

Master Planning of 260 Adelaide Street West and 229 Richmond Street West - Relocation of Fire Station 332 to 55 John Street

Date: April 27, 2021

To: The Board of Directors of CreateTO

From: Vice President, Client Relationship Management

Wards: Ward 10 - Spadina-Fort York

REASON FOR CONFIDENTIAL INFORMATION

This report deals with the proposed disposition of land by the City of Toronto.

SUMMARY

The purpose of this report is to update the Board of Directors of CreateTO (the "Board") regarding the business plan related to the redevelopment of the City-owned property at 260 Adelaide Street West ("260 Adelaide"). Unlocking the value at 260 Adelaide will result in significant city building, including affordable housing, new local parkland, a new and improved fire station and the construction of other important City facilities across a number of City owned properties.

The business plan will fund the relocation of Fire Station 332 ("Fire Station") from 260 Adelaide to Metro Hall fronting on Wellington Street West. It will also repay approximately half of the City's acquisition costs of the adjacent property at 229 Richmond Street West ("229 Richmond") and pay for the relocation of the existing City tenants to free up space for the new Fire Station at Metro Hall. The balance of the acquisition costs of 229 Richmond will be funded by Section 37 funding, Parks, Forestry & Recreation and the Toronto Parking Authority.

The redevelopment of 260 Adelaide and the resulting revenue generated will contribute other significant city building benefits including a target of 30% affordable housing based on average market rent for a minimum of 99 years in the resulting residential redevelopment, a new Paramedic post and a new community space. Across the street at 229 Richmond, the City will realize a new at-grade park in a parkland-deficient

neighbourhood along with a below-grade parking garage operated by the Toronto Parking Authority. The allocation of funds and the feasibility of the parking garage are being assessed with the Toronto Parking Authority.

RECOMMENDATIONS

The Vice President, Client Relationship Management recommends that the Board of Directors of CreateTO:

1. Approve the redevelopment plan for 260 Adelaide which will include affordable housing, a new Paramedic post, and community space by endorsing the Development Concept as shown in Attachment 1 and the Major Terms and Conditions outlined in the Confidential Attachment 1.
2. Approve the redevelopment plan for 229 Richmond, which will include an at-grade park and a potential below-grade parking garage that minimizes the impact on the function and utility of the park by endorsing the redevelopment plan as shown in Attachment 2.
3. Endorse the business plan for 55 John Street ("Metro Hall"), which will include the relocation of Fire Station 332 to Metro Hall, and the relocation of certain City tenants as outlined in Attachment 3.
4. Approve the financial business case for the potential disposition of 260 Adelaide and the requisite funding allocation of the proceeds of that disposal to the delivery of the business and redevelopment plans identified in Recommendations 1, 2, 3 as outlined in Appendix 2 of the Confidential Attachment 1.
5. Direct the Interim Chief Executive Officer, CreateTO, in consultation with the Executive Director, Social Development, Finance and Administration along with the Director, Indigenous Affairs Office, to explore opportunities to identify a not-for-profit partner for up to 10,000 square feet of community space at any future redevelopment of 260 Adelaide.
6. Request CreateTO staff and stakeholders to integrate sustainability requirements on property disposal and meet the Toronto Green Standard Version 3 Tier 2 with any proposed redevelopment of 260 Adelaide using the approach in the Climate Change Initiative - Energy Consumption and Carbon Emission Reduction section of this report.
7. Direct the Interim Chief Executive Officer, CreateTO, in consultation with the Executive Director, Corporate Real Estate Management, to locate a City-owned property in the general area of the current YMCA location at Metro Hall to allow for the continued operation of the YMCA.
8. Direct that the Confidential Attachment 1 to this report remain confidential in its entirety as it contains information regarding the proposed disposition of land.

