PA18.7

REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

2204 - 2212 Eglinton Avenue West and 601 Caledonia Road

Date: October 20, 2020
To: Board of Directors, Toronto Parking Authority
From: Acting President, Toronto Parking Authority
Wards: Ward 8 - Eglinton - Lawrence

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains Financial Information that belongs to the Board of Directors of Toronto Parking Authority and has monetary value or potential monetary value.

SUMMARY

At its meeting of July 23, 2019, Toronto Parking Authority (TPA) Board of Directors requested the President, TPA to consult with the local Councillor, the Chief Executive Officer, CreateTO, and Deputy City Manager, Corporate Services, about including the lands located at 2204-2212 Eglinton Avenue West (Properties) in the ongoing review of City-owned assets for the Housing Now Initiative and to report back to the Board with an update.

Staff from CreateTO, TPA, the Housing Secretariat and City Planning have analyzed several scenarios in which the City-owned lands at 2204-2212 Eglinton Avenue West and 601 Caledonia Road could contribute towards the City's affordable housing objectives.

CreateTO completed an area planning review and believe with the Eglinton Crosstown LRT project and associated intensification of the surrounding area over the next ten (10) years, the subject sites hold strong potential to be redeveloped as a mid-rise mixed-use development with commercial uses at grade, a mix of affordable and market housing on the upper levels, and potential below-grade parking.

Given that the site is now expected to be available for the operation of a municipal car park for a much shorter timeframe (ten (10) years instead of 20 years) than was planned at the time the properties were acquired, TPA has reassessed the viability of a

municipal parking operation at this location and carried out additional due diligence to consider other short-term uses for the site.

The purpose of this report is to present the potential options for the short-term use of this site, including the financial impacts of each. On the basis of the analysis of options completed, TPA is recommending that the TPA Board of Directors direct TPA, in consultation with CreateTO and CREM, to make the lands located at 2204-2212 Eglinton Avenue West and 601 Caledonia Road available through a commercial use for other third-party uses.

Given the condition of the existing buildings on the site, TPA is also recommending that the existing structures be demolished as soon as possible.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority direct that the information contained in Confidential Attachment 1 remain confidential in its entirety, at the discretion of the City Solicitor, as it pertains to Financial Information that belongs to the Board of Directors of Toronto Parking Authority and has monetary value or potential monetary value;

2. The Board of Directors of Toronto Parking Authority direct TPA, in consultation with CreateTO and CREM, to make the lands located at 2204-2212 Eglinton Avenue West and 601 Caledonia Road available through a commercial use;

3. The Board of Directors of Toronto Parking Authority direct TPA to issue a tender for the demolition of the existing structures on the lands located at 2204 - 2212 Eglinton Avenue West and 601 Caledonia Road; and,

4. In the event that there is early development of the properties, that the Board of Directors of Toronto Parking Authority direct TPA to seek to be compensated for any unamortized costs related to the capital investments made at these properties.

FINANCIAL IMPACT

The financial analysis associated with the assessment of options for this site are outlined in Confidential Attachment 1.

TPA is recommending that demolition of the structures on the properties be completed as soon as possible. TPA has sufficient funds in its 2020 Capital Budget to cover the costs of the demolition.

DECISION HISTORY

At its meeting of July 23, 2019 (Item No. PA8.9) , TPA Board of Directors referred the item pertaining to the Construction of Municipal Car Park 673, 2204-2212 Eglinton Avenue West - Contract Award to the President, TPA, with a request to consult with the local Councillor, the Chief Executive Officer, CreateTO, and the Deputy City Manager, Corporate Services, on including the lands of Municipal Car Park 673, located at 2204-2212 Eglinton Avenue West, in the ongoing review of the City-owned assets for the Housing Now Initiative and to report to the Board with an update. Additional information is included in the following link:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PA8.9

At its meeting of June 26, 2019 (Item No. PA7.2), the TPA Board of Directors deferred consideration of the item regarding the Construction of Municipal Car Park 673, 2204 - 2212 Eglinton Avenue West - Contract Award until its meeting on July 23, 2019. Additional information is included in the following link:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PA7.2

At its meeting of June 17, 2019 (Item No. PA6.2), the TPA Board of Directors did not consider the item entitled Construction of Municipal Car Park 673, 2204 - 2212 Eglinton Avenue West - Contract Management due to lack of quorum. Additional information is included in the following link:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PA6.2

At its meeting of January 30 and 31, 2019 (Item No. Ex1.1), Toronto City Council implemented the "Housing Now" Initiative. Additional information is included in the following link:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX1.1

At its meeting of July 7 and 8, 2015, City Council (Item No. GM 5.24) approved the acquisition of 601 Caledonia Road. Additional information is included in the following link:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.24.

At its meeting of May 28, 2015, TPA Board of Directors (Meeting Minute No. 15-089) authorized the purchase of 601 Caledonia Road West. Additional information is included in the May 28, 2015 report to TPA Board Memorandum: Property Acquisition - 601 Caledonia Road, Toronto dated May 28, 2015, attached as Appendix B.

On February 6, 2014, TPA received Delegated Approval to obtain authority to acquire two adjacent commercial properties known as 2204 and 2212 Eglinton Avenue West. The proposed acquisition was intended to allow the construction of a car park, which would provide approximately 22 surface parking spaces to service the short-term public parking needs of the York-Eglinton neighbourhood. A copy of the Delegated Approval is enclosed in Appendix C dated February 6, 2014.

At its meeting of October 23, 2013, TPA Board of Directors (Meeting Minute No. 13-152) authorized the purchase of 2204 Eglinton Avenue West and 2212 Eglinton Avenue West. Additional information regarding this can be found in Appendix D - In-Camera Board Memorandum dated May 20, 2015.

COMMENTS

In 2014 and 2015, TPA acquired the parcels at 2204 Eglinton Avenue West, 2212 Eglinton Avenue West and 601 Caledonia Road for the purposes of constructing and operating a municipal parking facility. At the time, it was anticipated that the opening of the Eglinton Crosstown in 2022 would attract transit-oriented development that would drive an intensification of land use and property values in the area. Increases in property values would open future opportunities to intensify the site and secure underground parking.

Following the acquisition, TPA obtained site plan approval to proceed with the development of a surface parking lot and in 2019 issued a request for proposals to undertake the demolition of the existing on-site buildings and the construction of a surface lot.

In June 2019, the Board of Directors of TPA was requested to award the contract for the construction of the municipal car park to Bevcon Contracting and Paving Company in the amount of $849,800 including a contingency amount of $29,800. The Board of Directors deferred consideration of the matter until their meeting of July 23, 2019.

At the meeting of July 23, 2019, the Board of Directors referred the item pertaining to the Construction of Municipal Car Park 673, 2204-2212 Eglinton Avenue West - Contract Award to the President, TPA, with a request to consult with the local Councillor, the Chief Executive Officer, CreateTO, and the Deputy City Manager, Corporate Services, on including the lands of Municipal Car Park 673 in the ongoing review of the City-owned assets for the Housing Now Initiative and to report to the Board with an update.

In response to the request made by TPA Board of Directors, TPA has worked with CreateTO to have the site assessed as a candidate location for the Housing Now initiative. Given the size and configuration of the properties, this site has not been prioritized for the Housing Now Initiative. CreateTO has, however, determined that while the Housing Now program is not the appropriate mechanism for achieving city building objectives at this location, the subject sites hold strong potential outside of the Housing Now program to be redeveloped as a mid-rise mixed-use development with an affordable housing component and potential below-grade parking.

TPA and CreateTO have also worked with the Housing Secretariat to explore the potential rehabilitation of the residential building located at 601 Caledonia Road and short-term use of the property for affordable housing. Based on a preliminary cost estimate together with prospective housing and commercial income, the rehabilitation costs would be prohibitively high and would not constitute a strong business case for the creation of a low amount of new affordable housing (as few as four (4) residential units). Furthermore, this would retain a low-rise built form character on a future growth corridor and would not represent the highest and best use of land.

With this due diligence completed and the local Ward Councillor, Housing Secretariat, and Deputy City Manager, Corporate Services consulted, CreateTO has recommended that TPA explore short-term uses for the site under the assumption that an affordable housing redevelopment may occur within a period of approximately 10 years.

Site Location

The Properties are located within the York-Eglinton Business Improvement Area neighbourhood and benefit from access to the Allen Road Expressway to the east and public transit with bus service available along Eglinton Avenue which links to Eglinton Avenue West and Eglinton Subway Stations on the Downsview-Union-Finch subway line.

The immediate area is largely comprised of residential uses to the north and to the east while mixed-use commercial-residential uses front Eglinton Avenue West. Larger commercial and industrial uses are predominate to the north. The commercial retail uses fronting Eglinton Avenue West provide high future redevelopment potential.

2204 - 2212 Eglinton Avenue West

The Property has a combined frontage of approximately 70 feet along Eglinton Avenue West and a depth of approximately 100 feet. Both 2204 Eglinton Avenue West and 2212 Eglinton Avenue West have 2-storey mixed-use commercial buildings with residential units on the second floor. Both Properties are currently vacant.

601 Caledonia Road

The Property positioned on the east side of Caledonia Road is the second property north of Eglinton Avenue West. The site measures approximately 25 feet (7.6 meters) by 112.8 feet (34.4 meters) and contains a single storey detached house with a detached garage. The Property is currently vacant.

Parking Supply and Demand

The Properties were acquired to offset the anticipated loss of on-street parking spaces as a result of the Eglinton Crosstown LRT and to supplement the area parking supply to support area businesses. Once the Eglinton Crosstown LRT is operational in 2022, it is expected that the existing neighbourhood will attract transit-oriented development, including commercial retail uses, which will increase parking usage and revenues.

Assessment of Short-Term Uses

TPA has completed a reassessment of the planned municipal parking operation at this location with consideration for a ten (10)-year period instead of the previously assumed 20-year operating period and has also assessed other potential short-term uses for the site.

All options assume that TPA should carry out the demolition of the existing structures on the site as soon as possible.

The options considered include the planned operation of a 24-space municipal parking facility, maintaining the property as a vacant site; and making the properties available for commercial lease. An overview of the options is provided below. The supporting financial analysis is included in Confidential Attachment 1.

Option 1 - Operate a Municipal Parking Facility

TPA has reviewed the site plan-approved plan for constructing a surface car park at this location, which includes the construction of a 24-space surface parking lot with access provided to/from Eglinton Avenue West and Caledonia Avenue.

TPA has further engaged Bevcon Paving and Contracting Company, the successful contractor that TPA recommended be awarded the contract at TPA Board of Directors meeting of July 23, 2019, to determine whether it is prepared to accept the contract award and to confirm it is able to deliver the work beginning in 2021. Bevcon Paving and Contractor Company has confirmed that it is prepared to accept the contract and deliver the work in 2021 provided an upward adjustment is added to the contract award amount to reflect inflationary costs.

