



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Acquisition of 2950 and 2970 Lake Shore Boulevard West

Date: June 22, 2020

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management

Wards: Ward 3 - Etobicoke-Lakeshore

REASON FOR CONFIDENTIAL INFORMATION

Confidential Attachment 1 of this report deals with a proposed or pending acquisition or disposition of land by the City of Toronto.

Confidential Attachment 2 of this report contains commercial and financial information, supplied in confidence to the City of Toronto (the "City"), which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

The purpose of this report is to obtain authority to accept the offer to sell (the "Offer") that the City has received from 2970 Lake Shore GP Inc. (the "Vendor") and to enter into an agreement of purchase and sale to acquire the adjoining properties municipally known as 2950 and 2970 Lake Shore Boulevard West (collectively, "the Property") for use as a municipal shelter. City staff will ensure to limit the City's exposure to potential latent defects through due diligence prior to completing the transaction, through warranty conditions in the agreement of purchase and sale, or by other measures.

The location of the Property meets the requirements of the Municipal Shelter By-law 138-2003. In an effort to ensure that shelter services are located throughout all areas of the City of Toronto (not only downtown) this Property was deemed as the only available viable option, with a willing seller, that is strategically located in the southwest area of Etobicoke.

The use of the Property as a municipal shelter will support City Council's direction to expand the number of permanent new shelter beds by 1,000. The combination of the two properties creates a large sized property that allows flexibility in responding to changes in shelter standards and demand as a result of the COVID-19 pandemic.

In response to the COVID-19 pandemic, SSHA has made interim changes to the Toronto Shelter Standards to maintain a minimum of two (2) metre separation between beds. If this change becomes permanent, or other changes to the Shelter Design Guidelines are made as a result of the pandemic, the Property will be designed to accommodate the new standards either with the two (2) metre separation or with the use of more private rooms or partitions, thus resulting in only a minor reduction in capacity. All new shelters, including the Property, are being designed so that they may be converted into housing in the future. As demand for municipal shelters changes, the property can be partly or wholly transitioned into supportive or transitional housing.

Finally SSHA, in collaboration with Corporate Real Estate Management, will continue to explore other real estate opportunities in order to meet the balance of the required 1,000 shelter beds. Consideration to current market conditions will be made to ensure that future acquisitions align with SSHA's COVID-19 response strategies, as may be appropriate, and will work to ensure that future options reduce the City's upfront capital investments.

RECOMMENDATIONS

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

1. City Council authorize the City of Toronto to accept the offer to sell and enter into an agreement of purchase and sale with 2970 Lake Shore GP Inc. to acquire the adjoining properties municipally known as 2950 and 2970 Lake Shore Boulevard West on such terms and conditions outlined in Appendix A and Confidential Attachment 1, and 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 authorize the Executive Director, Corporate Real Estate Management, or their designate to negotiate a lease assignment and amendment with Bell Mobility Inc. for continued use of portions of 2970 Lake Shore Boulevard West in a form satisfactory to the City Solicitor.
3. City Council authorize the public release of Confidential Attachment 1 following the closing of any purchase transaction, and the public release of Confidential Attachment 2 upon securing the written consent of Bell Mobility Inc.
4. City Council authorize severally the City Clerk, the Chief Financial Officer, the Deputy City Manager, Corporate Services and the Executive Director, Corporate Real Estate Management, or their designate, to execute the agreement of purchase and sale, the lease assignment and amendment agreement, and any ancillary agreements and documents on behalf of the City.

5. City Council authorize severally the Executive Director, Corporate Real Estate Management and, the Director, Transaction Services, to administer and manage the transaction, including the provision of any consents, approvals, waivers and notices, provided that he/she may, at any time, refer consideration of any such matters (including their content) to City Council for its consideration and direction.

6. City Council authorize the City Solicitor to complete the contemplated transaction on behalf of the City, including paying any necessary expenses, amending the closing, due diligence and other dates, and amending and waiving terms and conditions, on such terms as she considers reasonable.

FINANCIAL IMPACT

This report seeks City Council authority to accept an offer for the sale of the properties located at 2950 and 2970 Lake Shore Blvd for use as a municipal shelter. The acquisition is pursuant to the delivery of the 1,000 New Shelter Beds project authorised by City Council through the 2018 Budget Process.

