



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Acquisition of Parking at 105 Spadina Avenue (Car Park 212) and 363 Adelaide Street West (Car Park 227)

Date: October 20, 2020

To: Board of Directors, Toronto Parking Authority

From: Acting President, Toronto Parking Authority

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

CreateTO is negotiating major business terms of a property transaction with DevGreat Inc. (Developer, DevGreat) involving the City-owned property located at 105 Spadina Avenue and 363 Adelaide Street West, also known as Municipal Car Park 227 and Municipal Car Park 212 (Subject Properties), and the adjacent lands at 101 Spadina Avenue (Developer Lands) (collectively referred to as Development Lands, refer to Appendix A - Site Location Map).

The proposed transaction contemplates the disposition of all or portions of the Subject Properties to DevGreat, as the Developer of the Development Lands. The combined properties are proposed to be redeveloped by DevGreat into a mixed-use high-rise development and a 1,000 square metre stratified public park. Public and private parking will be constructed below-grade under both the proposed development site and the new public park.

On completion of the project, the City of Toronto (the City) will own a stratified 1,000 square metre rectangular public park at the corner of Spadina Avenue and Adelaide Street West and a minimum of 70 below-grade parking spaces to be constructed in accordance with Toronto Parking Authority (TPA) specifications and operated by TPA as a municipal parking facility.

The proposal for this redevelopment would result in remaining proceeds being available to the Housing Secretariat and CreateTO to acquire an estimated 25-30 new affordable housing units in the area, with specific focus on potential affordable housing opportunities at the City-owned properties, 35 Bellevue Avenue and 15 Denison Avenue, both of which are under the operational jurisdiction of TPA.

CreateTO has conducted prior analysis and due diligence, and considered a range of options for unlocking the value of City assets at 105 Spadina Avenue and 363 Adelaide Street West. Given the financial and city-building merits of the proposal (including additional public parking spaces and public parkland in areas of significant deficiency), it is recommended by staff that the current proposal best meets the City's interest.

The proposed transaction has been assessed in accordance with Corporate Real Estate Management's (CREM) due diligence procedures. The local Councillor and City Planning have been consulted through the process and are both supportive of the proposed transaction.

The Board of Directors of TPA is requested to receive the information contained in the body of this report (October 20, 2020), Confidential Attachment 1, and approve the submission of a joint report presented by CreateTO, CREM, TPA and Parks, Forestry and Recreation (PFR), to City Council on the property transaction including the major business terms and conditions set out in Appendix B - Summary of Major Business Terms.

RECOMMENDATIONS

The Acting President, Toronto Parking Authority recommends that:

1. The Board of Directors of Toronto Parking Authority authorize the public release of Confidential Attachment 1 following the closing of the sale of the Subject Properties to the Developer, or as otherwise determined by City Council;
2. The Board of Directors of Toronto Parking Authority authorize the submission of a joint report to City Council through the appropriate standing committee from the Acting President, Toronto Parking Authority and the Deputy City Manager, Corporate Services, together with or in consultation with CreateTO, Corporate Real Estate Management and Parks, Forestry and Recreation in respect of the Subject Properties including the major business terms and conditions set out in Appendix B - Summary of Major Business Terms pertaining to the parking being acquired by the City for TPAs operation, and on the financial terms set out in Confidential Attachment 1, together with such other terms and conditions deemed acceptable to the Acting President, Toronto Parking Authority and that City Council direct that the lands acquired for the underground public parking be designated by by-law for municipal parking purposes and managed by Toronto Parking Authority.

FINANCIAL IMPACT

The detailed financial terms of the proposed transaction are outlined in Confidential Attachment 1.

The sale of the Subject Properties will provide sufficient funds to provide the City with a new public park and the acquisition of no less than 70 underground parking spaces designed to TPA standards and specifications and applicable land transfer taxes and Harmonized Sales Tax in respect of the acquisitions. Proceeds from the transaction are expected to be available to contribute to future affordable housing opportunities that are currently being explored at 35 Bellevue Avenue and 15 Denison Avenue and to be directed to the Capital Revolving Reserve Fund for Affordable Housing with a commitment to do so.