Under this option, the surface car park would be constructed in the Spring of 2021 and be ready for operation in June of 2021. Sufficient funds have been requested as part of the 2021 Capital Budget to cover these expenditures. The results of the financial analysis for this option as well as Options 2 and 3 are contained in Confidential Attachment 1.

Option 2 - Maintain a Vacant Site

The second option assessed included consideration for fencing off the site and requesting that a municipal capital facility designation be applied to the properties. This designation would have the effect of exempting TPA from property taxes during the period in which the properties were maintained as a vacant use.

This option could be implemented immediately following demolition of the structures and would involve minimal annual operating expenses related to insurance, hydro for lighting, litter collection and periodic inspections to confirm the condition of the site. While TPA would not be generating any revenue with this option, Option 2 was assessed in the event a return on investment within the expected operation period could not be realized with Options 1 and 3.

Should a demand arise for municipal parking in the area, TPA is recommending that potential on-street paid parking locations be identified and that Transportation Services, the local Ward Councillor and the Business Improvement Area (BIA) be consulted about the feasibility of implementation.

Option 3 - Commercial Lease

CreateTO has recently been approached by a major employer in the vicinity of the properties about the potential use of the site for staff parking. Under this option, TPA would work with CreateTO and CREM to negotiate a commercial lease at market rates for a defined term length, while retaining the termination rights needed to provide the City with the flexibility to redevelop the properties at some point in the future.

In this Option, TPA would demolish the buildings and regrade the site. The leasee would be responsible for constructing a surface parking facility, including all permits and approvals.

Should a demand arise for municipal parking in the area, TPA is recommending that potential on-street paid parking locations be identified and that Transportation Services, the local Ward Councillor and the BIA be consulted about the feasibility of implementation.

Recommended Option

On the basis of the assessment of options completed, TPA is recommending that the properties be made available through a commercial lease to be negotiated by CreateTO and CREM to interested third parties. Should an agreement at market rates be reached, this option will provide the best financial return on TPA's investment in this site, support local business during the Covid-19 pandemic and continue to provide flexibility through short-term termination clauses to the City, should the site be redeveloped.

Next Steps

Should TPA Board of Directors adopt the recommendations in this report, TPA will work with CreateTO and CREM to initiate negotiations on a commercial lease for the properties. At such time as an agreement is reached, TPA will report back to the TPA Board of Directors with an update and a request for any authorities required for to enter into and execute the lease.

At the same time, it is recommended that TPA undertake efforts to demolish the existing structures on the properties as soon as possible. Should the recommendations of this report be adopted, TPA would issue a tender for demolition work of the existing structures and report back to the Board of Directors with a request for authority to award a contract. Demolition of the structures could proceed as early as Spring of 2021 and would remove any risks and potential liabilities associated with the structures.

CONTACT

Jeffrey Dea, Director of Parking Strategy, Policy and Planning, Toronto Parking Authority, 437-243-6545, Jeffrey.Dea2@toronto.ca

Patricia Pearsall Mills, Senior Planner, Parking Strategy, Policy and Planning, Toronto Parking Authority, 647-926-5259, Patricia.pearsall-mills@toronto.ca

SIGNATURE

Robin Oliphant, Acting President
Toronto Parking Authority

ATTACHMENTS

Confidential Attachment 1 - Details of the City Property

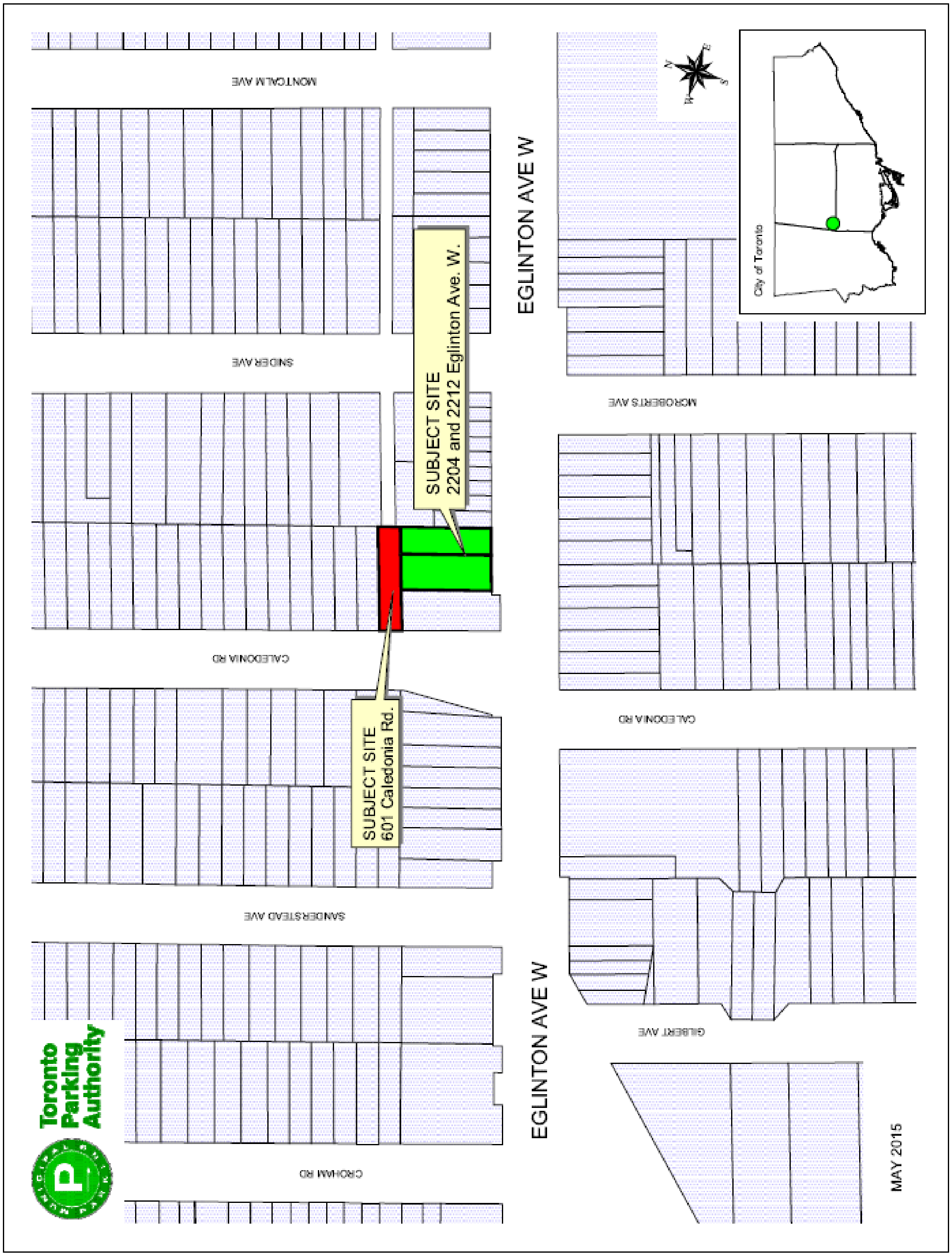
Appendix A - Site Location Map

Appendix B - In Camera Board Memorandum dated May 20, 2015 - Minute Number 15-089 (Authorized for public release by the Acting President, Toronto Parking Authority on October 20, 2020)

Appendix C - Delegated Approval, 2204 and 2212 Eglinton Avenue West dated February 6, 2014

Appendix D - In-Camera Board Memorandum dated October 16, 2013 - Minute Number 13-152 (Authorized for public release by the Acting President, Toronto Parking Authority on October 20, 2020)

APPENDIX A – SITE LOCATION MAP



APPENDIX B

IN CAMERA BOARD MEMORANDUM DATED MAY 20, 2015 - MINUTE NUMBER 15-089 (AUTHORIZED FOR PUBLIC RELEASE BY THE ACTING PRESIDENT, TORONTO PARKING AUTHORITY ON OCTOBER 20, 2020)

5.7

BOARD MEMORANDUM

IN-CAMERA

TO:	Lorne Persiko	FILE NO:	1548-00
FROM:	Marie Casista / Greg Blyskosz	DATE:	May 20, 2015
SUBJECT:	**PROPERTY ACQUISITION** **601 Caledonia Road, Toronto** **WARD 15 Eglinton-Lawrence**		

TING	MINUTE
May 28, 2015	15-089
Approved.	
	GB

MEETING DATE: **Thursday, May 28, 2015**

RECOMMENDATION:

It is recommended that the Board of Directors of the Toronto Parking Authority (the "TPA") authorize:

1. **The purchase of 601 Caledonia Road West from Thai Van Nguyen and Thi Thuy Lan Le (the "Vendor") for a purchase price of $600,000; and**
2. **Approve the additional expenditure of no more than $360,000 for any associated costs such as land transfer tax, appraisal fees, environmental studies, legal fees, demolition, commission fee and construction costs;**

for a total cost of $960,000.

Purpose:

The purpose of this report is to obtain TPA Board approval to purchase a detached residential property located at 601 Caledonia Road (the "Subject Property") in order to provide municipal parking within the York-Eglinton BIA neighbourhood (see attached *Site Location Map*). The lands associated with the Subject Property will be combined with lands which the TPA acquired in 2014 at 2204 and 2212 Eglinton Avenue West to provide approximately 25 surface parking spaces which will help to accommodate the current as well as future demand for public parking in the immediate area.

Financial Implications and Impact Statement:

Funds have not been identified in the 2015-2024 Capital Budget for this proposed property acquisition. Since the acquisition of the Subject Property is expected to close in late July 2015, sufficient funds will either be advanced from a future project or transferred from a 2015 project that has been deferred. Capital costs for the acquisition and construction of the project will be fully funded through TPA revenues.

Background:

Due to the construction of the Eglinton Light Rapid Transit ("Eglinton LRT") line, the TPA is actively pursuing new acquisition opportunities to help off-set any anticipated losses of on-street parking spaces along Eglinton Avenue over the next 5 years. TPA staff is also looking for suitable sites that would accommodate the longer term demand for public parking in the area.

In 2014, the TPA acquired 2204 and 2212 Eglinton Avenue West in order to assist in satisfying these requirements. The project is currently proceeding through the design and site plan approval process. The acquisition of the Subject Property which abuts 2204 and 2212 Eglinton Avenue West at the rear will provide improved access as well as enhanced visibility to the new carpark from Caledonia Road.

The TPA's offer to purchase 601 Caledonia Road was accepted on April 21, 2015.

Comments:

Site Location and Particulars

The Subject Property which is positioned on the east side of Caledonia Road, is the second property north of Eglinton Avenue West (see attached *Site Location Map*). Located within the York-Eglinton BIA neighbourhood, the property benefits from good access to the Allen Road Expressway to the east and public transit with bus service available along Eglinton Avenue which links to Eglinton West and Eglinton Subway Stations on the Downsview-Union-Finch subway line.

The immediate area is largely comprised of residential uses to the north and to the east while mixed use commercial-residential uses are found fronting Eglinton Avenue West to the south. Larger commercial and industrial uses predominate further to the north. The commercial retail uses fronting Eglinton Avenue West are considered to be aging and provide high future redevelopment potential.

The site measures approximately 25 feet (7.6 meters) by 112.8 feet (34.4 meters) and is improved with a single storey detached house with a detached garage (see attached *Appendix 'A' - Photos of Subject Property*). The Subject Property will be delivered vacant at closing.

Re-Development

The Subject Property lies within a good area for future mixed-use residential and commercial development. It is expected that the neighbourhood will undergo a transformation in the next several years as a result of the new Eglinton LRT line and more particularly the proximity to the proposed station located two blocks to the west at Croham Road (see attached *Appendix 'B' - Location of Eglinton LRT Caledonia Station*).

The Subject Property, originally zoned for residential use only, has been rezoned under Zoning By-law No. 1030-2014 to mixed use "Commercial-Residential" (see attached *Appendix 'C' – Eglinton Connects Planning Study Zoning Amendments).* The primary purpose for the zoning amendment is to intensify the Eglinton Avenue corridor in support of the Eglinton Crosstown LRT through investment in the area and to simplify the process of developing mid-rise buildings on these properties. The existing zoning supports any future redevelopment of the site in terms of a standalone surface parking facility or as part of a more significant redevelopment plan. TPA staff discussions with the local Councillor have confirmed that there have been a number of developers interested in redevelopment in the immediate area.

It is intended that the immediate use for the Subject Property is to redevelop the site in tandem with 2204 and 2212 Eglinton Avenue West to provide a surface parking facility capable of accommodating approximately 25 surface spaces to be operated as a 'Pay and Display' type of operation (see attached *Appendix 'D' - Proposed Carpark Development Plan*). The original property purchase (2204 and 2212 Eglinton Avenue West) accommodated 21 spaces.

Following the successful acquisition of the Subject Property, the TPA may pursue the assembly of additional lands with particular emphasis on the possibility of acquiring the corner commercial property on the north-east corner of Eglinton Avenue West and Caledonia Road (2214 Eglinton Avenue West) if financially viable. The potential for a further land assembly will create a land parcel of sufficient size to support any future redevelopment.

Parking Supply and Demand

This acquisition combined with the site at 2204 and 2212 Eglinton Avenue West will help to offset the anticipated loss of on-street parking spaces as a result of the Eglinton LRT line. The new lot is expected to experience modest usage levels during the week with somewhat stronger levels of usage and turnover on weekend days, particularly in the summer months. Overall, parking demand within the area is forecast to continue to intensify over the medium term. The addition of the Subject Property to that of the redevelopment of 2204 and 2212 Eglinton Avenue West will provide improved access as well as enhanced visibility to the new carpark from Caledonia Road which will result in a stronger operational performance for the lot.

Due Diligence Process

TPA staff is in the process of completing the requisite due diligence review related to the acquisition of the Subject Property. Final acquisition approval remains subject to City Council approval or by any delegated authority. As part of the due diligence process, TPA staff has completed or is in the process of completing the following:

1. **Environmental Assessment** – An environmental engineering consultant will be retained to report on site condition and environmental assessment of the Subject Property including Phase I ESA, Phase II ESA, Designated Substances Survey, and geotechnical analysis.

2. **Appraisal** – An accredited appraiser has been retained to determine the current market value of the Subject Property. An appraisal has been completed to confirm a current market value of $610,000 for the Subject Property which supports the acquisition price.

3. **Survey** – A land surveyor will be retained to complete an up to date boundary and topographical survey of the Subject Property.

4. **Local Councillor** – TPA staff informed the local area Councillor for Ward 15, Josh Colle who has confirmed that he is supportive of the acquisition, the demolition of the existing building and its redevelopment in concert with 2204 and 2212 Eglinton Avenue West for use as a municipal parking facility.

Summary of the Purchase and Sale Agreement – 601 Caledonia Road, Toronto

Summarized below are the basic terms and conditions of the Purchase and Sale Agreement (the "PSA") for the property:

Vendor	Thai Van Nguyen and Thi Thuy Lan Le
Purchaser	Toronto Parking Authority
Purchase Price	$600,000
Deposit	$50,000; issued upon acceptance of PSA
Approval	PSA remains conditional until the Purchaser obtains approval of the PSA by: (i) the Purchaser's Board of Directors, and (ii) the Council of the City of Toronto or by any delegated authority
Due Diligence Waive Date	July 15, 2015
Closing Date	July 29, 2015

Financial Analysis

The table on the following page summarizes the total acquisition cost for the Subject Property along with the estimated costs to develop a 25 space surface parking facility. Included are details related to the TPA's previous acquisition of 2204 and 2212 Eglinton Avenue West which closed on May 5, 2014.

Property		COST
Purchase Price Subject Property – 601 Caledonia Road	$600,000	
Estimated additional associated costs *(i.e. land transfer tax, appraisal fees, survey, environmental studies, legal fees, commission fee, etc.)*	$57,000	
Total Subject Property Acquisition Costs		*$657,000*
2204 and 2212 Eglinton Avenue West (*Closed – May 5, 2014*)		
Purchase Price – 2204 Eglinton Avenue West	$600,000	
Purchase Price – 2212 Eglinton Avenue west	$800,000	
Actual additional associated costs *(i.e. land transfer tax, appraisal fees, survey, environmental studies, legal fees, commission fee, etc.)*	$65,000	
Total Acquisition Cost		*$1,465,000*
Estimated Carpark Development (25 spaces @ $22,500/space) *$562,500*		
Development Contingency (10% of Est. Development Costs) *$56,250*		
Total Carpark Development (Upset Limit) ($24,750/space)		*$618,750*
Total Subject Property Acquisition (*including 2204 and 2212 Eglinton Avenue West*) and Carpark Development Cost		***$2,740,750***

Based on TPA's estimate of transient parker demand over the next few years, the new lot will generate sufficient returns to support the contract purchase price for the Subject Property which includes the acquisition of 2204 and 2212 Eglinton Avenue West and the construction costs required to build the surface parking lot on the combined lands which totals $2.74 million. Net operating income at the new 25 space surface parking facility is forecast to stabilize by Year 3 at approximately $27,400 per annum (inclusive of property taxes). With total property acquisition (601 Caledonia Road and 2204 / 2212 Eglinton Avenue West) and carpark development costs amounting to $2.74 million, the resulting Internal Rate of Return (IRR) based on a 20-year cash flow is 5.17%.

The forecast growth rate in net parking income is largely attributable to: (i) improved visibility and access to the new carpark from Caledonia Road, and (ii) area wide regeneration. Net operating income however, may fluctuate considerably based on the timing for the area's transformation.

The TPA supports the acquisition of the Subject Property because it provides a significant presence for TPA in this growth neighbourhood and offers an excellent opportunity to participate in any redevelopment potential.

Conclusions:

It is recommended that the Board of Directors of the Toronto Parking Authority (the "TPA") authorize:

1. The purchase of 601 Caledonia Road West from Thai Van Nguyen and Thi Thuy Lan Le (the "Vendor") for a purchase price of $600,000; and
2. Approve the additional expenditure of no more than $360,000 for any associated costs such as land transfer tax, appraisal fees, environmental studies, legal fees, demolition, commission fee and construction costs;

   for a total cost of $960,000.

List of Attachments:

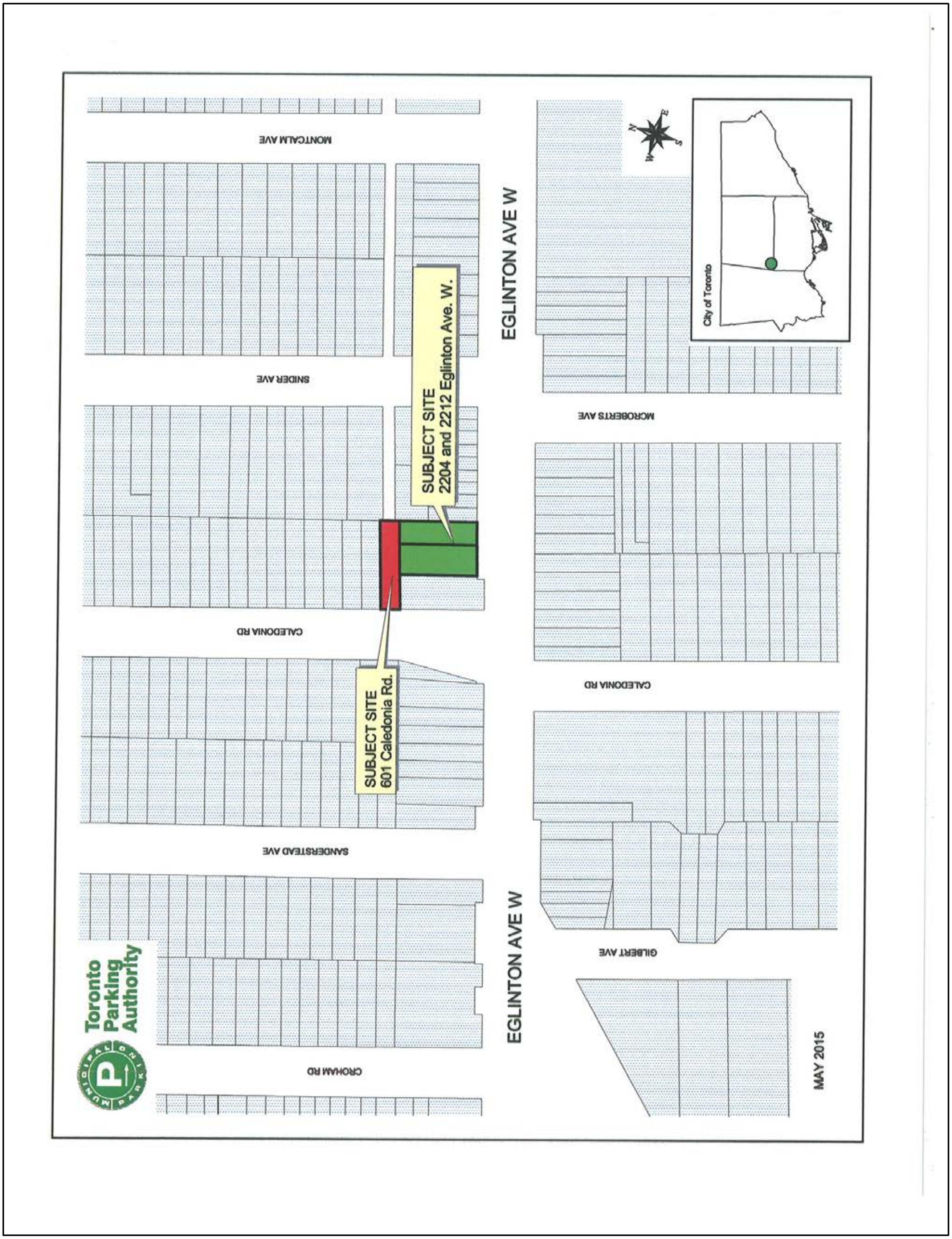
Site Location Map

Appendix 'A' Photos of Subject Property

Appendix 'B' Location of Eglinton LRT Caledonia Station

Appendix 'C' Eglinton Connects Planning Study Zoning Amendments

Appendix 'D' Proposed Carpark Development Plan


MONTCALM AVE
SNIDER AVE
EGLINTON AVE W
SUBJECT SITE
2204 and 2212 Eglinton Ave. W.
MCROBERTS AVE
CALEDONIA RD
CALEDONIA RD
SUBJECT SITE
601 Caledonia Rd.
SANDERSTEAD AVE
EGLINTON AVE W
GILBERT AVE
CROHAM RD
City of Toronto
Toronto Parking Authority
MAY 2015

Appendix 'A'
Photos of Subject Property

601 Caledonia Road, Toronto

View North – Caledonia Road

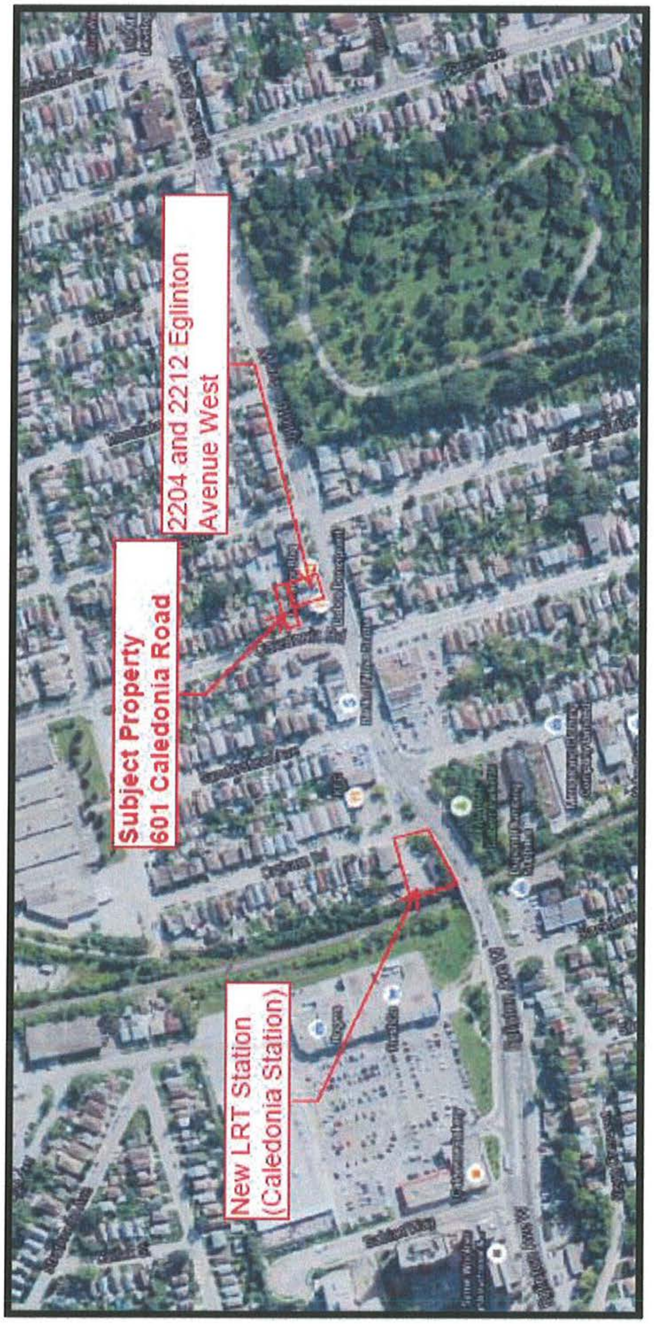
View South – Caledonia Road

View East – Eglinton Avenue West

View West – Eglinton Avenue West

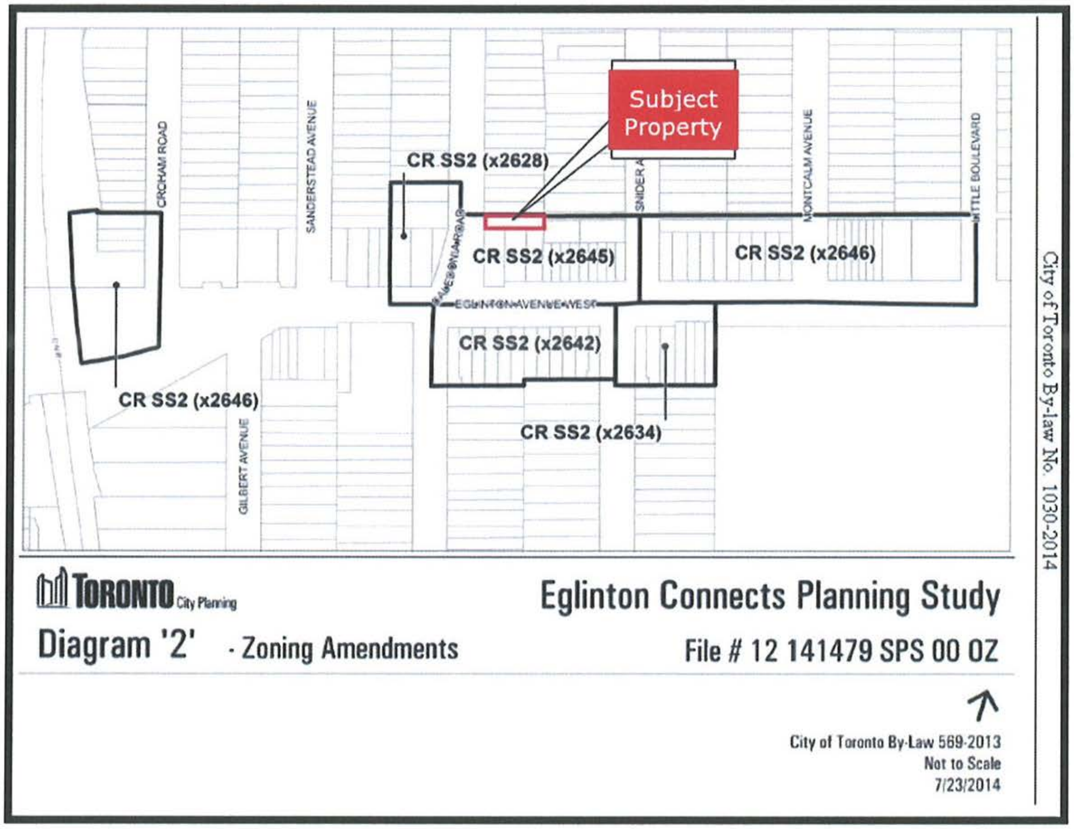
Appendix 'B'

Location of Eglinton LRT Caledonia Station



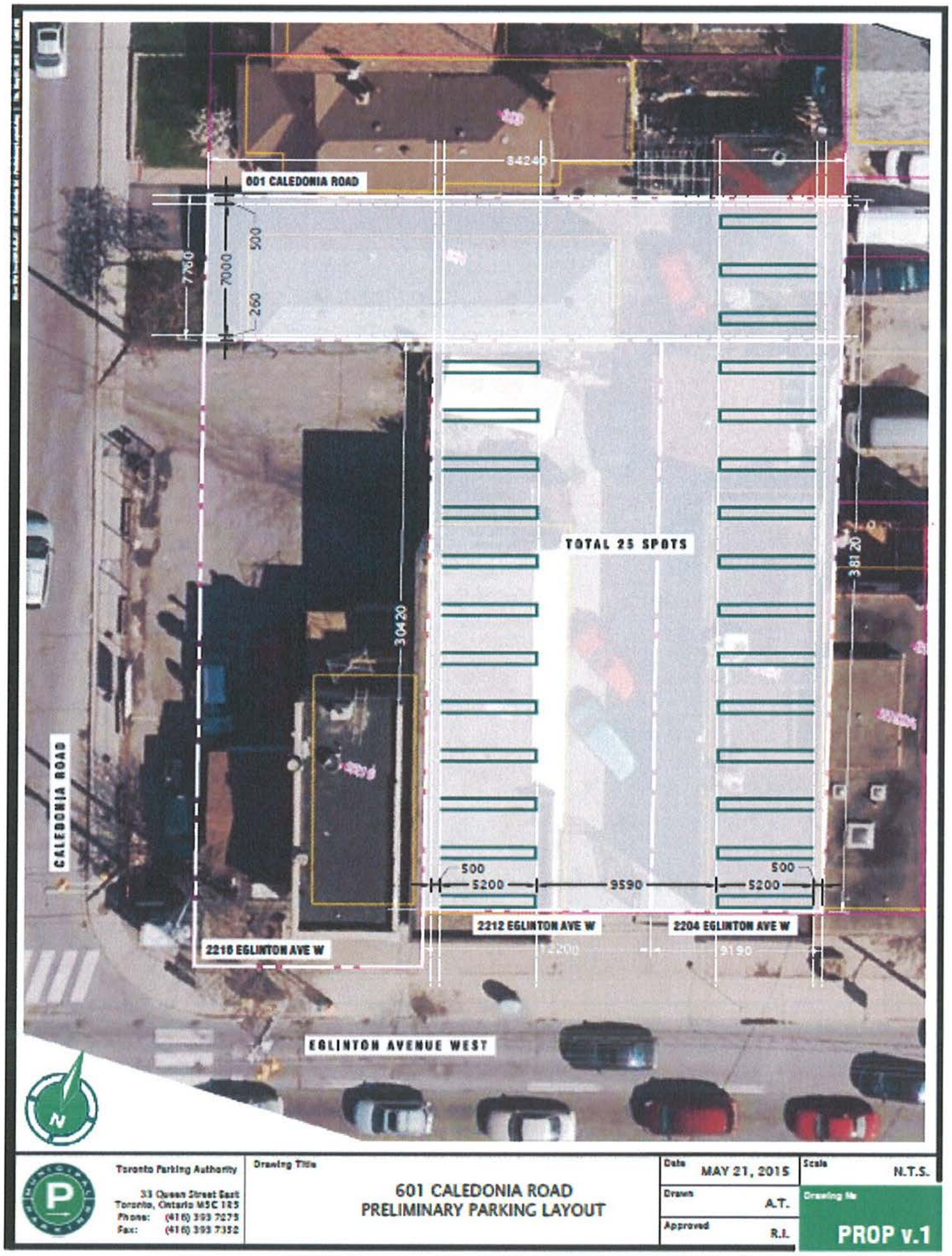
Appendix 'C'

Eglinton Connects Planning Study Zoning Amendments



Appendix 'D'

Proposed Carpark Development Plan



APPENDIX C

DELEGATED APPROVAL, 2204 AND 2212 EGLINTON AVENUE WEST DATED FEBRUARY 6, 2014

TORONTO

DELEGATED APPROVAL FORM
CHIEF CORPORATE OFFICER
DIRECTOR OF REAL ESTATE SERVICES

TRACKING NO.: 2013-___

[X] Approved pursuant to the Delegated Authority contained in Executive Committee Item EX43.7 entitled "Delegation of Authority in Certain Real Estate Matters" adopted by City Council on May 11 and 12, 2010. City Council confirmatory By-law No. 532-2010, enacted on May 12, 2010.

[ ] Approved pursuant to the Delegated Authority contained in Executive Committee Item EX33.44 entitled "Union Station Revitalization Implementation and Head Lessee Selection" adopted by City Council on August 5 and 6, 2009. City Council confirmatory By-law No. 749-2009, enacted on August 6, 2009.

Prepared By:	Marie Casista / Bruno Iozzo	Division:	Toronto Parking Authority / Real Estate Services
Date Prepared:	December 13, 2013	Phone No.:	(416) 393-7295 / (416) 392-8151

Purpose

To obtain authority to acquire two separate but adjacent commercial properties known municipally as 2204 and 2212 Eglinton Avenue West (Ward 15 – Eglinton-Lawrence). The acquisition will result in a Carpark which will provide approximately 22 surface parking spaces to service the short term public parking needs of the York-Eglinton neighbourhood.

Property

Legally described as Part of Lot 1, Plan 1700 Township of York as in TB869125, having a municipal address of 2204 Eglinton Avenue West and Part of Lots 1 and 2, Plan 1700 Township of York as in CA621586, having a municipal address of 2212 Eglinton Avenue West with both properties located in the City of Toronto. The properties have a combined frontage of approximately 70 feet along Eglinton Avenue West and a depth of approximately 100 feet more or less (refer to *Appendix 'A' – Site Location Map* and *Property Survey).*

Actions

1. Authority be granted for the acquisition by the City of the properties municipally known as 2204 and 2212 Eglinton Avenue West (the "Properties"), pursuant to two separate Purchase and Sale Agreements ("APS") between the Toronto Parking Authority ("TPA") as purchaser, and Michelina Cutrone and C.G.F.M. Investments Inc. respectively, as Vendors on substantially those terms as are provided herein under the heading "Terms"
2. The City Solicitor be authorized to complete the transaction(s) on behalf of the City and the TPA, including paying any necessary expenses, amending the closing, due diligence and other dates, and amending and waiving terms and conditions, on such terms and conditions as she considers reasonable
3. In accordance with the delegated authority cited herein, the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

No funds were provided in the 2013 Capital Budget for this proposed acquisition opportunity. Since the acquisition of the Properties is expected to close in March 2014, funds will be transferred from another project in the capital budget that will not be undertaken in 2014. The TPA will pay a total of $1,400,000 for the acquisition of the Properties plus an additional $48,000 estimated for all associated costs such as land transfer tax, appraisal fees, survey, environmental studies and legal fees. Both purchase transactions are expected to close on the same day, April 4, 2014. The purchase of the Property will be funded through TPA revenues. Estimated development costs for the new 22 space surface parking facility anticipated to be constructed in 2015 is approximately $326,700 including contingencies. These costs are currently not included in the 2013 Capital Budget and 2014-2022 Capital Plan. The schedule, required funding and any associated operating impacts for this property will be reflected in the TPA's 2014-2023 Capital Budget and Plan Submission.

An independent appraisal was obtained which estimated the market value of the Property to be $1.84 million.

The Deputy City Manager and Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.

Comments

Continued on Page 4

Terms

2204 Eglinton Avenue West

Vendor's Name: Michelina Cutrone
Purchase Price: $600,000

2212 Eglinton Avenue West

Vendor's Name: C.G.F.M. Investments Inc.
Purchase Price: $800,000

Both Properties:

Due Diligence Date: December 20, 2013 (and requisitions)
Closing Date: April 4, 2014

Property Details

Ward:	15 – Eglinton - Lawrence
Assessment Roll No.:	1914-04-3-230-04300 (2204 Eglinton Ave) and 1914-04-3-230-04400 (2212 Eglinton Ave)
Approximate Size:	Combined Properties: 21.34 m x 30.48 m ± (70.00 ft x 100.00 ft ±)
Approximate Area:	Combined Properties: 650.32 m² ± (7,000.00 ft² ±)
Other Information:	Proposed Carpark providing a total of approx. 22 surface parking spaces.

Updated on June 10, 2010

A.	Director of Real Estate Services has approval authority for:	Chief Corporate Officer has approval authority for:
1. Acquisitions:	[ ] Where total compensation does not exceed $1 Million.	[X] Where total compensation does not exceed $3 Million.
2. Expropriations:	[ ] Statutory offers, agreements and settlements where total compensation does not cumulatively exceed $1 Million.	[ ] Statutory offers, agreements and settlements where total compensation does not cumulatively exceed $3 Million.
3. Issuance of RFPs/REOIs:	**Delegated to a more senior position.**	[ ] Issuance of RFPs/REOIs.
4. Permanent Highway Closures:	**Delegated to a more senior position.**	[ ] Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.
5. Transfer of Operational Management to ABCDs:	**Delegated to a more senior position.**	[ ] Transfer of Operational Management to ABCDs.
6. Limiting Distance Agreements:	[ ] Where total compensation does not exceed $1 Million.	[ ] Where total compensation does not exceed $3 Million.
7. Disposals (including Leases of 21 years or more):	[ ] Where total compensation does not exceed $1 Million.	[ ] Where total compensation does not exceed $3 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	**Delegated to a more senior position.**	[ ] Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.
9. Leases/Licences (City as Landlord/Licensor):	[ ] **(a)** Where total compensation (including options/ renewals) does not exceed $1 Million; [ ] **(b)** Where compensation is less than market value, for periods not exceeding three (3) months, including licences for environmental assessments and/or testing, etc.	[ ] **(a)** Where total compensation (including options/ renewals) does not exceed $3 Million; [ ] **(b)** Where compensation is less than market value, for periods not exceeding six (6) months, including licences for environmental assessments and/or testing, etc.
10. Leases/Licences (City as Tenant/Licensee):	[ ] Where total compensation (including options/ renewals) does not exceed $1 Million.	[ ] Where total compensation (including options/ renewals) does not exceed $3 Million.
11. Easements (City as Grantor):	[ ] **(a)** Where total compensation does not exceed $1 Million. [ ] **(b)** When closing road, easements to pre-existing utilities for nominal consideration.	[ ] Where total compensation does not exceed $3 Million. **Delegated to a less senior position.**
12. Easements (City as Grantee):	[ ] Where total compensation does not exceed $1 Million.	[ ] Where total compensation does not exceed $3 Million.
13. Revisions to Council Decisions in Real Estate Matters:	[ ] Amendment must not be materially inconsistent with original decision (and may include increase not to exceed the amount of the original decision by the lesser of 10 per cent and $500,000).	[ ] Amendment must not be materially inconsistent with original decision (and may include increase not to exceed the amount of the original decision by the lesser of 10 per cent and $1 Million).
14. Miscellaneous:	[ ] **(a)** Approvals, Consents, Notices and Assignments under all Leases/Licences; [ ] **(b)** Releases/Discharges; [ ] **(c)** Surrenders/Abandonments; [ ] **(d)** Enforcements/Terminations; [ ] **(e)** Consents/Non-Disturbance Agreements/ Acknowledgements/Estoppels/Certificates; [ ] **(f)** Objections/Waivers/Cautions; [ ] **(g)** Notices of Lease and Sublease; [ ] **(h)** Consent to regulatory applications by City, as owner; [ ] **(i)** Consent to assignment of Agreement of Purchase/Sale; Direction re Title; [ ] **(j)** Documentation relating to Land Titles applications; [ ] **(k)** Correcting/Quit Claim Transfer/Deeds.	[ ] **(a)** Approvals, Consents, Notices and Assignments under all Leases/Licences; [ ] **(b)** Releases/Discharges; [ ] **(c)** Surrenders/Abandonments; [ ] **(d)** Enforcements/Terminations; [ ] **(e)** Consents/Non-Disturbance Agreements/ Acknowledgements/Estoppels/Certificates; [ ] **(f)** Objections/Waivers/Cautions; [ ] **(g)** Notices of Lease and Sublease; [ ] **(h)** Consent to regulatory applications by City, as owner; [ ] **(i)** Consent to assignment of Agreement of Purchase/Sale; Direction re Title; [ ] **(j)** Documentation relating to Land Titles applications; [ ] **(k)** Correcting/Quit Claim Transfer/Deeds.

B. Chief Corporate Officer and Director of Real Estate Services each has signing authority on behalf of the City for:

- [ ] 1. Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.
- [ ] 2. Expropriation Applications and Notices following Council approval of expropriation.
- [X] 3. Documents required to implement the delegated approval exercised by him.

Chief Corporate Officer also has approval authority for:

- [ ] Leases/licences/permits at Union Station during the Revitalization Period, if the rent/fee is at market value.

Consultation with Councillor(s)				
Councillor:	Josh Colle	Councillor:	
Contact Name:		Contact Name:	
Contacted by:	Phone [X] E-Mail Memo [X] Other	Contacted by:	Phone E-mail Memo Other
Comments:	Supports the proposed property acquisition	Comments:	

Consultation with ABCDs			
Division:		Division:	**Financial Planning**
Contact Name:		Contact Name:	Maria Djergovic
Comments:		Comments:	Comments have been incorporated

Legal Division Contact	
Contact Name:	**Michele Desimone**

DAF Tracking No.: 2013 -____		Date	Signature
Recommended by:	President - Toronto Parking Authority Lorne Persiko Manager A&E		
[X] Recommended by: [ ] Approved by:	Director of Real Estate Services Joe Casali		X
[X] Approved by:	Chief Corporate Officer Josie Scioli		X

General Conditions ("GC")

(a) The local Councillor (or local Councillors if the Properties is located on a ward boundary or if the transaction involves an exchange of properties in more than one ward), will be consulted prior to the exercise of delegated Approving Authority by staff for all Acquisitions, Disposals, Land Exchanges and Leases.

(b) Where approving power has been delegated to staff, the Chief Corporate Officer, in consultation with the applicable Deputy City Manager or the City Manager, may determine that such matter is of such special interest that same should be returned to the relevant Committee and Council for consideration and determination.

(c) Exercise of delegated authority is subject to all applicable Council policies, statutes or other applicable law.

(d) Authority to approve financial commitments/expenditures is subject to all amounts being available in an approved budget [or funding is available from alternative sources].

(e) Property interests are to be based on appraised value, and no interest shall be granted at less than market value unless otherwise specifically authorized.

(f) Authority to approve transactions at less than market value is subject to statutory anti-bonusing provisions.

(g) Total compensation means the aggregate of all types of payments, including land value, estimated clean-up costs, potential arbitration awards, loss claims, etc, but exclusive of any applicable taxes and registration costs.

(h) Authority to acquire property is conditional upon provision being made to bring the property into compliance with applicable MOE or other requirements such that it will be fit for its intended municipal purpose.

(i) Authority to initiate the permanent road closure process in **A.4** is conditional upon confirmation by the GM of Transportation Services that it is feasible to permanently close the highway.

(j) Disposal authorities in **A.7** are subject to the property having been declared surplus, and the disposal policy complied with.

(k) Land exchanges, except for those in **A.8**, may be authorized based on the delegated Approving Authority for Disposals in **A.7**.

(l) Approving Authority with respect to land located in the Designated Waterfront Area is conditional upon the approval of the Director, Waterfront Secretariat.

(m) Authority to approve an exchange of land in **A.8** is conditional upon confirmation by the Chief Planner and Executive Director, and the GM of Parks, Forestry & Recreation, that the land being exchanged is (i) nearby land of equivalent or larger area, and (ii) of comparable or superior green space utility.

(n) Approving Authority in leasing matters (**A.9 and A.10**) is limited to periods (including options/renewals) of less than twenty-one (21) years.

(o) Total compensation in leasing matters where the City is landlord (**A.9**) includes the value of tenant improvements if factored into tenant's rental payments.

(p) Total compensation in leasing matters where the City is the tenant (**A.10**) includes the value of any tenant improvements to be paid by the City.

(q) Where options/renewals are included in leases, if the renewal rent is to be determined at a date later than the original approval date, total compensation is to be calculated as though all options are exercised, estimating the renewal rent based on the highest rent payable in the first term of the lease.

(r) Total compensation in leasing matters where the City is landlord (**A.9**) or tenant (**A.10**) is to be calculated from the date of approval pursuant to this delegation (ie. first allowing for the expiry of any prior approvals, whether by Council or a delegated authority).

(s) Approving Authority in leasing matters includes authority to approve renewals/extensions within the parameters of the delegated Approving Authority.

(t) Approving Authority includes authority for amendments within the parameters of the delegated Approving Authority, the cumulative total of which may not exceed the delegated financial limit.

(u) Where proposed additional amounts in **A.13** exceed 10 per cent of the original decision, even if otherwise in compliance with all other conditions, then approving authority is transferred upwards to the next more senior level of approving authority having the relevant overall financial limit.

(v) Approving Authority includes authority for all documents necessary to implement the authority, on terms and conditions satisfactory to the Approving Authority, in consultation with the relevant operating Division(s).

(w) Staff positions referred to in this delegation include successors from time to time.

(x) Documents are to be in a form satisfactory to the City Solicitor (including indemnity and insurance provisions).

(y) Delegated signing authorities in **B** are conditional upon the documents having received the City Solicitor's prior "Approval as to Form".

(z) This delegation does not affect sales, acquisitions and leases over which the Affordable Housing Committee has responsibility.

(aa) Authority to use land acquired by the City for parking purposes by the Toronto Parking Authority is conditional upon Council enacting a by-law designating such use.

Continued from Page 1

Comments

Due to the construction of the Eglinton Light Rapid Transit ("Eglinton LRT") line, the TPA is actively pursuing new acquisition opportunities to help off-set any anticipated losses of on-street parking spaces along Eglinton Avenue over the next 5 years. TPA staff is also looking for suitable sites that would accommodate the longer term demand for public parking in the area. The purchase of these two properties will assist in satisfying some of these requirements.

A Broker representing the TPA approached each of the two owners of the Properties and TPA staff negotiated separate APS of $600,000 for 2204 Eglinton Avenue West and $900,000 (now reduced to $800,000) for 2212 Eglinton Avenue West with both APS accepted on August 26, 2013.

Decision History

At its meeting of October 23, 2013, the TPA Board approved the terms and conditions of the two APS between the TPA and the two Vendors (*Minute No.: 13-152*). Both agreements contain conditions in favour of the TPA and each of the Vendors which the parties are working to satisfy, one of which is obtaining City approval of the transaction. A summary of the terms and conditions of each of the APS are detailed under *Terms* in this form.

Site Location and Particulars

Positioned on the north side of Eglinton Avenue West, a major two-way arterial roadway, the Properties are located close to the intersection of Caledonia Road, a short distance west of Dufferin Street within the York-Eglinton neighbourhood (refer to *Appendix "A" - Site Location Map*). The Properties benefit from good access to the Allen Road Expressway to the east and public transit with bus service available along Eglinton Avenue as well as the proposed Eglinton LRT Caledonia Station (see attached *Appendix 'C' – Aerial Image).*

Although the immediate area surrounding the Properties is largely comprised of residential uses to the north and on the south side of Eglinton Avenue, larger commercial and industrial uses are found at both the intersection of Caledonia Road and further to the north. A number of properties similar to that of the Properties offering a mix of commercial retail uses and fronting the north side of Eglinton Avenue are considered to be aging and provide high future redevelopment potential.

The Properties have a combined frontage of approximately 70 feet along Eglinton Avenue West and a depth of approximately 100 feet. 2204 Eglinton Avenue West is improved as a 2-storey mixed use commercial property with a ministry as a tenant (Believer's Life In Christ Ministry) occupying the ground floor and residential uses on the second floor. 2212 Eglinton Avenue West is improved as a 2-storey mixed use commercial property with a salon (E&E Beauty Supplies & Salon) occupying the ground floor and residential uses on the second floor (see attached *Appendix 'B' - Photos of Properties*). Ancillary surface parking is available between the two properties with vehicular access off Eglinton Avenue. Both properties will be delivered vacant at closing.

Following the successful acquisition of the Properties, the TPA may pursue the assembly of additional lands with particular emphasis on the possibility of acquiring the single mixed use commercial property located immediately adjacent and to the west of the Properties on the north-east corner of Eglinton Avenue West and Caledonia Road (2214 Eglinton Avenue West). The combined lands with a frontage along Eglinton Avenue West of approximately 110 feet coupled with corner exposure will create a land parcel of sufficient size to support future redevelopment.

Due Diligence Details

2204 Eglinton Ave W - A TPA offer price of $600,000 was accepted with a due diligence acceptance date of December 20, 2013 and a closing date of April 4, 2014. A deposit of $25,000 has been paid by certified cheque to the Vendor's Broker, in trust.

2212 Eglinton Ave W - A TPA offer price of $900,000 was accepted which was subsequently reduced to $800,000 due to the environmental condition of the lands (see comments below) with a due diligence acceptance date of December 20, 2013 and a closing date of April 4, 2014. A deposit of $25,000 has been paid by certified cheque to the Vendor's Broker, in trust.

An appraisal was completed identifying a current market value of $1.84 million for the Properties based on its highest and best use. Based on TPA's estimates of net operating income from transient parker demand over the next few years, the Properties will achieve a rate of return of 5% per annum over the next 20 years which supports the purchase price of $1.5 million for the acquisition of the Properties and the construction costs required to build the surface parking lot.

A Phase 1 and Phase 2 Environmental Site Assessment as well as a Geotechnical Investigation and Designated Substances Survey were completed for the Properties. Based on the findings, the groundwater conditions at the site meet the Ministry of the Environment requirements for the existing use at the site. Subsurface soil conditions at the site do not meet the Ministry of the Environment requirements for the existing use at the site. Results from a Phase Two Environmental Site Assessment (*Report No.: 3752-13-E-TPA-C)* completed by Toronto Inspection Limited ("TIL") and dated December 3, 2013 identified exceedances in Lead and Copper, as well as high pH values in samples of deleterious fill material analysed for Metals & Inorganics. TIL has recommended that the deleterious fill identified be removed prior to site redevelopment. The total remediation cost for both Properties has been estimated at approximately $100,000 and consequently it has been agreed that the purchase price of one of the Properties (2212 Eglinton Ave W) will be $800,000 rather than its original purchase price of $900,000.

Continued from Page 4

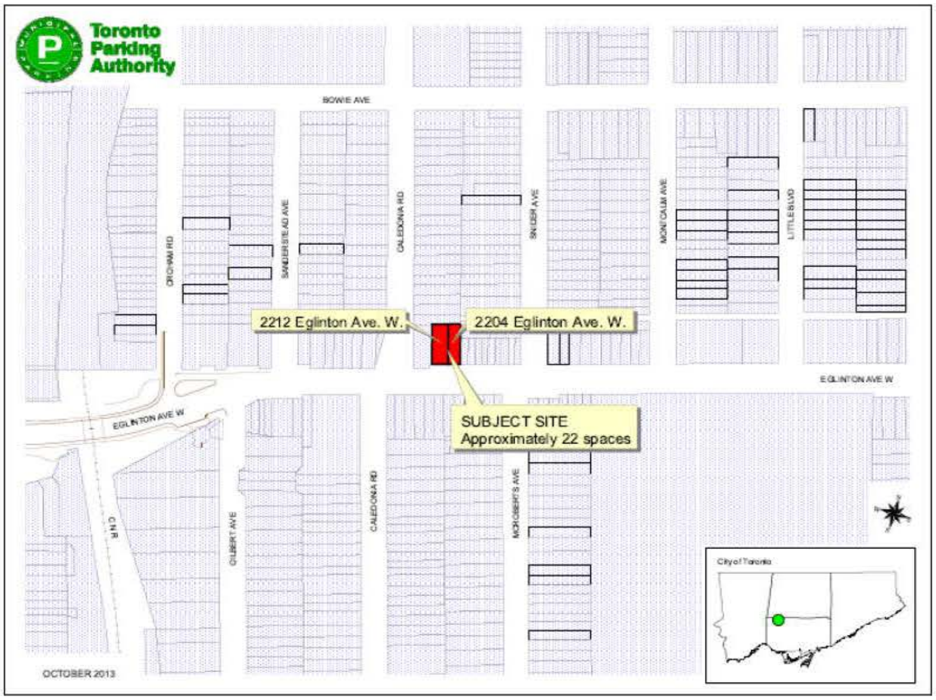
Benefits of Acquiring the Properties (2204 and 2212 Eglinton Avenue West)

The acquisition of the Properties provides a number of benefits that add value for the TPA, and therefore is of substantial benefit to the City and the TPA. Listed below are some of the key benefits of acquiring the Properties:

- Attractive purchase price at $1.5 million, which sum includes the cost of environmental remediation;
- Good potential for growth in the area and the densification of the sub-market along Eglinton Avenue West;
- Proximity to the proposed new Eglinton Crosstown LRT Caledonia Station;
- Mitigates anticipated losses of on-street parking associated with the Eglinton Crosstown LRT project:
- Reasonable expectations that the demand for transient parking will continue to increase within the vicinity;
- Excellent longer-term redevelopment potential, particularly if neighbouring property to the west is secured; and
- Provides a significant presence for TPA in this growth neighbourhood.

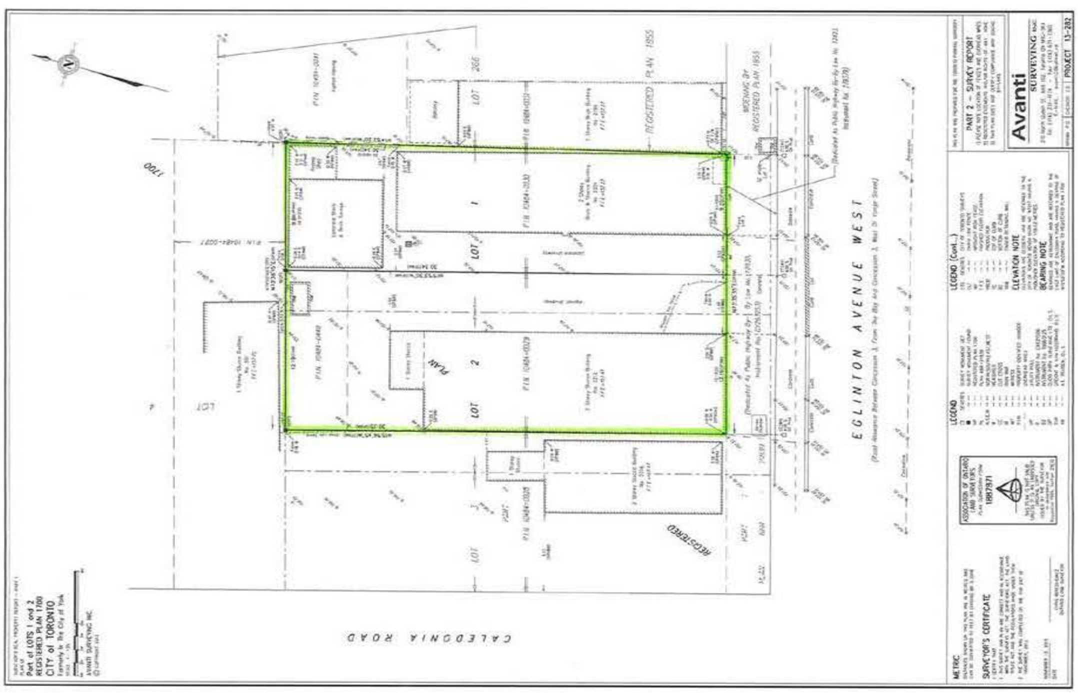
Appendix 'A'

Site Location Map

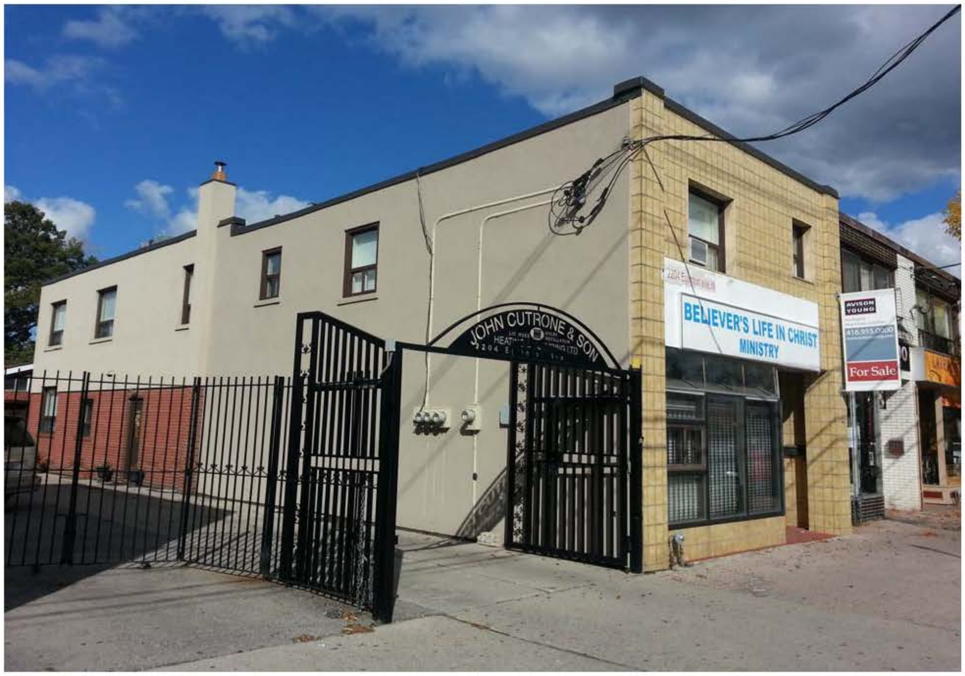


Property Survey

2204 and 2212 Eglinton Avenue West



Appendix 'B'



2204 Eglinton Avenue West

2212 Eglinton Avenue West

Appendix 'C'

Aerial Image

Location of Properties and proposed Eglinton LRT Caledonia Station

APPENDIX D

IN-CAMERA BOARD MEMORANDUM DATED OCTOBER 16, 2013 - MINUTE NUMBER 13-152 (AUTHORIZED FOR PUBLIC RELEASE BY THE ACTING PRESIDENT, TORONTO PARKING AUTHORITY ON OCTOBER 20, 2020)

5.4

BOARD MEMORANDUM

IN-CAMERA

TO:	Lorne Persiko	FILE NO:	1548-00
FROM:	Marie Casista / Greg Blyskosz	DATE:	October 16, 2013
SUBJECT:	**PROPERTY ACQUISITION** **2204 and 2212 Eglinton Avenue West, Toronto** **WARD 15 Eglinton-Lawrence**		

MEETING	MINUTE
October 23/2013	13-152
Approved.	

MEETING DATE: **Wednesday, October 23, 2013**

RECOMMENDATION:

It is recommended that the Board of Directors of the Toronto Parking Authority (the "TPA") authorize:

1. **The purchase of 2204 Eglinton Avenue West from Michelina Cutrone for a purchase price of $600,000;**
2. **The purchase of 2212 Eglinton Avenue West from C.G.F.M. Investments Inc. for a purchase price of $900,000; and**
3. **Approve the additional expenditure of no more than $375,000 for any associated costs such as land transfer tax, appraisal fees, environmental studies, legal fees, demolition, and construction costs;**

for a total cost of $1,875,000.

Purpose:

The purpose of this report is to obtain TPA Board approval to purchase a two separate but adjacent commercial properties located at 2204 and 2212 Eglinton Avenue West (the "Subject Property") in order to provide municipal parking within the York-Eglinton BIA neighbourhood (see attached *Site Location Map*). This acquisition will provide approximately 22 surface parking spaces which will help to accommodate the current as well as future demand for public parking in the immediate area.

Financial Implications and Impact Statement:

No funds were provided in the 2013 Capital Budget for this proposed acquisition opportunity. Since the acquisition of the Subject Property is expected to close in March 2014, funds will be transferred from another project in the capital budget that will not be undertaken in 2014. The purchase of the Subject Property will be funded through TPA revenues. The operating and maintenance costs associated with this new parking facility will not affect the 2013 Operating Budget.

Background:

Due to the construction of the Eglinton Light Rapid Transit ("Eglinton LRT") line, the TPA is actively pursuing new acquisition opportunities to help off-set any anticipated losses of on-street parking spaces along Eglinton Avenue over the next 5 years. TPA staff is also looking for suitable sites that would accommodate the longer term demand for public parking in the area. The purchase of the Subject Property will assist in satisfying these requirements. The TPA submitted separate offers to purchase 2204 Eglinton Avenue West and 2212 Eglinton Avenue West and both were accepted on August 26, 2013.

Comments:

Site Location and Particulars

Positioned on the north side of Eglinton Avenue West, a major two-way arterial roadway, the Subject Property is located close to the intersection of Caledonia Road, a short distance west of Dufferin Street within the York-Eglinton neighbourhood (see attached *Site Location Map*). The Subject Property benefits from good access to the Allen Road Expressway to the east and public transit with bus service available along Eglinton Avenue.

Although the immediate area surrounding the Subject Property is largely comprised of residential uses to the north and on the south side of Eglinton Avenue, larger commercial and industrial uses are found at both the intersection of Caledonia Road and further to the north. A number of properties similar to that of the Subject Property offering a mix of commercial retail uses and fronting the north side of Eglinton Avenue are considered to be aging and provide high future redevelopment potential.

The Subject Property has a combined frontage of approximately 70 feet along Eglinton Avenue West and a depth of approximately 100 feet. 2204 Eglinton Avenue West is improved as a 2-storey mixed use commercial property with a ministry (Believer's Life In Christ Ministry) occupying the ground floor and residential uses on the second floor. 2212 Eglinton Avenue West is improved as a 2-storey mixed use commercial property with a salon (E&E Beauty Supplies & Salon) occupying the ground floor and residential uses on the second floor (see attached *Appendix 'A' - Photos of Subject Property*). Ancillary surface parking is available between the two properties with vehicular access off Eglinton Avenue. Both properties will be delivered vacant at closing.

Potential for Re-Development

During TPA staff discussions with the local area Councillor, the Councillor has indicated that there are a number of developers interested in redevelopment in the immediate area. Furthermore, it is expected that the area will undergo a transformation in the next several years as a result of the new Eglinton LRT line and more particularly the proximity to the proposed station located two blocks to the west at Croham Road (see attached *Aerial Image – Location of Subject Property and Eglinton LRT Caledonia Station*). Based on the Subject Property's proximity to the Eglinton LRT station and the Allen Road Expressway, the Subject Property lies within a good area for future mixed-use residential and commercial development.

It is intended that the immediate use for the Subject Property is a surface parking facility capable of accommodating approximately 22 surface spaces to be operated as a 'Pay and Display' type of operation (see attached *Proposed Carpark Development Plan – 2204 and 2212 Eglinton Avenue West*).

Following the successful acquisition of the Subject Property, the TPA may pursue the assembly of additional lands with particular emphasis on the possibility of acquiring a similar mixed use commercial property located immediately adjacent and to the west of the Subject Property on the north-east corner of Eglinton Avenue West and Caledonia Road (2214 Eglinton Avenue West). The combined lands with a frontage along Eglinton Avenue West of approximately 110 feet coupled with corner exposure will create a land parcel of sufficient size to support future redevelopment.

Parking Supply and Demand

This acquisition will help to offset the anticipated loss of on-street parking spaces as a result of the Eglinton LRT line. Overall, this lot is expected to experience modest usage levels during the week with somewhat stronger levels of usage and turnover on weekend days, particularly in the summer months. We are anticipating that within the next few years, the existing neighbourhood will begin to transition in a similar manner as the sub-market located to the east of the Subject Property, between the Allen Road Expressway and Avenue Road. Given that the existing neighbourhood is just starting to transform, it is expected that both residential and commercial activity and by extension thereof parking usage will continue to intensify over the medium term.