Funding for the purchase price and related acquisition and due diligence costs, as set out in Confidential Attachment 1, is available in the 2020-2029 Council Approved Capital Budget and Plan for Shelter, Support & Housing Administration under capital project account, CHS044 - Addition of 1000 New Beds.

As well, the cost of acquiring the Property will be partially offset by the projected revenue from the lease that the City will inherit, as described in the Confidential Attachment 2.

Renovation and remediation costs will be determined based on further investigations and costing analysis during the due diligence period under the agreement and through the design process. The offer is conditional on the completion of satisfactory building condition and environmental assessments. Preliminary site investigations have been completed and sufficient funds for necessary renovation and remediation is available in the 2020-2029 Council Approved Capital Budget and Plan for Shelter, Support & Housing Administration under capital project account, CHS044 - Addition of 1000 New Beds.

If City Council approves the acquisition of the properties, renovation and fit up to shelter standards will commence in 2021 for the shelter to begin operations sometime in 2022. Funding to support the operation of the new facility will therefore be requested through future year budget processes.

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

DECISION HISTORY

At its meeting of June 11, 2019, The Economic and Community Development Committee received the report, 2020 Shelter Infrastructure Plan and System Update Report, from the General Manager, Shelter, Support and Housing Administration for information.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC6.9>

At its meeting of March 27 and 28, 2019, City Council adopted PH3.2 "Zoning Revisions for Municipal Shelters", amending City of Toronto Zoning By-law 569-2013 and Municipal Shelter By-law 138-2003, deleting the 250-metre separation distance requirement between shelters, and deleting the requirement to be on or within 80 metres of a major street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH3.2>

At its meeting of June 26, 27, 28 and 29, 2018, City Council adopted CD29.8 "2019 Shelter Infrastructure Plan and System Update", approving the 2019 Shelter Infrastructure Plan and 2018/19 Winter Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.CD29.8>

At its meeting on February 12, 2018, City Council adopted EX31.2 "2018 Capital and Operating Budgets" and requested the General Manager of SSHA to expand the number of permanent new shelter beds by 1,000 over three years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

At its meeting of December 5, 6, 7 and 8, 2017, City Council adopted CD24.7 "2018 Shelter Infrastructure Plan and Progress Report". Council approved the 2018 Shelter Infrastructure Plan and a new property development approach to siting shelters. Council authorized the Deputy City Manager, Cluster A, to approve specific sites for shelters, provided certain criteria are met. The report also provided an update on the development of the new shelter service model and its implementation in pilot projects.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD24.7>

COMMENTS

It is recommended that the Property be purchased by the City as part of the mandate to acquire additional shelter sites and expand the shelter system capacity. City staff have been in discussions with the Vendor since November 2019 regarding the City's potential interest in purchasing the lands, and have succeeded in securing a reduction in price and other favourable terms.

The 2018 Shelter Infrastructure Plan was approved by City Council in December 2017, and established a new process for approving shelter locations. An annual Shelter Infrastructure Plan is now presented to City Council each year to provide a progress update and plans for the following year. Through the 2018 Budget Process, and in response to the unprecedented demand for shelter, City Council approved the capital and operating funds required to open 1,000 new shelter beds.

The Property is located on Lake Shore Blvd West, west of Islington Avenue, as shown on the Location Map in Appendix B of this report. The property area is highlighted on

the survey as shown in Appendix C. The Property is approximately 1,534 square meters, which includes a four-storey 1,920 square meter building constructed in 1959 (2970 Lakeshore Boulevard West) and a two-storey 1,184 square meter building constructed in 1950 (2950 Lakeshore Boulevard West).

The Property is benefited by a 3.66 meter wide permanent "L" shaped right-of-way for free passage of persons or vehicles over the lands to the north of 2970 Lakeshore Boulevard West as shown in Appendix C.

Suitability of the Property for Shelter Use

The Property is currently operated as two separate buildings, with 2970 Lake Shore Boulevard West operating as an office building and 2950 Lake Shore Boulevard West operating as a retail/commercial building. The number of beds the property can accommodate will be determined during the design process and the long term impacts of the COVID-19 pandemic will be taken into consideration. This location has the capacity to accommodate both transitional and emergency shelter programs. The design of the property will also take into consideration convertibility into permanent housing.

