REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

City Building Activity Update – 2021 Third Quarter

Date: September 15, 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.

Further updates about city building activities involving TPA facilities will continue to be provided to the 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 September 13, 2021, CreateTO's Board of Directors received Item RA24.9, which provided the CreateTO Board with its first comprehensive update on all ongoing city-building activity affecting TPA operated parking facilities, or other City-owned properties currently under the operational management of the TPA.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA24.9

At its meeting of July 14, 15 and 16, City Council approved the zoning bylaw amendments to 405 Sherbourne Avenue outlined in Item PH25.3, as amended by motion. The zoning bylaw amendments will allow for the redevelopment of Car Park 79 with a 26-storey mixed-use building with 267 rental dwelling units, of which 33 percent – 50 percent will be affordable housing. In giving its approval, City Council also exempted the property located at 405 Sherbourne Street from clause (9) of the Policy Governing Land Transactions Among City Agencies, Boards, Commissions and Departments and Proceeds from Sale of Surplus City-Owned Real Property so that the removal of this property from the Toronto Parking Authority's jurisdiction, to occur upon the declaration as surplus by the Deputy City Manager, Corporate Services and the approval without conditions of a long term lease satisfactory to the Deputy City Manager, Corporate Services and the Chief Financial Officer and Treasurer, will be for nominal consideration.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH25.3

At its meeting of May 12, 2021, TPA Board of Directors received Item PA23.5, which provided 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.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PA23.5

At its meeting of June 18, 19 and 20, 2002, City Council amended the Policy Governing Land Transactions Among City Agencies, Boards, Commissions and Departments and Proceeds from Sale of Surplus City-Owned Real Property adopted recommendations included in Report No. 9 of the Policy and Finance Committee and approved an amendment to Clause 9 embodied in Appendix "A" by adding thereto the words "Fair Market Value, in such transactions, will reflect a value agreed upon by both parties," so that such clause shall now read as follows: land under the jurisdiction of the Toronto Parking Authority ("TPA") which has been purchased by the City from parking revenues shall be treated Toronto City Council Policy and Finance Committee June 18, 19 and 20, 2002 Report No. 9, Clause No. 1 somewhat differently, in that jurisdictional transfers and sales of such property or portions thereof shall be at fair market value ("FMV"), with all Net Proceeds to be allocated to the Parking Reserve Fund; and, similarly, where the TPA is receiving a jurisdictional transfer of lands, TPA shall pay FMV, with all such Net Proceeds to be allocated in the same manner as described above for sales. Fair Market Value, in such transactions, will reflect a value agreed upon by both parties."
https://www.toronto.ca/legdocs/2002/agendas/council/cc020521/pof8rpt/cl006.pdf

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

TPA, CreateTO and CREM are continuing to work through the full implementation of the City-wide real estate model and ensuring City-owned assets and 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 transfer or disposition of properties under TPA's operational management and the continued application of the Fair Market Value Policy (refer to Decision History above and Confidential Attachment 1), which requires that lands purchased from parking revenues be transferred from TPA to the operational management of other City Divisions, Agencies or Corporations at fair market value and that a portion of the gain on sale be retained by TPA. The retained earnings by TPA are intended for reinvestment in TPA's capital program, including the acquisition of new parking assets and/or investment in TPA's state of good repair program.

In July of 2021, and through the Housing Now initiative, City Council exempted the planned jurisdictional transfer of Car Park 79, located at 405 Sherbourne Avenue, from the fair market value policy. The transfer of lands and associated rezoning of the site will allow for a high-rise rental housing development, including an affordable housing component that will be developed by a private sector partner to be identified through a competitive market offering.

TPA is working with Corporate Services, CREM and Finance and Treasury Services to assess the financial impacts associated with the transfer of Car Park 79 outside of the fair market value policy. Any further potential changes to the fair market value policy will also be assessed for potential impacts to both TPA and the City. Further information about the impacts will be provided to TPA Board of Directors at a future meeting.

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 the City's portfolio of parking assets. 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 Q4 2021.

Concurrent to the development of a real estate plan, Transportation Services will be leading the development of a City-wide Parking Strategy, in collaboration with City Planning, CreateTO, the TPA, and other partner Divisions and Agencies, to better align municipal parking decisions to City policies and objectives. The multi-year Parking Strategy program is now underway and a report by the project lead (Transportation Services) is forthcoming to City Council.

ModernTO

Updates about the ModernTO initiative, and its impact on facilities under TPA's operational management, are included in the Confidential Attachment to this report.

Housing Now

Car Park 811, located at 50 Wilson Heights, is being redeveloped as part of the Housing Now Initiative. In response to direction by City Council, TPA has worked with Canada Lands Corporation (Parks Downsview Parc) to negotiate the terms and conditions of a lease agreement that will allow TPA to operate a surface parking facility at the north end of the Downsview Market for a five (5) year period.

TPA is working with CREM to finalize the terms of the lease agreement and recommendations to be brought forward to City Council to designate the parking facility as a municipal parking facility. It is anticipated that the new parking facility will be in operation in early Q1 2022 ahead of the schedule in which parking will be displaced at Car Park 811.

Joint Venture Partnerships

Updates about specific joint venture partnerships are included in the Confidential Attachment.

Additional Updates to Other Sites

TPA received Notices of Expropriation from Metrolinx for both Car Park 233 and Car Park 268 located at 44 Parliament Street and 271 Front Street East, respectively. These two properties will together be used as a construction staging site during the early works activities related to the construction of the Ontario Line and will later become the location of Corktown Station. TPA's final dates for operation at Car Park 233 and Car Park 268 are September 28, 2021 and September 29, 2021, respectively.

Conclusion and Next Steps

TPA will continue to work with CreateTO and its City partners on the assessment of TPA facilities where there is an identified city building interest. TPA will also be working with the City Manager's Office, Finance & Treasury Services and Corporate Services on the assessment of TPA's relationship framework, assessment of fair market value and net revenue sharing agreement with the City and how these policies can be aligned to ensure the continued sustainability of TPA.

CONTACT

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SIGNATURE

W. Scott Collier, President
Toronto Parking Authority

ATTACHMENTS

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