (260 Adelaide Street West)
- Table 1: Terms of Acquisition of Subject Property

Figure 1: Location Map

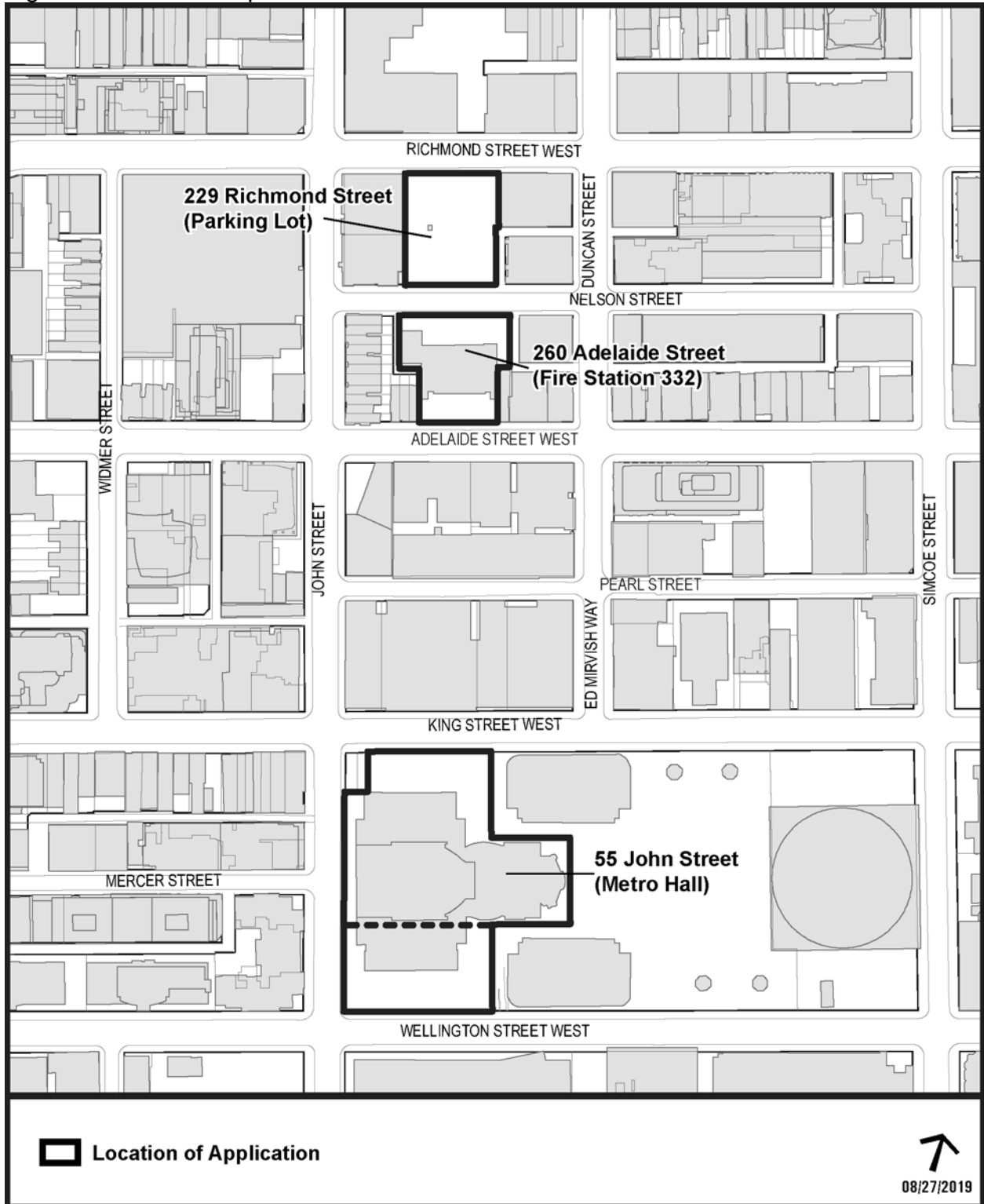
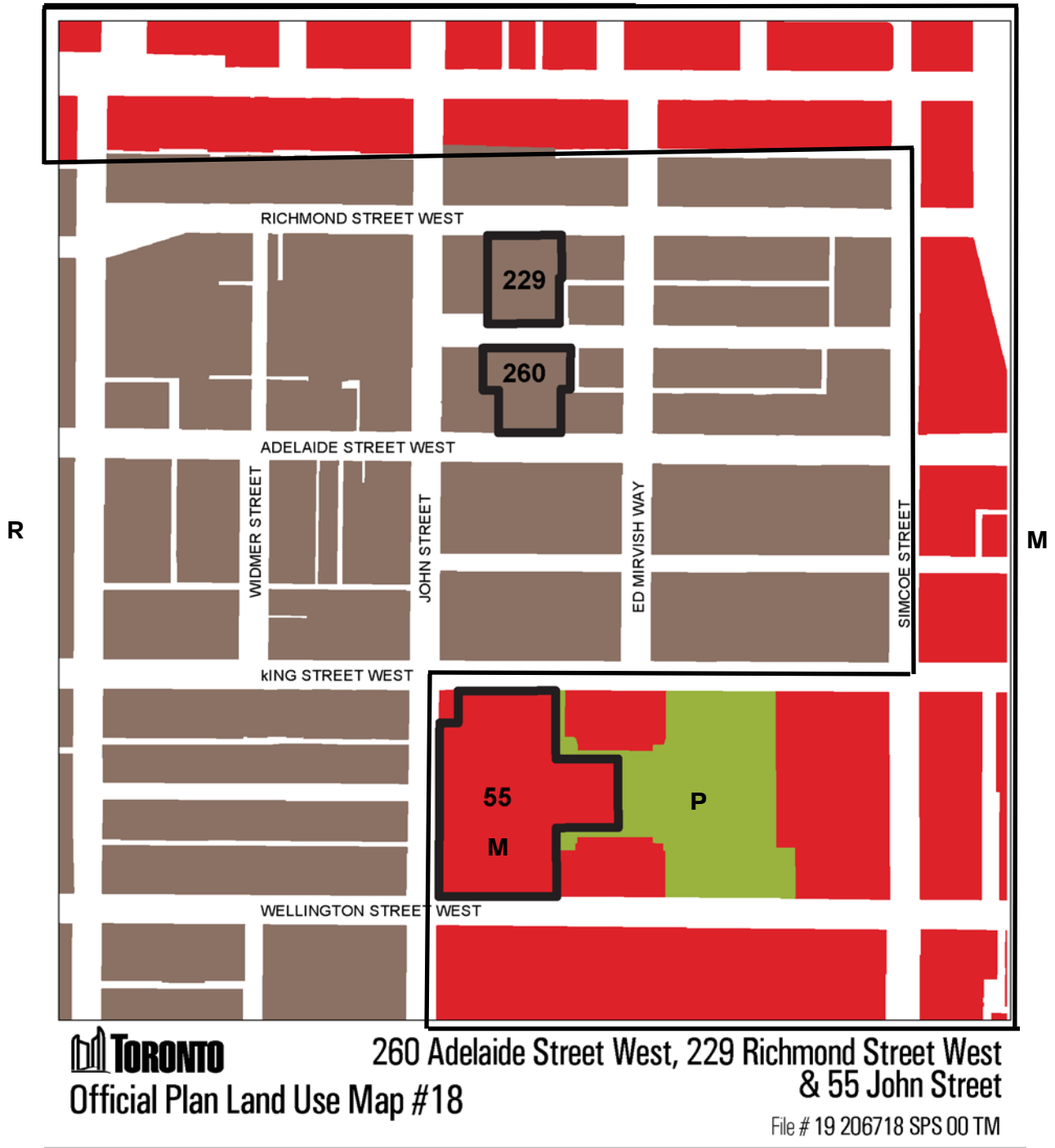


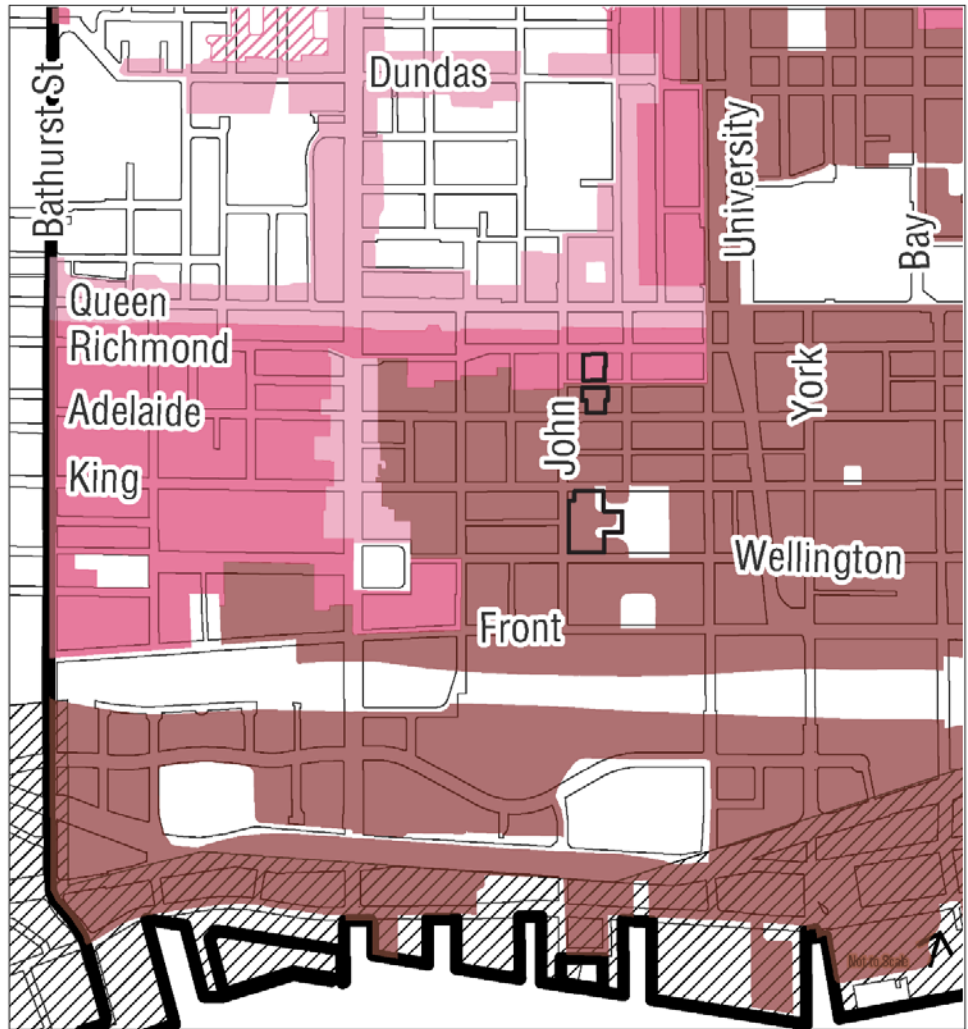
Figure 2: Official Plan (Map 18: Land Use Plan)



- Location of Application
- M Mixed Use Areas
- R Regeneration Areas
- P Parks

  
 Not to Scale  
 09/09/2019

Figure 3: Downtown Plan (Map 41-3: Mixed Use Area)



Downtown Plan  
MAP 41-3 Mixed Use Areas

- Downtown Plan Boundary
- ▨ Central Waterfront Secondary Plan
- Mixed Use Areas 1 - Growth
- Location of Application
- Mixed Use Areas 2 - Intermediate
- Mixed Use Areas 3 - Main Street
- Mixed Use Areas 4 - Local

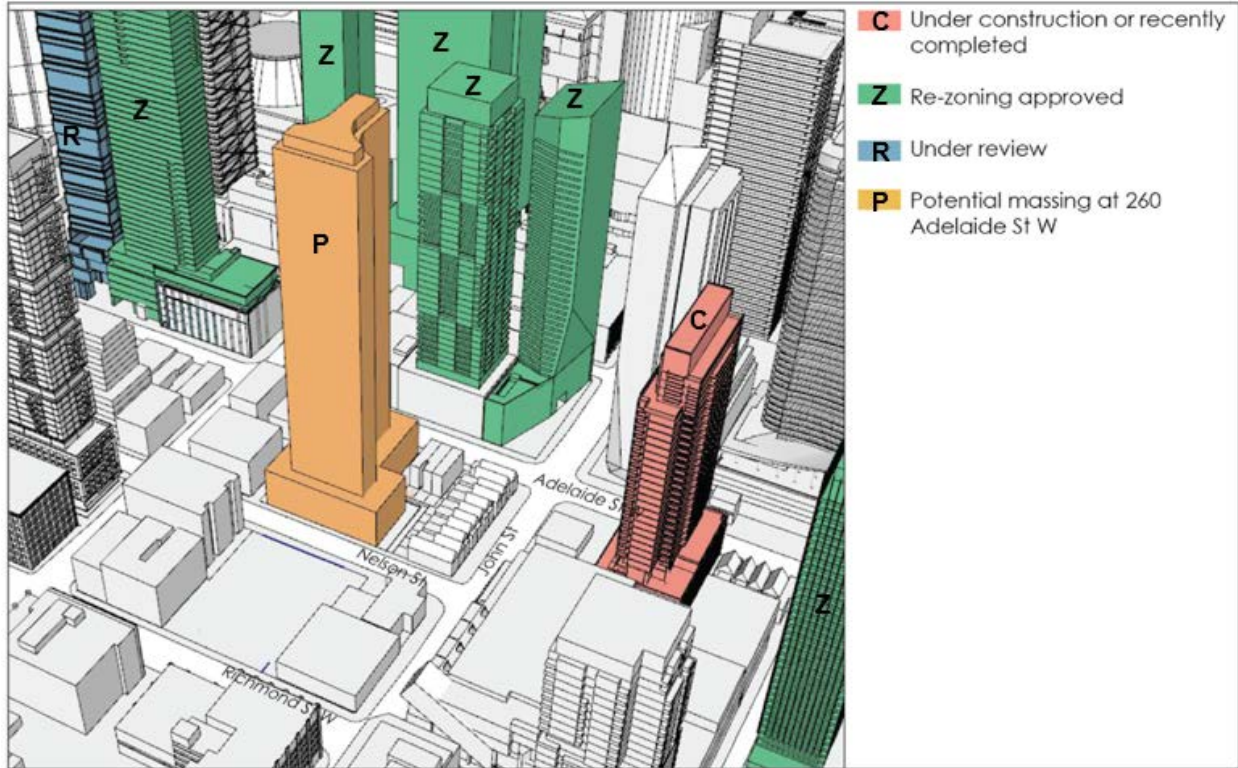


Figure 4: Rendering - Fire Station Concept (55 John Street)



Rendering 55 John Street

Figure 5: Rendering - Development Massing Concept (260 Adelaide Street West)



3D Rendering 260 Adelaide Street



Table 1: Terms of Acquisition of Subject Property

Vendor	Pamlimar Investments & Enterprises Limited
Address	229 Richmond Street West
Legal Description	PIN 21411-0087 (LT), being Lot 6-7 on Plan D78, Toronto; Part of Lot F on Plan D5, Toronto; Part of Lots 5 and 8 on Plan D78, Toronto; Part of the Lane on Plan D78, Toronto, as closed by Plan D149; as in CA150187; City of Toronto
Purchase Price	\$100,000,000 plus provincial land transfer tax and HST
Provincial Land Transfer Tax	\$2,500,000
HST	\$13,000,000
Deposit	\$5,000,000, to be delivered three business days following execution of the Agreement
Closing Date	January 15, 2020
Title Condition	City has until two business days following the execution of the Agreement to investigate title and submit requisitions.