

Update on Bridletowne Community Hub - Sale of 1355 Bridletowne Circle to Y.M.C.A. and Next Steps

Date: December 22, 2021

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management

Wards: 22 – Scarborough-Agincourt

SUMMARY

The purpose of this report is to obtain authority to proceed with the sale of 5.2 acres of City-owned land located on the northerly portion of 1355 Bridletowne Circle (the "Property"), as shown on Appendix A to this report, to the Y.M.C.A. of Greater Toronto (the "Y.M.C.A." or "Purchaser") for nominal consideration, and for the purposes of developing of a multi-service community hub (the "Community Hub") in the priority neighbourhood of Steeles-L'Amoreaux in northern Scarborough.

The Community Hub at 1355 Bridletowne Circle is a partnership between the City, Y.M.C.A., the Scarborough Health Network ("S.H.N.") and United Way Toronto that incorporates an integrated service delivery model, allowing for increased funding flexibility, reduced administrative burden and development of a space that co-locates health and social care. The Y.M.C.A. portion of the Community Hub will house health and fitness facilities, several community agencies and childcare centre that offers a variety of programming for all age groups in this neighbourhood and surrounding community. Health services will be provided by S.H.N. in their respective space of the Community Hub.

The acquisition of the Property by the City and now its proposed sale to the Y.M.C.A. was authorized by City Council in September 2011 as part of a Public Sector-Community Sector Initiative between the City, the Y.M.C.A. and United Way Toronto.

With federal funding awarded to Y.M.C.A. in June 2021, both the City and the Y.M.C.A. are ready to proceed on the next steps of the Community Hub, including securing site plan approvals, finalizing and executing the Property transfer to the Y.M.C.A. and commencing construction.

Staff recommend the City proceed with the transfer of the Property to the Y.M.C.A. as key conditions and terms of the transfer of the Property have been negotiated and are ready for City Council's consideration and approval.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management recommends that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, to negotiate and execute an agreement of purchase and sale to transfer 5.2 acres of the northerly portion of the property municipally known as 1355 Bridletowne Circle to the Y.M.C.A. of Greater Toronto, for nominal consideration, substantially on the terms and conditions set out in Appendix B and on such other terms and conditions as may be acceptable to the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor.
2. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, to amend the ground lease with the Scarborough Health Network on behalf of the City of Toronto, substantially on the amended terms outlined in Appendix C to this report, and on such other terms and conditions as may be acceptable to the Deputy City Manager, Corporate Services, and the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

There are no financial impacts related to the transfer of the Property as the transfer will be for nominal consideration. The Purchaser will also be responsible for all closing costs, the construction, maintenance and operation of the Community Hub as described in Appendix B of this report.

The Property was acquired by the City in 2011 for \$5.9 million.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.

DECISION HISTORY

At its meeting on October 27, 28 and 30 2020, City Council adopted Item GL16.13, "Bridletowne Community Hub - Update", and approved the execution of ground lease with the Scarborough Health Network on terms and conditions outlined in the report, based on revised project proposal for the Bridletowne Community Hub.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL16.13>

At its meeting on November 7, 8 and 9, 2017, City Council adopted Item EX28.16, "Lease Agreements with the Scarborough Health Network and the Y.M.C.A. of Greater Toronto for the Development of the Bridletowne Community Hub", and approved entering into ground lease agreements with the Scarborough Rouge Hospital, and

Y.M.C.A. of Greater Toronto on terms and conditions outlined in the report, based on a revised project proposal for the Bridletowne Community Hub.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.15>

Despite the best efforts of the Y.M.C.A., it was not able to secure the required project funding within the timeframes contained in the transfer agreement. As a final attempt to collectively secure the resources required to deliver the original vision of a Bridletowne Community Hub, on October 5, 2016 City Council adopted a motion to reinstate the conditions of the original Bridletowne servicing agreement until June 30, 2017, and authorized that a revised project proposal be submitted for Council consideration no later than December 2017 should the funding requirements specified in the agreement not be secured by June 30, 2017.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.MM21.42>

On June 10, 2014, City Council adopted a zoning amendment to amend L'Amoreaux Community (South) Zoning By-law No. 12466, by adding Exception 73, permitting a 4-storey building with a maximum gross floor area of 150,000 square feet with additional permitted uses including a community center of up to 60,000 square feet, medical clinic up to 40,000 square feet, offices up to 20,000 square feet and ancillary retail up to 30,000 square feet.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.SC32.21>

Also at its meeting of September 21 and 22, 2011, Council approved the transfer of the Property to the Y.M.C.A. at nominal consideration to purpose-build an approximately 100,000 square-foot multi-service facility that would house: (1) the Y.M.C.A.; (2) rental space for community-based agencies; and (3) rental space for the Hospital and for other health services. The transfer was contingent upon, among other things, the Y.M.C.A. reaching certain funding targets. City Council confirmed that the transaction was deemed to be in the interest of the City. City Council adopted the following recommendation contained in the report (September 15, 2011) from the City Manager [EX9.16a]: Major Terms and Conditions of the Grant Agreement between the City of Toronto and the Y.M.C.A.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX9.16>

At its meeting of September 21 and 22, 2011, City Council authorized the City to enter into an Offer to Sell with the Toronto District School Board to acquire the Property at a purchase price of \$5,742,000 plus applicable taxes and registration fees, estimated at \$0.2 million. City Council directed that the 2011 Approved Capital Budget for Real Estate Services be increased by \$5.942 million gross, \$0 net, funded from the Land Acquisition Reserve Fund to fund the acquisition.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX9.16>

At its meeting of August 25, 26 and 27, 2010, City Council approved the acquisition of the Property from the Toronto Lands Corporation (a subsidiary of the Toronto District School Board) for use as a community hub.

<http://www.toronto.ca/legdocs/mmis/2010/ex/bgrd/backgroundfile-32904.pdf>

COMMENTS

Background

In August 2010, as part of the Finch Warden Area Revitalization Study, the need for a community hub to help address the demand for community facilities and services in the neighbourhood was first identified. In 2013, through a public sector-community based sector collaboration between the City, the Y.M.C.A., and the United Way Toronto, the Y.M.C.A. was selected to lead the creation of the Community Hub to be a new multi-service community hub in the Steeles-L'Amoreaux priority neighbourhood.

In October 2013, the Community Hub concept evolved to include the Scarborough Rouge Hospital (now Scarborough Health Network or "S.H.N.") as one of the collaborators, and was approved by City Council via adoption of Item SC32.21 in June 2014.

To support the Y.M.C.A.'s efforts in fundraising and to support the commencement of project, City Council approved a revised project proposal to divide the lands into two parcels. One parcel would be retained by the City and leased to S.H.N., and the second parcel (the "Property") will be leased to the Y.M.C.A., on a short-term basis (four years) until such time funding could be secured by the Y.M.C.A. In 2020, subject to further amendments to the 2017 approval and subsequent changes to the project roadmap, S.H.N. entered into a ground lease with the City.

Changes to the Project including Parking Lot Construction and Operation

Various circumstances impacted the project roadmap, necessitating changes to the some of the project's elements including the parking lot construction and operation as outlined in the 2020 report (GL16.13). To be consistent with the Y.M.C.A.'s membership model and due to the socio-economic profile of the community in which the Community Hub is to be located, the terms and conditions of the November 2020 ground lease with S.H.N. were amended to reflect the changes to parking lot construction and operation as detailed in Appendix C. The amendment allows the Y.M.C.A. to operate the parking lot at no charge to the public if they acquire a fee simple ownership of the Property. However, if the Y.M.C.A. does not acquire fee simple ownership of the Property, the space will be constructed as per Toronto Parking Authority standards and operated by the City and the Toronto Parking Authority, with all of the covenants from the original ground lease would remain in effect.

Funding Details and Next Steps on Community Hub

In June 2021, the Y.M.C.A. was awarded federal funding for the Community Hub making it possible to move forward with the next steps, including securing site plan approvals, finalizing and executing the Property transfer to the Y.M.C.A. and commencing construction.

With respect to the Property, the following key steps are complete to advance the transfer of the Property to the Y.M.C.A.:

1. The City acquired the Property from the Toronto Lands Corporation ("T.L.C.") for the development of a multi-service community hub in 2012.

2. Council authorized the Property to be declared surplus and transfer the Property to the Y.M.C.A. as a grant to purpose-build the Community Hub.

3. The Y.M.C.A. has obtained the funds necessary to construct their portion of the Community Hub (see Table 1 below for details of funding sources).

In 2021, staff negotiated the term sheet with the Y.M.C.A. for the transfer of the Property, reflective of previous Council direction and changes to the project timeline. The City and the Y.M.C.A. are now ready to proceed with the proposed sale, as the key terms have been finalized and funding has been secured by the Y.M.C.A.

The Y.M.C.A.'s 2021 estimated cost to construct their portion of the Community Hub is \$72.1 million (excludes S.H.N.'s portion). As aligned with the key requirements of transferring the Property to the Y.M.C.A., the Y.M.C.A. have demonstrated they've successfully received commitments for funding equivalent to 75 percent of the total estimated cost of the project. Table 1 below outlines the various funding sources secured by the Y.M.C.A.

Table 1: Community Hub Funding Sources

Contributor	Amount
Y.M.C.A	\$15.1 million
Federal Funding	\$26.8 million
Provincial Funding	\$22.3 million
Children's Services	\$3.9 million
United Way Toronto	\$3 million
Total	\$71.1 million

Corporate Real Estate Management and City Planning worked collaboratively to ensure planning approvals and the timing of real estate transactions align with planned construction timelines for the Community Hub. The anticipated transfer of the Property to the Y.M.C.A. in the first quarter of 2022 aligns with the project timeline to meet construction completion of the Community Hub in December 2024.

Key Terms of the Agreement of Purchase and Sale

The City will transfer the Property to the Y.M.C.A. for nominal consideration for the purpose of constructing and operating an integrated and interdependent community based program centre. The Y.M.C.A. will also assume the ground lease with S.H.N. dated November 1, 2020, as amended by an amending agreement dated November 26, 2021. If the construction of the Community Hub has not commenced within five years from the date of closing of Agreement of Purchase of Sale, the City may elect to transfer the Property back to the City for \$1.00.

Detailed terms and conditions of the Agreement of Purchase and Sale are provided in Appendix B.

Conclusion

Since the Y.M.C.A. has secured the necessary funding, and the proposed transfer of the Property to the Y.M.C.A. is considered to be fair and reasonable to both parties, staff recommend Council approve the proposed fee simple transfer of the Property to Y.M.C.A. to advance on the next steps of the Community Hub.

CONTACT

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SIGNATURE

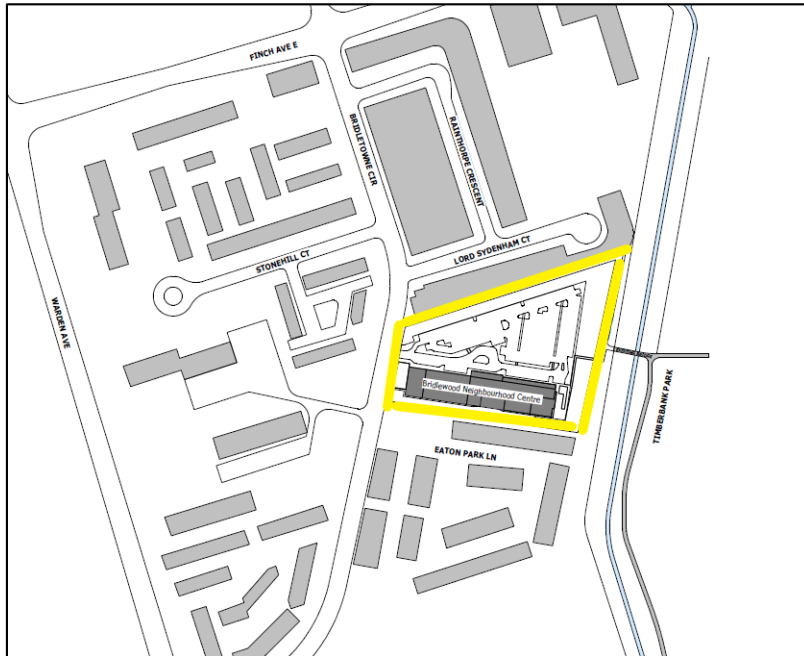
Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Appendix A - Location Map and Site Plan
Appendix B - Agreement of Purchase and Sale with Y.M.C.A. of Greater Toronto: Major Terms and Conditions
Appendix C - Ground Lease with the Scarborough Health Network: Amended Terms and Conditions

Appendix A - Location Map and Site Plan

Location Map



Site Plan



**Appendix B - Agreement of Purchase and Sale with Y.M.C.A. of Greater Toronto:
Major Terms and Conditions**

Major Terms in the Purchase and Sale Agreement for 1355 Bridletowne Circle (the "Property")	
Vendor	City of Toronto
Purchaser	Y.M.C.A. of Greater Toronto (Y.M.C.A)
Property	1355 Bridletowne Circle
Approximate Size	Approximately 5.22 acres (which area includes, without limitation, the parking lot area)
Purchase Price	\$2.00
Use of the Property	The Purchaser shall construct and operate an integrated and interdependent community based program centre as shown in the site plan Appendix A. For clarity, the Purchaser shall not be required to do any construction in respect of the facility being constructed by Scarborough Health Network ("S.H.N.") or the parking lot both of which S.H.N is responsible for under its lease (the "S.H.N. