



## REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

### Property Acquisition for Strategic City Building

**Date:** October 8, 2019

**To:** Executive Committee

**From:** Executive Director, Corporate Real Estate Management

**Wards:** Ward 10 - Spadina Fort-York

#### **REASON FOR CONFIDENTIAL INFORMATION**

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This report deals with a proposed or pending acquisition or disposition of land by the City of Toronto.

#### **SUMMARY**

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The purpose of this report is to provide the City of Toronto Council ("Council") with an update on the strategic acquisition of property located within Ward 10 - Spadina-Fort York and the corresponding disposition of a nearby piece of City-owned property, as outlined in the Confidential Attachment #1 to this report.

The City of Toronto ("the City") is the owner of a property located within Ward 10 - Spadina-Fort York (the "City Property"). The City Property represents an important City-building opportunity due to its location and corresponding property value. For a number of years, the City Property has been identified as a significant redevelopment opportunity for the City. CreateTO, working with their colleagues in City Real Estate Management ("CREM") and City Planning, have developed a business case to strategically leverage the City Property's value and achieve significant City-building on the City Property along with purchasing a nearby piece of privately-owned property (the "Subject Property").

Unlocking the value of the City Property will work to fund significant City-building. It will also fund the acquisition of the Subject Property which will also be used for significant City-building opportunities. In addition to the acquisition of the Subject Property, any residual value realized could be used to fund additional City-building objectives including affordable rental housing, state-of-good-repair of City infrastructure, new parks, a child care centre or other investments, as may be determined appropriate by Council.

Properties in the downtown with significant redevelopment potential are becoming increasingly rare. The value of the Subject Property will allow for strategic redeployment of stranded capital to acquire one of the few remaining significant pieces of property.

## **RECOMMENDATIONS**

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The Executive Director, Corporate Real Estate Management, recommends that:

1. City Council authorize the City of Toronto to enter into an Agreement of Purchase and Sale (the "Agreement") to acquire the property described in Confidential Attachment #1 to this report (the "Subject Property") substantially on the terms, including the purchase price, outlined in Confidential Attachment 1, and on such other or amended terms and conditions as may be acceptable to the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor.
2. City Council declare the property described in Confidential Attachment #1 to this report surplus (the "City Property"), and direct staff to take all steps necessary to comply with the City's real estate disposal process set out in Chapter 213 of the City of Toronto Municipal Code.
3. City Council direct the Executive Director, Corporate Real Estate Management, working with the Chief Executive Officer of CreateTO, to report back in 2020 on a "Precinct Plan" for the combined City Property and Subject Property (collectively, the "Properties"), including how these sites will be activated with City uses such as affordable housing, parks, Toronto Parking Authority, childcare, and any other uses as may be suitable.
4. City Council direct the Executive Director, Corporate Real Estate Management, working with the Chief Executive Officer of CreateTO and the Executive Director, Housing Secretariat, to report back in 2020 with a plan, including the financial implications, to deliver affordable housing as a portion of any development of the Properties in a manner that is consistent with the approach used in Housing Now, including funding and financial incentives, at the City Property.
5. City Council authorize the public release of the information contained in Confidential Attachment #1 to this report following execution of the Agreement.

## FINANCIAL IMPACT

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The relevant financial information is set out in Confidential Attachment #1 to this report, as it involves a proposed or pending acquisition or disposition of land by the City of Toronto.

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

## DECISION HISTORY

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At its meeting of December 16, 17 and 18, 2013, City Council received a status update for the King-Spadina East Precinct Built Form Study setting out, among other things, preliminary directions regarding updating the public realm plan for the area and identifying parks, recreation and community services to be provided in tandem with growth.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.TE28.42>

At its meeting of August 25, 26, 27 and 28, 2014, City Council endorsed a draft Public Realm Strategy for the King-Spadina East Precinct, and requested the General Manager, Parks Forestry & Recreation, to identify potential new parkland and proceed with parkland acquisition in the East Precinct of King-Spadina on a priority basis.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.TE34.92>

At its meeting of December 9, 2015, City Council requested staff to develop a Secondary Plan for Downtown and supporting infrastructure strategies, including a Parks and Public Realm Plan for Downtown focusing on public spaces and parkland priorities, and a Community Services and Facilities Strategy for the Downtown responding to needs for recreation, child care, libraries, schools, human services and public health, to develop financial strategies for the TOcore infrastructure strategies, and to continue prioritizing parkland acquisition opportunities within the Downtown.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.TE12.43>

At its meeting of June 13, 2016, Government Management Committee considered options for the acquisition of land for parkland purposes in King-Spadina, and directed Real Estate Services staff to report directly to City Council. At its meeting of July 12, 13, 14 and 15, 2016, City Council received a supplementary report with confidential attachment and directed staff to undertake an appraisal to determine the current market value of the property at 229 Richmond Street West.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM13.36>

At its meeting of September 6, 2016, Government Management Committee considered a report with confidential attachment with an appraisal of the property at 229 Richmond Street West, and referred the item to staff for a report on funding options and strategies in the context of parks and public realm planning underway in the downtown, to the Government Management Committee in the first quarter of 2017.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM14.14>

At its meeting of December 13, 14 and 15, 2016, City Council, considering TOcore, directed staff to develop a financial strategy to implement the infrastructure priorities, including revenue generation options such as a dedicated levy-system, locally generated DCs and park land levies, all with a view to equitably and geographically accommodate the intense pressures resulting from residential intensification in the core. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.TE20.18>

At its meeting of July 4, 2018, Toronto and East York Community Council requested staff begin work on a precinct plan for the area generally bounded by Adelaide Street West, Peter Street Stephanie Street and Duncan Street, having regard for matters including implementation of the TOcore Downtown Parks and Public Realm Plan and Downtown Community Services and Facilities Strategy, the ongoing King-Spadina Secondary Plan Review and the King-Spadina East Precinct Public Realm Strategy, and the John Street Cultural Corridor project. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.TE34.219>

At its meeting of March 7, 2019, City Council approved the 2019 Operating and Capital Budgets. In its 2019 Operating Budget & 2019-2028 Capital Budget and Plan, 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.

On June 5, 2019, the Minister issued a Notice of Decision approving Official Plan Amendment No. 406 (the Downtown Plan) with modifications, including the Downtown Parks and Public Realm Plan.

## **COMMENTS**

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The proposed strategic redeployment of stranded capital in the Subject Property, and the collaborative approach by the involved Divisions and Agencies of the City in the redevelopment of the Properties, clearly demonstrates the value in the City's new Real Estate Model. Staff are of the opinion that the proposed transaction as outlined in Confidential Attachment #1 represents a substantive opportunity to address many diverse needs in a fast-growing area of the City.

This report will be followed by a subsequent report to Council in early 2020 on a proposed business plan and funding strategy.

## **CONTACT**

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## **SIGNATURE**

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Patrick Matozzo  
Executive Director, Corporate Real Estate Management

## **ATTACHMENTS**

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Confidential Attachment 1 - Details of the City Property and the Subject Property