FINANCIAL IMPACT

260 Adelaide

The proceeds from the sale of 260 Adelaide will be used to fund \$62,000,000 in costs to cover: the due diligence and rezoning costs at 260 Adelaide; construction of the new fire station at Metro Hall; relocation of Children's Services within Metro Hall; decommissioning of the Toronto Employment and Social Services (TESS) office; relocation of the YMCA; and 43% of the acquisition costs of 229 Richmond plus the Land Transfer Tax and non-recoverable Harmonized Sales Tax. Remaining funds from the sale will be used to meet the target of 30% affordable rental units (approximately 196 units) based on 80% Average Market Rent for at least 99 years.

Please note that these values are subject to change as: the final Gross Floor Area and number of units will be established through the Zoning By-Law Amendment process; construction costs are based on current market standards and are subject to change; and further studies are required to understand the impact of Covid-19 on the market.

229 Richmond

The City initially funded the acquisition costs of 229 Richmond through recoverable debt, with a requirement that it be repaid. Following approval of the recommendations in this report, Council will be requested to approve funds to pay for the acquisition costs of 229 Richmond, with fifty-three percent (53%) to be funded from Parks, Forestry & Recreation and five percent (5%) from Toronto Parking Authority's capital budget.

Parks, Forestry & Recreation and Toronto Parking Authority will be funding the due diligence and construction on 229 Richmond for their respective uses. Park development costs are anticipated to be approximately \$5,225,000 for development of the above-grade 2,245 square metre park parcel. Toronto Parking Authority's below-grade parking garage development costs are estimated to be \$16,240,000 based on 144 parking spaces in accordance with CreateTO's consultant's latest garage plans.

Funding for the acquisition of parkland will include \$22,500,000 from the South District Parkland Acquisition Reserve Funds (\$15,284,742.35 from XR2208 and \$7,215,257.65 from XR2051) and \$30,000,000 from Section 42 Alternative Rate Above 5% Cash-in-lieu sources collected from local developments in the vicinity of the King Street West and Spadina Avenue intersection and are to be spent on parkland near the source development and have been allocated with the support of the local councillor. An in-year adjustment will be submitted through a future capital variance report(s) to amend funding for the Strategic Property Acquisition project for 229 Richmond in CREM's Council Approved 2020 Capital Budget and 2021-2029 Capital Plan. The adjustment will request that \$52,500,000 in recoverable debt be replaced with the sources noted above. Funds have been received and are eligible for these purposes. A total of \$12,500,000 that is being drawn from the South District Parkland Acquisition Reserve Fund (XR2208) to fund PFR's share of costs for 229 Richmond, will be repaid through the allocation of future Section 42 Alternative Rate Above 5% Cash-in-lieu from developments in proximity to the site.

Funding for the development of the park, estimated at \$5,225,000, will be funded through payments made under Section 37 of the Planning Act and will be submitted for consideration in future PFR Capital Budget Submissions. Future operating impact of the new park will also be identified as part of future PFR Operating Budgets once the park design and program are determined.

Toronto Parking Authority has expressed interest in exploring a new below-grade parking garage in proximity to the 229 Richmond property, which could also include parking below the new development at 260 Adelaide or under one of the adjacent redevelopments in the neighbourhood. The Toronto Parking Authority still requires approval from its Board before it can commit to any funds. The parking facility will be subject to design development, costing and Toronto Parking Authority's business case requirements.

Metro Hall

An amount of \$17,550,000 is required to complete the relocation of Children's Services, YMCA and the Fire Station as well as decommissioning of the current office space of Toronto Employment and Social Services.

DECISION HISTORY

At its meeting of December 16, 17 and 18, 2013, City Council received a status update for the King-Spadina East Precinct Built Form Study setting out, among other things, preliminary directions regarding updating the public realm plan for the area and identifying parks, recreation and community services to be provided in tandem with growth.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.TE28.42>

At its meeting of August 25, 26, 27 and 28, 2014, City Council endorsed a draft Public Realm Strategy for the King-Spadina East Precinct, and requested the General Manager, Parks Forestry & Recreation, to identify potential new parkland and proceed with parkland acquisition in the East Precinct of King-Spadina on a priority basis.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.TE34.92>