DECISION HISTORY

At its meeting of July 23, 2020 (Item No. RA14.6), the Board of Directors of CreateTO authorized the Chief Executive Officer, CreateTO, in consultation with the Executive Director, Corporate Real Estate Management, the President, TPA and the General Manager, Parks, Forestry and Recreation to negotiate with DevGreat Inc. the acquisition of strata title to a minimum of 70 underground parking spaces located on a portion of the properties known legally as 101 Spadina Avenue, 105 Spadina Avenue and 363 Adelaide Street West, for the future use of the TPA, at a purchase price as outlined in a Confidential Attachment to the report (July 13, 2020) from the Chief Executive Officer, CreateTO. Additional information can be found here:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.RA14.6>

At its meeting of July 23, 2018, City Council adopted MM44.93 - 15 Denison Avenue - Exploring Affordable Housing and Cultural Animation Opportunities. Council requested that the Director, Real Estate Services, the Director, Affordable Housing Office, the Interim Chief Financial Officer, the Transition Lead of CreateTO and the Chief Planner and Executive Director, City Planning to explore affordable housing and cultural animation opportunities for 15 Denison Avenue, as an independent and/or joint development opportunity and report back in second quarter of 2019 with a conceptual design and feasibility plan. The City Council decision can be found here:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.MM44.93>

At its meeting of July 4, 2018, Toronto and East York Community Council adopted TE34.18 - Visioning for 25 Bellevue Avenue Toronto Parking Authority Parking Lot. Council requested the Acting Director, Community Planning, Toronto and East York District, to undertake a visioning process, in consultation with CreateTO, the Affordable Housing Office, and other City divisions and agencies as needed, to consider potential city-building opportunities regarding the 25 Bellevue Toronto Parking Authority Parking Lot, in consultation with the Ward Councillor, Kensington Market Land Trust, and local community. The Community Council decision can be found here:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.TE34.218>

In accordance with the process outlined in the City of Toronto Municipal Code, Chapter 213, Real Property, the City-owned lands at 105 Spadina Avenue and 363 Adelaide Street West have been declared surplus to the City's requirements through DAF 2020-288 with the intended manner of disposal to be by way of sale to the Developer for incorporation into a new mixed-use development with the lands at 101 Spadina Avenue. All requirements under Chapter 213 will be completed prior to the consideration of this report by General Government and Licensing Committee.

COMMENTS

Background

The Subject Properties have been operating as two (2) separate surface parking lots: Municipal Car Park 212 containing 22 spaces and Municipal Car Park 227 containing 14 spaces since November 2002 and September 2005. Under normal conditions, these two (2) car parks operate at a high peak occupancy in an area that is deficient in parking. The Developer owns the adjacent property immediately to the south west of the Subject Properties at 101 Spadina Avenue and approached the City to negotiate a development arrangement involving the acquisition of a portion of the Subject Properties as part of its Development (refer to Appendix A for the Site Location Map).

Site Location & Particulars

The Subject Properties are generally located at the southeast quadrant of Spadina Avenue and Adelaide Street West and are currently used as two (2) surface parking lots containing a combined total of 36 parking spaces. Access to the Subject Properties is provided from both Adelaide Street West and Oxley Street (see Appendix A). The Developer-owned lands at 101 Spadina Avenue are adjacent to Car Parks 212 and 227.

A description of each of the properties that comprise the Development Lands is included in Table 1.0.

Table 1.0 - Subject Properties Description

Property	Approx. Site Size	Percentage of Total Size (approx.) of Development Lands	Existing Use
105 Spadina Avenue	464 sq. m 5,000 sq. ft..	21.3 percent	Municipal Car Park 227 An 14-space surface parking facility
363 Adelaide Street West	785 sq. m. 8,446 sq. ft.	36 percent	Municipal Car Park 212 A 22-space surface parking facility
101 Spadina Avenue (Developer Lands)	930 sq. m. 10,010 sq. ft.	42.6 percent	A two-storey commercial office building
<i>Total</i>	<i>2,179 sq. m. 23,456 sq. ft.</i>		

Development

As currently proposed, the transaction contemplates the disposition of all or a portion of the City-owned lands to the Developer.

The combined properties will then be redeveloped by the Developer in accordance with agreements approved by Council. This development project is intended to include a minimum 1,000 square metre (10,764 square feet) stratified public park to be owned by the City and operated by PFR, a proposed 39-storey, mixed-use development that will contain at a minimum 70 public parking spaces, and private parking below-grade.

The Developer has not yet submitted a Zoning By-Law Amendment application and the final height of the development and mix of residential and non-residential gross floor areas are still to be finalized through the planning approval process.

Developer Profile

This project is a joint venture project between Great Gulf Group of Companies (Great Gulf) and Devron Developments (Devron), collectively referred to as DevGreat Inc.. Both Great Gulf and Devron have numerous projects throughout the City.

Parking Supply and Demand

The Subject Properties are located in the King-Spadina Reinvestment Area, which has become one of the highest growth areas in the City of Toronto. Comprised of a unique mix of land uses, the area contains a large concentration of jobs in the culture sector,

growing residential communities, historic and well-used parks, animated commercial main streets, a lively arts scene including theatres, live music venues and galleries, and a vibrant nighttime economy.

The King-Spadina area has historically seen strong demand for public parking. The implementation of the King Street Transit Priority Corridor resulted in the loss of 180 on-street parking spaces along King Street from Bathurst Street to Jarvis Street, including 31 spaces in the immediate vicinity of the Subject Properties.

TPA maintains the two subject parking facilities Municipal Car Park 212 (363 Adelaide Street West - 22 surface parking spaces) and Municipal Car Park 227 (105 Spadina Avenue - 14 surface parking spaces). Parking usage at both Municipal Car Park 212 and 227 is extremely high as is identified in Table 2.0.

Table 2.0 - Parking Usage at Car Park 212 - 363 Adelaide Street West and Car Park 227 - 105 Spadina Avenue

Municipal Car Park No.	Address	Usage (September 2019)
212	363 Adelaide Street West	103 percent
227	105 Spadina Avenue	103 percent

Given the consistently high usage and revenues at these existing TPA facilities and the recent loss of on-street parking in the area, maintaining a parking presence at this location will help accommodate the existing and future parking demands.

Next Steps and Timelines

On November 30, 2020 and subject to the adoption of the recommendations in this report by TPA Board of Directors, a joint report from the Acting President, Toronto Parking Authority and the Deputy City Manager, Corporate Services, together with or in consultation with CreateTO, CREM, and PFR will be brought forward to General Government and Licensing Committee for City Council approval of the major business terms of the transaction including the terms outlined in Appendix B - Summary of Major Business Terms Pertaining to Parking and in Confidential Attachment 1.