The Offer is conditional upon the City acquiring vacant possession of the Property, with the exception of a lease agreement dated June 1, 2013 between 1286964 Ontario Inc. and Bell Mobility Inc. ("Bell") and is detailed in Confidential Attachment 2 (the "Bell Lease"). City staff will be working to amend the Bell Lease and/or take other necessary steps during the due diligence period to ensure the rooftop is available to accommodate the City's intended use of the Property. Preliminary discussions between the City and Bell show a strong willingness from Bell to work with the City to reach desired outcomes.

Shelter, Support and Housing Administration, and Corporate Real Estate Management's Project Management Office will determine the exact renovations required for living, office, dining and programming space to ensure the site meets all requirements in the Shelter Standards, is AODA compliant and attempt to achieve Net-Zero requirements.

The Property is zoned Commercial Residential and is designated Mixed-Use Areas in the Official Plan. A shelter is a permitted use on this site within the terms of the Municipal Shelter By-law 138-2003. The Property is within walking distance to Lakeshore Village and Colonel Samuel Smith Parks, Community Life Community Centre, Ken Cox Community Centre and Power House Recreation Centre and the New Toronto Library.

With supportive programming, this location will provide independence, dignity, privacy and improved housing stability outcomes for the vulnerable residents who will reside there. Overall, this location with its existing building structure, amenities and community services available in the neighbourhood make it ideal for use as a shelter.

City staff and the Ward Councillor will be engaging with community partners and local residents in order to ensure that they are informed of the planned use of 2950 and 2970

Lakeshore Boulevard West. This process will follow the City Council approved community engagement process and timeline.

Environmental Due Diligence and Building Condition Assessment

The offer is conditional on the completion of satisfactory building condition and environmental assessments. There are no known environmental contaminations on the property as of the date of this report. Corporate Real Estate Management will conduct an Environmental Site Assessment of the Property and Designated Substance Survey of the buildings and a Building Condition Assessment (BCA) as part of its due diligence condition process. If contamination is found, remediation will be carried out as required along with any repairs or maintenance suggested by the BCA report, as long as total costs remain within the estimate set out in Confidential Attachment 1.

Agreement

Key terms and conditions of the Offer are provided in Appendix A and Confidential Attachment 1. City Staff consider the proposed agreement to be fair and reasonable to both parties, and recommend the approval of this property acquisition.

Equity Impact

The shelter system in Toronto serves equity-seeking groups such as seniors, people with disabilities, individuals with mental health issues, the working poor, Indigenous people, people who identify as LGBTQ2S and other vulnerable groups. Effective operation of the shelter system is important in ensuring that temporary accommodation is available to a variety of equity seeking groups and contributes to the City's Poverty Reduction Strategy.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Appendix A – Terms and Conditions of the Offer

Appendix B – Location Map

Appendix C – Survey

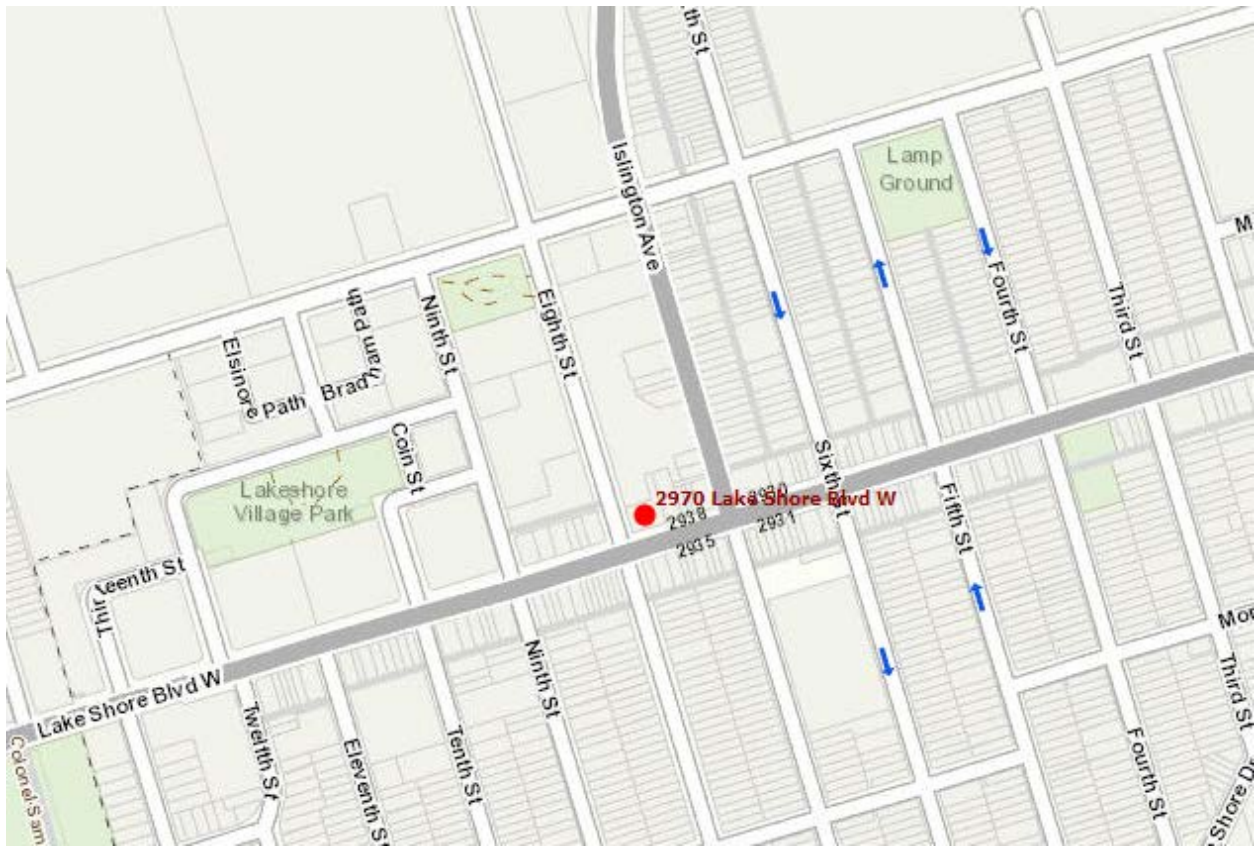
Confidential Attachment 1

Confidential Attachment 2

APPENDIX A – TERMS AND CONDITIONS OF OFFER

Municipal Address:	2950 and 2970 Lake Shore Boulevard West, Toronto, Ontario
Owner/Vendor:	2970 Lake Shore GP Inc.
Legal Description:	<p>Firstly: PART OF LOTS 605 & 607 ON PLAN 1043; PART OF BLOCK L ON PLAN 1043; PART OF RESERVE ON PLAN 1043, AS IN TB627027; T/W TB627027; ETOBICOKE, CITY OF TORONTO</p> <p>Said land and premises being all of PIN 07599-0251(LT)</p> <p>Secondly: PART OF LOT 605 ON PLAN 1043; PART OF RESERVE ON PLAN 1043; PART OF BLOCK L ON PLAN 1043, AS IN EB513756; T/W EB513756; ETOBICOKE, CITY OF TORONTO</p> <p>Said land and premises being all of PIN 07599-0252(LT)</p>
Due Diligence Period:	90 days after City accepts Offer and signs the agreement of purchase and sale.
Requisition Period:	Expires on the 15th business day prior the Closing Date.
Closing Date:	30 days after City delivers the notice of waiver or notice of satisfaction in connection with the Due Diligence Condition.
Vacant Possession:	The Vendor shall deliver vacant possession of the Property on Closing, subject only to the Bell Lease
Debris Removal:	The Vendor must remove all chattels, rubbish, waste materials, refuse and debris from the Property and to leave the Property in a neat and tidy condition failing which City may hold back from balance on Closing the estimated clean-up costs.
Warranties and Indemnities:	The Vendor made several representation and warranties related to the environmental condition of the buildings and structures situated on the Property and agreed to deliver an indemnity related thereto on closing. The warranties and indemnity expired 180 days following closing.

APPENDIX B – LOCATION MAP



APPENDIX C – SURVEY

