# RA8.5

CREATE TO

**REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT**

# Strategic Disposition of City Property to Fund City Building and Property Acquisition

**Date:** September 17, 2019
**To:** The Board of Directors, CreateTO
**From:** Chief Executive Officer
**Wards:** Ward 10 - Spadina-Fort York

## REASON FOR CONFIDENTIAL INFORMATION

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

## SUMMARY

The purpose of this report is to provide the Board of CreateTO with an update on the strategic disposition of City owned property located within Ward 10 - Spadina-Fort York and the corresponding acquisition of an adjacent piece of property, as outlined in the Confidential Attachment to this report.

The City of Toronto ("the City") is the owner of a property located within Ward 10 - Spadina-Fort York (the "Subject Property"). The Subject Property represents a significant city building opportunity due to its location and corresponding property value. For a number of years the Subject 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 its value to achieve significant city building on the Subject Property along with purchasing an adjacent piece of property.

Unlocking the value of the Subject Property will work to fund significant city building. It will also fund the acquisition of the adjacent piece of property which itself could be used for significant city building opportunities. In addition to the acquisition, 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 City 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

The Chief Executive Officer, CreateTO recommends that:

1. The Board of CreateTO endorse the proposed plan for the strategic disposition of the City owned property and acquisition of the adjacent property identified in Confidential Attachment 1 and direct the CEO, CreateTO to work with the Deputy City Manager, Corporate Services to take appropriate next steps to advance these transactions;

2. The Board of CreateTO direct the Chief Executive Officer, CreateTO, to report back to the Board of CreateTO in the first quarter of 2020 on a business and funding plan for the property to be acquired, which will include which City of Toronto Divisions, Agencies or Corporations will activate the site and the proposed funding plan;

3. The Board of CreateTO direct the Chief Executive Officer, CreateTO, working with the Executive Director, Housing Secretariat to report back in 2020 with a plan to deliver affordable rental housing as a portion of any new residential development, including funding and financial incentives, at the Subject Property.

4. The Board of Directors of CreateTO authorize the public release of Confidential Attachment 1 following the closing of any purchase transaction.

## FINANCIAL IMPACT

There is no financial impact from the adoption of this report.

## DECISION HISTORY

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 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.

### Conclusion

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

Corporate Real Estate Management will be reporting to upcoming Executive Committee and Council with a report which seeks authority to dispose of the Subject Property along with acquiring the adjacent property which will be followed by a subsequent report to Council in early 2020 on proposed business plan and funding strategy.

## CONTACT

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## SIGNATURE

Brian Johnston
Chief Executive Officer

## ATTACHMENTS

Confidential Attachment 1