At its meeting of December 9, 2015, City Council requested staff to develop a Secondary Plan for Downtown and supporting infrastructure strategies, including a Parks and Public Realm Plan for Downtown focusing on public spaces and parkland priorities, and a Community Services and Facilities Strategy for the Downtown responding to needs for recreation, child care, libraries, schools, human services and public health, to develop financial strategies for the TOcore infrastructure strategies, and to continue prioritizing parkland acquisition opportunities within the Downtown.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.TE12.43>

At its meeting of June 13, 2016, Government Management Committee considered options for the acquisition of land for parkland purposes in King-Spadina, and directed Real Estate Services staff to report directly to City Council. At its meeting of July 12, 13, 14 and 15, 2016, City Council received a supplementary report with confidential attachment and directed staff to undertake an appraisal to determine the current market

value of the property at 229 Richmond

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM13.36>

At its meeting of September 6, 2016, Government Management Committee considered a report with confidential attachment with an appraisal of the property at 229 Richmond, and referred the item to staff for a report on funding options and strategies in the context of parks and public realm planning underway in the downtown, to the Government Management Committee in the first quarter of 2017.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM14.14>

At its meeting of December 13, 14 and 15, 2016, City Council, considering TOcore, directed staff to develop a financial strategy to implement the infrastructure priorities, including revenue generation options such as a dedicated levy-system, locally generated DCs and park-land levies, all with a view to equitably and geographically accommodate the intense pressures resulting from residential intensification in the core.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.TE20.18>

At its meeting on May 24, 25, 26, 2017 City Council adopted TransformTO: Climate Action for a Healthy, Equitable and Prosperous Toronto - Report 2 - The Pathway to a Low Carbon Future to the year 2050. Development of low-carbon thermal energy systems, including sewer heat recovery is a fundamental component for the City to meet its 2050 GHG reduction target.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PE19.4>

At its meeting of July 4, 2018, Toronto and East York Community Council requested staff begin work on a precinct plan for the area generally bounded by Adelaide Street West, Peter Street, Stephanie Street and Duncan Street, having regard for matters including implementation of the TOcore Downtown Parks and Public Realm Plan and Downtown Community Services and Facilities Strategy, the ongoing King-Spadina Secondary Plan Review and the King-Spadina East Precinct Public Realm Strategy, and the John Street Cultural Corridor project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.TE34.219>

At its meeting of March 7, 2019, City Council approved the 2019 Operating and Capital Budgets. In its 2019 Operating Budget & 2019-2028 Capital Budget and Plan, Toronto Fire Services provided an update on building condition audits conducted for all Toronto Fire Services facilities, and recommended proceeding with identification of design opportunities to enable future fire stations to be integrated into various community hub and residential development proposals as opposed to maintaining the traditional stand-alone fire station model.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.5>

On June 5, 2019, the Minister issued a Notice of Decision approving Official Plan Amendment No. 406 (the Downtown Plan) with modifications, including the Downtown Parks and Public Realm Plan.

<https://www.toronto.ca/legdocs/refdocs/11189.pdf>

At its meeting on October 2, and 3, 2019, City Council adopted Item MM10.3 entitled "Declaring a Climate Emergency and Accelerating Toronto's Climate Action Plan". City

Council endorsed a net zero greenhouse gas emissions target that is in line with keeping global average temperature rise below 1.5 degrees Celsius, immediately strengthening Toronto's goal of becoming net zero before 2050, and City Council requested the Director, Environment and Energy to report back by the fourth quarter of 2020 on the feasibility of actions that could achieve net zero by 2040.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM10.3>

At its meeting of October 29, 2019, City Council declared 260 Adelaide surplus and authorized the purchase of 229 Richmond. City Council directed CreateTO, along with Corporate Real Estate Management and City Planning, to report back in 2020 on a Precinct Plan for the combined sites (260 Adelaide & 229 Richmond) and adjacent properties as appropriate along with a business plan to activate these sites with City uses such as affordable housing, parks, public parking managed by Toronto Parking Authority, childcare, and any other uses as may be suitable.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX9.6>

COMMENTS

260 Adelaide

260 Adelaide is 0.64 acres in area and has a T-shaped configuration. The size and shape of the property allows for a tall residential tower that adheres to the City's Tall Building Design Guidelines.

As directed by City Council, CreateTO also approached the adjacent landowners to participate in a Master Planning study of the block bounded by John, Adelaide, Duncan and Nelson Streets while incorporating the proposed park and parking structure. CreateTO, along with the owners of 254 Adelaide Street West, 266-270 Adelaide Street West and 26 Duncan Street/250 Adelaide Street West (collectively the "Parties"), engaged Sweeny & Co. Architects to complete a Master Planning Study. The Study provided a framework to guide the joint redevelopment of the properties in the block and identified a number of development opportunities for two high-rise towers on the block that recognized ownership constraints.

A joint venture term sheet has been negotiated with one of the adjacent landowners; the details of this proposed term sheet are contained in the Confidential Attachment to this report.

229 Richmond:

229 Richmond is located directly north of Fire Station 332 across Nelson Street, with frontage on Nelson and Richmond Streets, and is approximately 0.66 acres in area. The property currently contains a surface parking lot and is one of the last undeveloped sites in the King-Spadina area.

The 2,245 square metre future park will serve as a much-needed community focal point for the rapidly-growing neighbourhood between University and Spadina Avenues, an area with some of the lowest parkland provision rates in Toronto. Design feasibility analysis was completed for the construction of the new park and a below-grade parking garage at 229 Richmond. CreateTO, in collaboration with Parks, Forestry & Recreation and Toronto Parking Authority, engaged BA Group to design a Toronto Parking Authority operated 144 space, three-level, below-grade parking garage that leaves sufficient soil depth for trees and a diverse range of park programming at grade.

The design of the park and parking garage, as well as the relationship between these two components, is currently being studied and developed to address the objectives of Parks, Forestry and Recreation and the Toronto Parking Authority. Parks, Forestry & Recreation's objectives for the park include the following:

- The amount of unencumbered park area should be maximized to allow for healthy tree development and greatest flexibility for future park programming;
- The park's principal frontage should be uninterrupted on Richmond Street, and any vehicular access should be on the south side of the site (off Nelson Street);
- Vehicular access should be consolidated on only one side of the park to reduce driveway interference with park programming; possibilities for locating the parking below adjacent developments, including 260 Adelaide should also be explored;
- The footprint of the lobby/access kiosks for the below-grade parking garage should be minimized as much as possible to reduce interference with park design and programming; and
- The park design process will be subject to a comprehensive and inclusive public engagement process.

Metro Hall Relocations:

CreateTO engaged Diamond Schmitt Architects and Altus in 2019 to undertake a feasibility study to understand if the Fire Station could potentially be integrated into the base building of Metro Hall and, if deemed feasible, the associated costs to do this work. Diamond Schmitt determined that the Fire Station could in fact be incorporated into the south-facing side of Metro Hall and Altus estimated construction cost of approximately \$7.35 million. Subsequently, CreateTO, in collaboration with Toronto Fire Services, initiated a facility fit exercise to determine a preferred layout for a new Fire Station at Metro Hall. Any potential facility move for the Fire Station is based on the premise that there can be no impact to operations in the current location until such time as the new Fire Station is complete and Toronto Fire Services has been able to "move in" to the new Fire Station.

Relocating the Fire Station into the southern portion of the Metro Hall podium would result in the displacement of two City users and one third-party community partner: the Metro Hall Early Learning & Child Care Centre, which occupies 650 square metres (7,000 square feet) of space and its corresponding outdoor space and; Toronto Employment and Social Services, which occupies 810 square metres (8,700 square feet) of counter and back office support space, along with an additional 1,210 square metres (13,000 square feet) of office space and the YMCA which occupies 557 square meters (6,000 square feet). CreateTO has been working with Corporate Real Estate Management in consultation with Children's Services and Toronto Employment and

Social Services and the YMCA to relocate these uses and to ensure minimal disruption to program delivery. After completing a service review, Children's Services indicated the desire to continue to provide a child care centre at Metro Hall, at which time it was identified that the child care centre and its expanded program requirements could potentially be relocated from the south side to the north side of the Metro Hall podium, in a space currently occupied by Toronto Employment and Social Services and the YMCA of Greater Toronto. This would allow the child care centre to remain operational until such time as a new child care centre is completed. Toronto Employment and Social Services has identified an opportunity to consolidate its Metro Hall office with its High Park office at the new proposed location within Dufferin Mall. Toronto Employment and Social Services' employment office located on the north side of the first floor of Metro Hall will remain closed as services have been moved online and to alternate Toronto Employment and Social Services offices due to COVID-19. Toronto Employment and Social Services currently has a contract with the YMCA of Greater Toronto to provide a job training program for Toronto Employment and Social Services clients. Ensuring the continued delivery of this program is a key part of the discussions underway with the YMCA of Greater Toronto. An alternate City-owned location where it can continue to run its operations needs to be identified in the general vicinity of the current operations at Metro Hall. The YMCA of Greater Toronto's current lease at Metro Hall is on a month to month renewal basis.

Project Schedule:

If approved by the Board, this report will be transmitted to City Council in Q3 2021 for approval. After Council approval, work on the Zoning By-Law Amendment application for the Redevelopment Site will start and zoning approvals are expected to be achieved in Q3 2023. The marketing and sale process will be initiated in Q3 2023 with closing in Q3 2024, following the relocation of the Fire Station.

In order to vacate 260 Adelaide by Q3 2024, space planning and design work needs to start immediately at Metro Hall. Toronto Employment and Social Services and Children's Services will be relocated by Q3 2022 to allow construction of the new Fire Station to start, with expected completion occurring by Q3 2024.

Timing for the development of the park and parking garage at 229 Richmond is independent of 260 Adelaide and the required Metro Hall program relocations.

Climate Change Initiative - Energy Consumption and Carbon Emission Reduction:

On July 23, 2020, a CreateTO board motion was passed to “ensure that all future CreateTO initiated projects meet or exceed the Toronto Green Building Standard and that all future reports list opportunities to address climate change and city building.”

TransformTO is Toronto's climate action strategy adopted by Council in 2017. In 2019, Council declared a Climate Emergency and Acceleration Action Plan towards net-zero emissions by 2050 or earlier.

CreateTO in support of TransformTO will collaborate with the City's Environment and Energy Division on an ongoing basis, reviewing projects for TransformTO alignment and implementation opportunities. There is significant opportunity for reduction of existing and future emissions associated with the City's real estate portfolio throughout the asset

management lifecycle, helping to reduce environmental impact, lower long-term operating costs, stimulate the green economy and produce more resilient operations and facilities.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: Rendering - Development Massing Concept (254 - 260 Adelaide Street West & Adjacent Properties)

Attachment 2: Rendering - Park Concept (229 Richmond Street West)

Attachment 3: Rendering - Fire Station Concept (55 John Street)

Attachment 4: Ownership Map

Confidential Attachment 1: Terms of Joint Development

Attachment 1. Rendering - Development Massing Concept (254 - 260 Adelaide Street West)





This photo shows the existing condition



This photo shows a hypothetical park on the subject property.

Rendering 229 Richmond Street W.

Attachment 3: Rendering - Fire Station Concept (55 John Street)



Rendering 55 John Street

Attachment 4: Ownership Map



BLOCK PROPERTY OWNERSHIP

-  A: 109-115 JOHN AND 266-270 ADELAIDE ST W
-  B1: 260 ADELAIDE ST W (City of Toronto)
-  B2: LANEWAYS (City of Toronto)
-  C: 254 ADELAIDE ST W
-  D: 250 ADELAIDE ST W AND 26 DUNCAN ST