Due Diligence Process

TPA staff is in the process of completing the requisite due diligence review related to the acquisition of the Subject Property. Final acquisition approval remains subject to delegated City Council approval. As part of the due diligence process, TPA staff has completed or is in the process of completing the following:

1. **Environmental Assessment** – An environmental engineering consultant to be retained to report on site condition and environmental assessment of the Subject Property including Phase I ESA, Phase II ESA, Designated Substances Survey, and geotechnical analysis. Discussions with the consultant indicate that a complete analysis and report of findings will be available in November 2013.

2. **Subject Property Appraisal –** A value consultant / appraiser to be retained to determine the current market value of the Subject Property based on its highest and best use. The consultant is expected to provide a current market value for the Subject Property which supports the acquisition price in November 2013.

3. **Property Survey** – A land surveyor will complete an up to date boundary and topographical survey of the Subject Property.

4. **Local Councillor** – TPA staff met with the local area Councillor, Josh Colle on September 26, 2013 who is supportive of the Subject Property acquisition, the demolition of existing structures and its use as a 22 space surface parking lot.

Summary of the Purchase and Sale Agreement – 2204 and 2212 Eglinton Avenue West

Summarized below are the basic terms and conditions of the Purchase and Sale Agreement (the "PSA") for each of the properties:

Vendor	Michelina Cutrone (*2204 Eglinton Ave W*)
	C.G.F.M. Investments Inc. (*2212 Eglinton Ave W*)
Purchaser	Toronto Parking Authority
Purchase Price	$1,500,000 (*$600,000 – 2204 Eglinton Ave W; $900,000 – 2212 Eglinton Ave W*)
Purchaser's Condition	Both properties are to be purchased together. The PSA remains conditional until the Purchaser obtains approval of the PSA by the Purchaser's Board of Directors and the Council of the City of Toronto or by any delegated authority
Due Diligence Acceptance Date	November 27, 2013
Closing Date	March 5, 2014

Financial Analysis

The table on the following page summarizes the total acquisition cost for 2204 and 2212 Eglinton Avenue West and the estimated costs to develop a 22 space surface parking facility. Based on

TPA's estimate of transient parker demand over the next few years, the Subject Property will generate sufficient returns to support the contract purchase price of $1.5 million and the construction costs required to build the surface parking lot. Although an appraisal remains to be completed to confirm a current market value of $1.5 million based on its highest and best use, preliminary discussions indicate that the value may be higher.

SUBJECT PROPERTY		**COST**
Purchase Price – 2204 and 2212 Eglinton Avenue West	$1,500,000	
Estimated additional associated costs *(i.e. land transfer tax, appraisal fees, survey, environmental studies, legal fees, etc.)*	$48,000	
Total Subject Property Acquisition Costs		*$1,548,000*
Estimated Carpark Development Costs *(22 spaces @ $13,500/space)*	$297,000	
Development Contingency Cost *(10% of Est. Development Costs)*	$29,700	
Total Carpark Development (Upset Limit)		*$326,700*
Total Subject Property Acquisition and Carpark Development Cost		***$1,874,700***

Based on current demand, the new 22 space surface parking facility is estimated to generate a modest net operating income of approximately $10,400 per annum which improves by Year 4 to approximately $24,500 per annum (excluding property taxes which flow directly to the City) resulting in an IRR of 5%. Although this high growth rate in net parking income is largely attributable to area wide regeneration, net operating income may fluctuate considerably based on the timing for the area's transformation.

Given the potential for growth in the area and densification of the sub-market along Eglinton Avenue West, it is reasonable to assume that the demand for transient parking will increase to support TPA's revenue projections. Moreover, it seems reasonable to assume that the Subject Property has longer-term development potential, particularly if we can secure the adjacent property to the west. However, it is difficult to determine the timing for the area's transformation and a significant delay in its growth could negatively impact the returns for the Subject Property. Notwithstanding this risk, TPA supports the acquisition of the Subject Property at a purchase price not to exceed $1.5 million because it provides a significant presence for TPA in this growth neighbourhood and offers an excellent opportunity to participate in any redevelopment potential.

Conclusions:

It is recommended that the Board of Directors of the Toronto Parking Authority (the "TPA") authorize:

1. The purchase of 2204 Eglinton Avenue West from Michelina Cutrone for a purchase price of $600,000;
2. The purchase of 2212 Eglinton Avenue West from C.G.F.M. Investments Inc. for a purchase price of $900,000; and
3. Approve the additional expenditure of no more than $375,000 for any associated costs such as land transfer tax, appraisal fees, environmental studies, legal fees, demolition, and construction costs;

   for a total cost of $1,875,000.

List of Attachments:

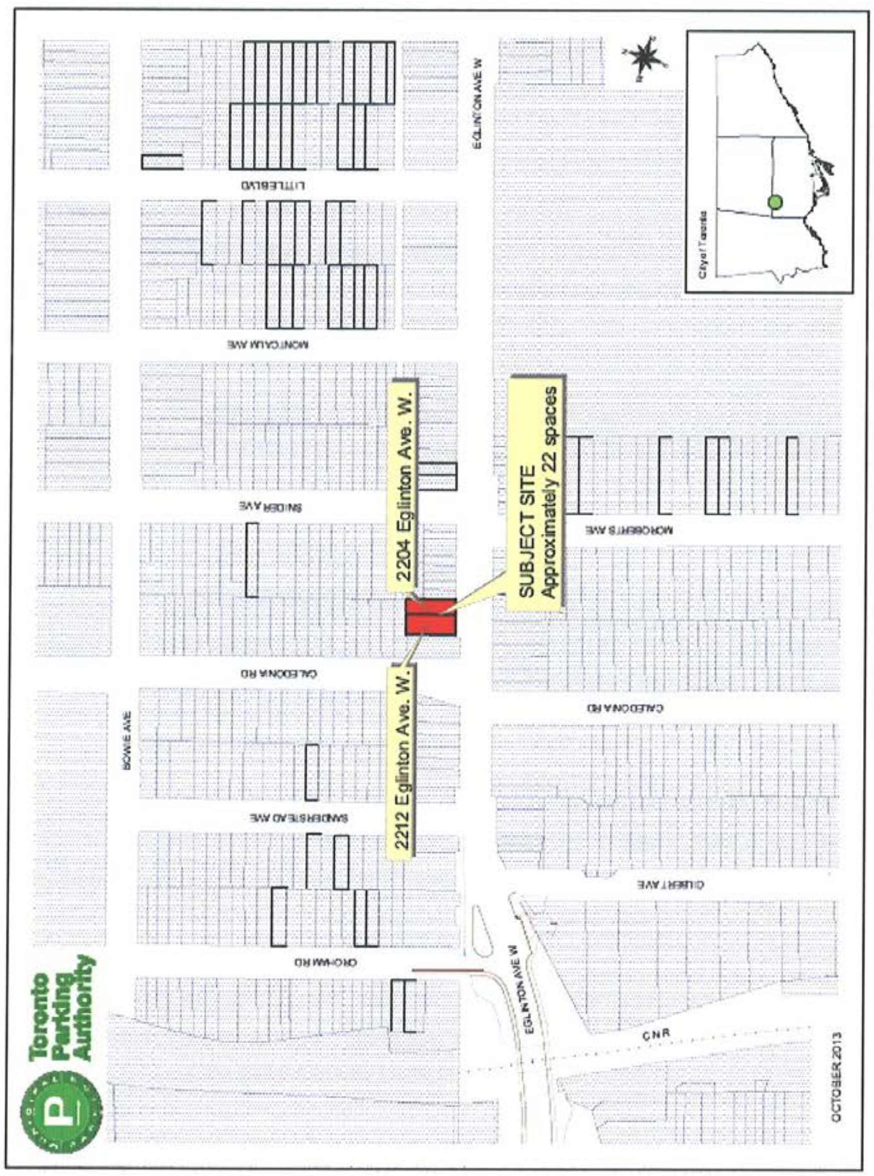
Site Location Map

Appendix 'A' - Photos of Subject Property

Aerial Image – Location of Subject Property and Eglinton LRT Caledonia Station

Proposed Carpark Development Plan – 2204 and 2212 Eglinton Avenue West

Site Location Map



Appendix 'A'

Photos of Subject Property

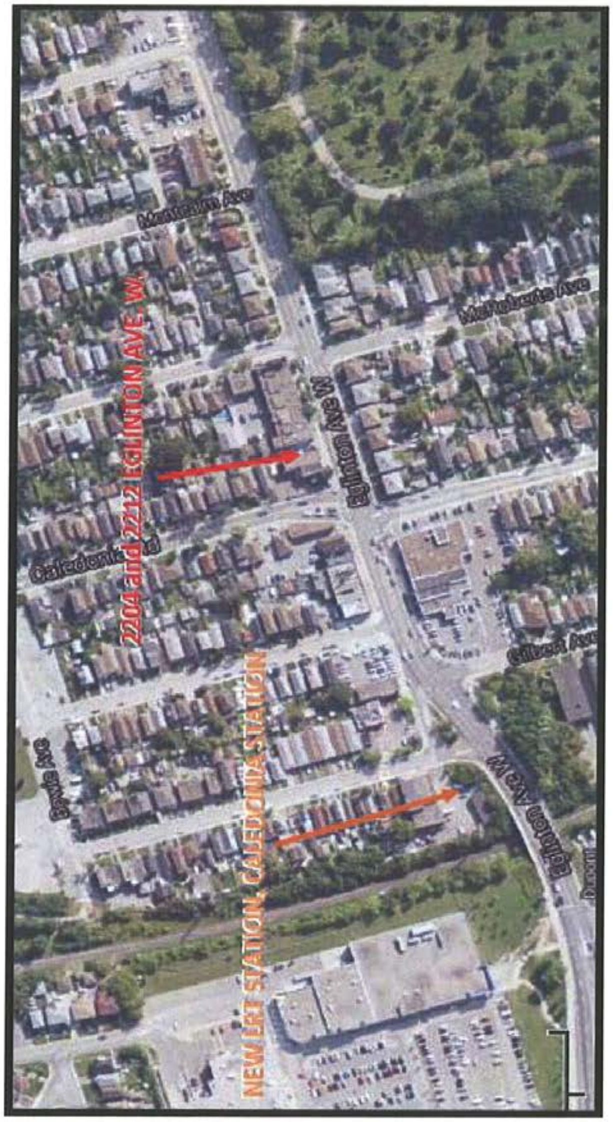
2204 Eglinton Avenue West

2212 Eglinton Avenue West

2204 and 2212 Eglinton Avenue West

Aerial Image

Location of Subject Property and Eglinton LRT Caledonia Station



Proposed Carpark Development Plan

2204 and 2212 Eglinton Avenue West