REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

City Building Activity Update

Date: April 28, 2021
To: Board of Directors, Toronto Parking Authority
From: President, Toronto Parking Authority
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

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

SUMMARY

The purpose of this report is to provide Toronto Parking Authority (TPA) Board of Directors with an update on the status of TPA facilities that have been identified for city building opportunities and initiatives or which are otherwise being redeveloped through joint venture projects.

Updates about city building activities involving TPA facilities will continue to be provided to TPA Board of Directors on a quarterly basis moving forward.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

1. The Board of Directors, Toronto Parking Authority direct that Confidential Attachment 1 remain confidential in its entirety, as it deals with a proposed or pending acquisition or disposition of land by the City of Toronto.

FINANCIAL IMPACT

There is no financial impact associated with the adoption of this report.

DECISION HISTORY

At its meeting of May 24, 25 and 26, 2017, City Council approved (Item EX25.9) a new real estate service delivery model for the City government that centralizes all real estate activities City-wide, including all real estate strategy and portfolio planning, major building projects, developments, real estate transactions and facilities management.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.9

At its meeting of January 30, 2019, City Council approved a signature affordable housing program, the "Housing Now Initiative," to leverage City-owned land for the purpose of creating new, mixed-use, mixed-income communities near transit. Through the Initiative, 11 properties were initially identified for development, with the potential to create a total of 10,000 new residential units.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX1.1

At its meeting of October 29 and 30, 2019, City Council adopted a report from CreateTO entitled "The City-wide Real Estate Portfolio Strategy," as the strategic framework to best utilize the City's real estate assets to drive better value and services for the municipality. The report also provided recommendations on ModernTO – City-Wide Real Estate Strategy and Office Portfolio Optimization and identified 33 Queen Street East as an underutilized City asset that could be used to address other City needs and city building objectives.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX9.2

At its meeting of June 29 and 30, 2020, City Council approved a request to be made to the Minister of Municipal Affairs and Housing to make a Minister's Zoning Order under Section 47 of the Planning Act, for both 11 Macey Avenue and 150 Harrison Street to amend zoning regulations to permit the construction of modular housing on both sites.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH14.8

COMMENTS

TPA has 194 properties under its operational management, including 141 that are used for surface car parks, 29 that are used for parking structures (above and/or below-grade parking garages), 15 that are used by a variety of commercial and residential tenants, while a further nine (9) are presently vacant of any active use.
The properties under TPA's operational management, which are owned by the City of Toronto, are located throughout the City of Toronto, but are largely concentrated in the downtown core and the city's west end. These properties have generated significant interest from both within the development community, other City Divisions and City Council that require property to advance various city building initiatives.

This report provides an overview of the city-building opportunities and initiatives that involve properties under TPA's operational management. A table outlining the specific properties in question is included in the Confidential Attachment to this report.

City-Wide Real Estate Model

City Council adopted a new real estate service delivery model for the City in 2017 that centralized all real estate activities City-wide, including all real estate strategy and portfolio planning, major building projects, developments, real estate transactions and facilities management. To operationalize the new model, centralized real estate authorities were developed to replace or augment the delegated authorities that some City Divisions, Agencies and Corporations, including TPA, previously relied on to carry out real estate activities.

In January 2018, the City launched a City-wide Real Estate Transformation project that centralized real estate governance and oversight of all real estate activities (excluding TCHC and Toronto Hydro), streamlining strategic planning and decision-making for real estate matters. City Council's new mandate for real estate places a renewed focus on an integrated, City-wide portfolio strategies to establish clear investment directions, service effectiveness, and engagement with internal and external City stakeholders to drive new and innovative real estate solutions. The City-Wide Real Estate Portfolio Strategy is a critical milestone in the real estate transformation and an over-arching framework on how the City will optimize its portfolio and unlock value over a phased, multi-year period

Under the new model, CreateTO is responsible for applying a strategic City-wide lens and delivering client-focused real estate solutions to City Divisions, Agencies and Corporations. This includes driving major city-building and revitalization projects, unlocking value for City priorities (e.g., community, social, economic, and environmental opportunities), and delivering better service solutions to residents and visitors of the city.

CreateTO is working with TPA, other City Divisions, Agencies and Corporations, as well as the private sector, to identify potential city-building opportunities and achieve Council priorities. The application of this model provides an opportunity to leverage underutilized lands to address multiple program requirements, including those of TPA.

Through the assessment of these opportunities, TPA and CreateTO work together to determine whether there is an opportunity for TPA to secure replacement parking through an investment in the redevelopment of the site, the addition of new on-street paid parking, operational management of third-party parking assets or a combination of all.

TPA, CreateTO and the Corporate Real Estate Management Division (CREM) continue to work through the full implementation of the City-wide real estate model and ensure relevant policies are aligned with the model. Key issues that require further alignment work include a review of the allocation of net proceeds from the disposition of properties under TPA's operational management; the continued application of TPA's "fair market value policy," which requires that lands acquired by TPA be transferred to the City at fair market value and that a portion of the gain on value in lands acquired by TPA be retained by TPA; and, more generally, TPA's continued integration with the City-Wide Real Estate Model. A report by the Deputy City Manager, Corporate Services, is expected to be reviewed by City Council shortly, which will identify next steps in the full implementation of the City-wide real estate model and address any outstanding items.

Parking Portfolio Review

Following the implementation of the City-wide Real Estate Model, City Council adopted a City-wide real estate strategy in 2019 and directed CreateTO to undertake a strategic review of 11 real estate asset types owned by the City, including a review of all parking assets, which includes TPA's portfolio. Generally, the review of each asset class involves data collection, evaluation of performance and potential, stakeholder consultations, evaluation of program needs, and recommendations to the CreateTO Board and City Council regarding the best use of real estate to meet a range of City Council objectives. This process measures operational, financial and strategic impacts and aims to maximize City-wide benefits.

The parking portfolio review is being carried out in close consultation with TPA and will help to define which properties may be underutilized from a city-building perspective and therefore flagged for future city-building opportunities. Additional information about the parking portfolio review is expected to be provided to TPA Board of Directors by CreateTO in Third Quarter/Fourth Quarter 2021.

Concurrent to the development of a real estate plan, Transportation Services will be developing an overall parking strategy for the City to better align municipal parking decisions to City policies and objectives. The parking strategy will inform where, when and how much municipal parking is required to meet City needs, which will better inform how real estate is allocated to meet those requirements.

ModernTO

In October of 2019 City Council adopted an office optimization plan (ModernTO), which seeks to optimize and modernize the City of Toronto's office space. The proposed plan aims to reduce the total number of City office locations from 55 to 15 over a five (5)-year period, while modernizing municipal work environments.

Through the adoption of this strategy, City Council identified eight (8) underutilized real estate assets as opportunities to unlock value and address City needs and city-building objectives such as affordable housing, employment uses and community infrastructure. The assets identified included 33 Queen Street East - TPA's head office and the location of Car Park 26 and 610 Bay Street, the location of Car Park 263.

As part of the redevelopment of 33 Queen Street East, TPA staff working at TPA head office will be relocated to existing City-owned office space. TPA is working with the ModernTO team on the future relocation and will report back on the details of this relocation as more information becomes available. A relocation is not anticipated before 2025.

Additionally, TPA is working with CreateTO to assess the redevelopment opportunity at Car Park 26 and to determine the feasibility of investing in parking at this location. TPA will report back to TPA Board of Directors, as additional information becomes available.

The lands forming Car Park 26 are under the operational management of CREM and subject to a parking management agreement with TPA. TPA will continue to operate Car Park 26 until the site is redeveloped and will explore opportunities to secure replacement parking in collaboration with CREM and CreateTO.

Housing Now

The Council-approved "Housing Now Initiative" is intended to leverage City-owned land for the purpose of creating new, mixed-use, mixed-income communities near transit. Through Phase one (1) of the Housing Now Initiative, 11 properties were initially identified for redevelopment, with an additional 6 sites approved by Council for Phase two (2) of the Housing Now Initiative in May 2020

Phase one ()of Housing Now program included 11 sites, five (5) of which are currently operated as commuter parking facilities by TPA on behalf of TTC. These include: 777 Victoria Park Avenue (Car Park 824), 705 Warden Avenue (Car Park 823), 3330 Bloor Street West (Car Park 802), 50 Wilson Heights Boulevard (Car Park 811) and 2450 Eglinton Avenue East (Car Park 826).
Car Park 79, located at 405 Sherbourne Street, has been identified as a site to be redeveloped as part of the second phase of the Housing Now Initiative.

Additional information about these locations is included in the Confidential Attachment to this report and are the subject of ongoing coordination between TPA and CreateTO.

Modular Housing

The City's modular supportive housing initiative sets out a plan to increase the supply of affordable housing in response to the unprecedented demand for homeless services due to various factors, including a lack of affordable housing options in the city, which has been amplified due to the COVID-19 pandemic.

As part of this initiative, City Council made a request to the Minister of Municipal Affairs and Housing to make a Minister's Zoning Order under Section 47 of the Planning Act, for both 11 Macey Avenue and 150 Harrison Street to amend zoning regulations to permit the construction of modular housing on both sites. Order No. 354/20 was issued by the Minister on July 8, 2020.

150 Harrison Street is the location of Car Park 168 and will be reconfigured to enable construction of modular housing and a new public park on adjacent City-owned lands. The full impact of the project on Car Park 168 is still being assessed. Continued operation of the Car Park is anticipated.

City-Building Activities Directed by City Council

Properties under TPA's operational management are also subject to a range of City Council directions that require studies be undertaken to assess city-building opportunities or request that sites be redeveloped for affordable housing, community hubs, parks or other civic infrastructure. Additional information about the parking facilities that are the subject of Council directions to explore or initiate repurposing for City needs is included in the Confidential Attachment to this report.

Joint Venture Partnerships

A number of the properties under TPA's operational management have been the subject of joint venture partnerships that have generated significant value for both TPA and the City. Joint venture partnerships have historically been initiated by private sector development interests or through a request for proposals issued by TPA prior to the adoption of the City-wide Real Estate Model. The Confidential Attachment to this report provides an overview of active joint venture projects involving properties under TPA's operational management. These projects include parking facilities that TPA will acquire using the proceeds from the sale of lands declared surplus to its operational requirements.

Moving forward, and under the adoption of the City-wide Real Estate Model, TPA will rely on CreateTO to lead the identification and advancement of joint venture partnerships. TPA will continue to update TPA Board of Directors on any joint venture partnerships involving TPA facilities as required.

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SIGNATURE

W. Scott Collier, President
Toronto Parking Authority

ATTACHMENTS

Confidential Attachment 1 - Status of TPA Facilities Involving City-Building Activities