CONTACT

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SIGNATURE

Robin Oliphant, Acting President,
Toronto Parking Authority

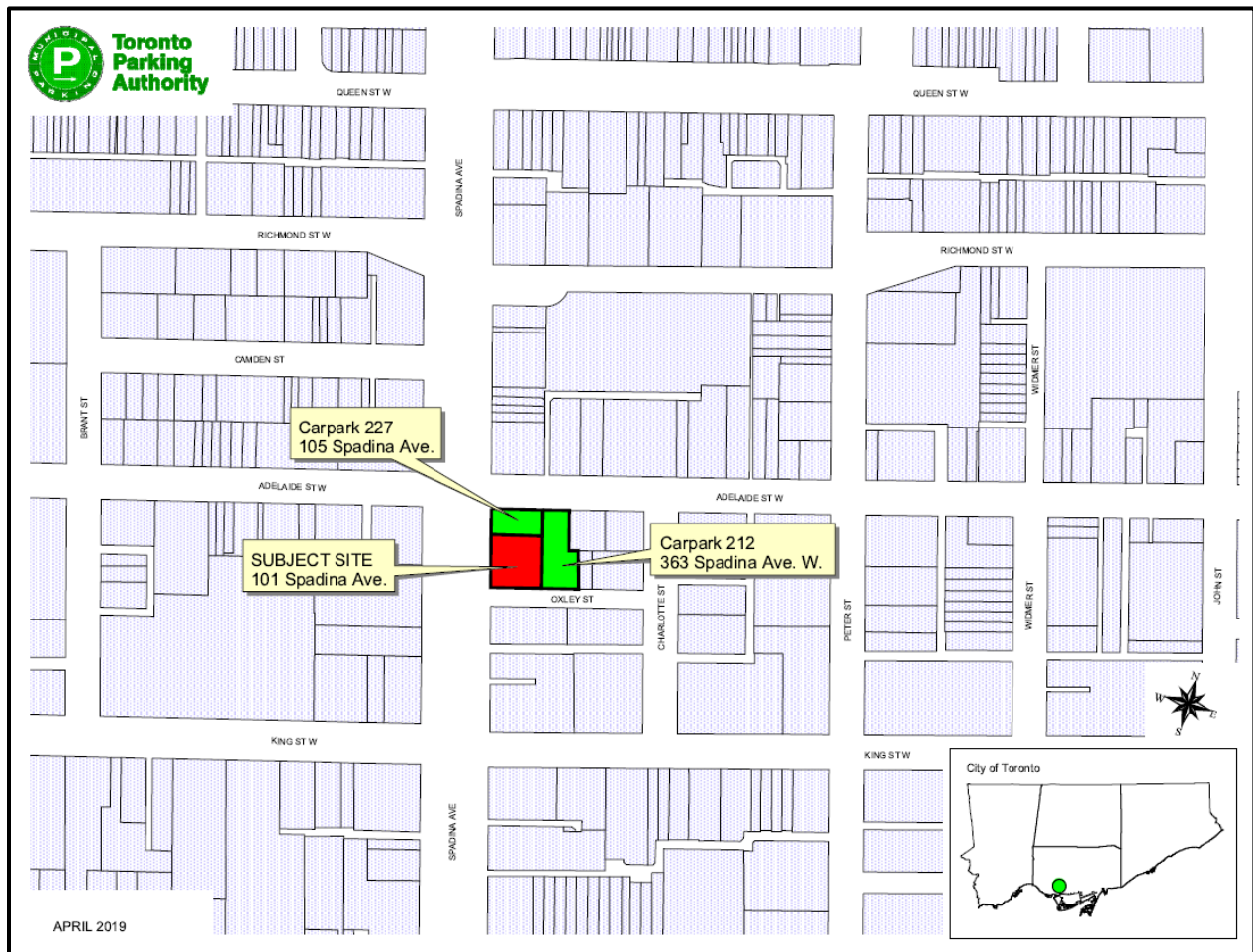
ATTACHMENTS

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

Appendix A - Site Location Map

Appendix B - Summary of Major Business Terms

APPENDIX A – SITE LOCATION MAP



APPENDIX B – SUMMARY OF MAJOR BUSINESS TERMS

Purchaser / Developer	Owners of 101 Spadina Avenue (DevGreat Inc.)
Vendor	City of Toronto
City Property/ Subject Property	<p>105 Spadina Avenue Toronto All of PIN 21412-0011 (LT) Pcl 7-1 Sec AD160; Lt 8 PI D160 as more particularly described in the PIN Being approximately 464 square meters (5,000 square feet)</p> <p>And</p> <p>363 Adelaide Street West, Toronto All of PIN 21412-0149(LT) Lt 6, 27-28 PI D160; Pt Lt 5,7,26&29 PI D160 Toronto as more particularly described in the PIN Being approximately 785 square meters (8,446 square feet)</p> <p>Collectively, the City Property is approximately 1,249 square meters (13,445 square feet).</p>
Developer's Property	<p>The Developer's Property is: 101 Spadina Avenue, Toronto All of PIN 21412-0148(LT) Lt 9-11, PI D160; Pt Lt 7, 29 D160 Toronto as more particularly described in the PIN Being approximately 930 square meters (10,010 square feet)</p>
Project Lands/Development Lands	The Project Lands are the City Property and the Developer's Property.
Project Description Development	The Project is proposed to be a mixed-use residential and commercial building with underground parking, including the Public Parking Garage for operation by Toronto Parking Authority (TPA) and new Public Park for operation by the City's Parks, Forestry and Recreation Division.

Public Parking Garage	<p>The Developer shall construct a Public Parking Garage with two levels (P1 and P2) and a minimum of 70 spaces for public parking in accordance with TPA's 2014 Standard Design Specifications, including legal access to, or ownership of, all or some portion or portions of the ramps, stairs, elevators and corridors for pedestrian and vehicular access and egress thereto.</p> <p>The Public Parking Garage will be a stratified freehold conveyance, together with and subject to appurtenant registered easements as necessary for the Public Parking Garage.</p> <p>The Public Parking Garage will be conveyed to the City on the completion of construction of the Public Parking Garage.</p>
Public Parking Garage Consideration	Please see Confidential Attachment 1 for particulars of the total and per-space value to be paid to the Developer as consideration for the construction of the Public Parking Garage.
Purchase Price for the sale of the City Property	The Purchase Price for the sale of the City Property will be based on the appraised fair market value of the City Property.
Transaction Conditional upon Zoning in Final Form	The transaction will be conditional upon the re-zoning of the Project Lands to permit the proposed new Project.
Construction Bonds Letters of Credit	<p>The construction of the Public Parking Garage will be secured by:</p> <p>A 50% performance bond (which performance bond shall not be released until one year after Substantial Completion of the underground parking garage for the Project and the Public Park) and a 50% labour and material bond which bonds shall be provided by the Purchaser in respect of the excavation, shoring, forming and concrete, electrical, mechanical and waterproofing contracts, in amounts representing 50% of the anticipated cost of such contracts.</p> <p>An irrevocable letter of credit from a bank approved by the City and TPA, acting reasonably, in the amount of 120% of the anticipated Construction Cost to complete the entire underground parking garage</p>

Reciprocal Agreement	On or before the turnover of the Public Parking Garage, the Developer (on behalf of the future condominium corporation), together with the City / TPA will execute and deliver to each other a reciprocal cost-sharing and easement agreement setting out the terms of the cost-sharing, responsibility for maintenance and repairs, decision-making and other similar matters, as between the parties, in order to enable each of the Developer (on behalf of the future condominium corporation) and the City / TPA to effectively own and operate their respective portions of the underground parking garage.
Separate Construction or Construction Management Agreement(s) for the Public Parking Garage	The Developer and the City shall enter into construction or construction management agreement(s) for the construction of the Public Parking Garage, which agreement(s) shall set out the terms and conditions, specifications, guidelines, procedures, and deliverables for the Public Parking Garage.
Interim Parking Lease Agreement	If requested by TPA, the Developer will lease to the City/TPA for nominal consideration the existing surface parking facility located on the City Property for use by the TPA as a commercial parking lot until construction commences on the Project Lands, at no cost to City/TPA.
Solicitor's Title Opinion	The Developer shall obtain a legal title opinion confirming that the City/TPA has good freehold title to the lands comprising the Public Parking Garage, together with all ancillary transfers of easements required for the use and operation of the Public Parking Garage, in form and content satisfactory to the City Solicitor.

Environmental	<p>The City Property is being sold on an “as is, where is” basis including its environmental condition, state of repair, deficiencies and encroachments. The Developer will release TPA and the City from all claims arising out of the pre-existing environmental condition of the City Property.</p> <p>The Developer shall also provide an indemnity in favour of TPA and the City from and against all claims in connection with the environmental activities or omissions of the Developer in respect of the City Property, the Project Lands and any of the Developer's obligations under the transaction.</p> <p>The transaction will include such other environmental provisions as deemed appropriate by environmental staff for the development of the Project.</p> <p>The Developer will have environmental obligations in respect of the demolition of existing buildings on the Developer's Property and construction of the Project, including:</p> <ul style="list-style-type: none"> • Developer retain a "Qualified Person" (QP) under the Environmental Protection Act; • QP to ensure all works are undertaken in accordance with the legislative and regulatory requirements described in Ontario Regulation 153/04, as amended, as well as the requirements described in the Record of Site Condition (RSC), Certificate of Property Use (CPU) and Risk Assessment (RA) for the Project Lands, as applicable. • All environmental reports to be provided to the City; Prior to commencing any works within the proposed Public Park, the QP shall submit to the City for review and acceptance, all supporting materials and documents required by any CPU registered on the Project Lands, including a soil and groundwater management plan and health and safety plan, and any other support materials contemplated by such CPU relating to the proposed Public Park, as applicable. • Prior to Public Park Closing, the QP shall submit a statement to the satisfaction of the City, certifying that all works within the Public Park were undertaken by the Developer in accordance with <i>Ontario Regulation 153/04</i>, as amended, as well as with the requirements described in CPU
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	<p>and, further, that no additional soil or groundwater contamination occurred or was identified within the Project Lands. The certification will include the QP's statement that the Public Park is suitable for the proposed use.</p> <ul style="list-style-type: none"> • The Developer shall ensure that the QP statement referenced above includes a reliance letter in a form satisfactory to the City that is stamped, dated and signed confirming that both the City, and its agents, can rely on any additional investigations or environmental documentation submitted by the Developer or the QP. • Prior to Public Park Closing, the Developer agrees to submit CPU site-plans and as-built drawings to demonstrate all Risk Management Measures, including but not limited to barriers, and protective fill caps, were constructed in compliance with the CPU and Public Park requirements, to the satisfaction of the City • The Developer agrees that the management of soil within the Project Lands, including the proposed Public Park, will be conducted in accordance with applicable legislation, including Ontario Regulation 153/04, as amended, Ontario Regulation 406/19 <i>"On-Site And Excess Soil Management Regulation"</i>, as amended, as well as the CPU and Public Park requirements, and that the Developer will submit supporting documentation as may be required to the satisfaction of the City • The Developer agrees that the acceptable un-impacted material protective fill cap within the proposed Public Park, must be at least 3.0 metres in depth except in areas where the downward sloping vehicular access ramps do not allow for the full soil coverage, provided this area does not exceed 35% of the total Public Park area. Acceptable vertical cross-sections (profile) for the fill cap may utilize both hard and soft material, as negotiated by the Developer with the recipient City Division, as applicable. • The Developer agrees to pay to the City all costs associated with City peer review of submissions required to be made to the City pursuant to these provisions, including administrative costs • carry out all remediation of the City Property and the Project Lands to the satisfaction of the MECP
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	<p>such that no Risk Management Measure obligations from any acknowledged Certificate of Property Use or Certificate of Requirement will be imposed by the MECP on the City/TPA as owner of the Public Parking Garage or Public Park; and</p> <ul style="list-style-type: none"> • Cause a Record of Site Condition to be filed in respect of the City Property and Project Lands.
S119 Restrictive Covenants Agreement	<p>On or before the turnover of the Public Parking Garage, the Developer shall deliver to the City the following restrictive covenants on the Project Lands:</p> <ul style="list-style-type: none"> • No parking spaces within the balance of the parking garage or elsewhere upon the Project Lands or any abutting lands owned or acquired by the Developer for the Project or used in connection with the Project, save for the Public Parking Garage, shall be used as a commercial parking lot, nor shall such parking spaces be operated by a third-party commercial parking lot operator without the prior written consent of the City, which may be unreasonably or arbitrarily withheld in its sole and absolute direction.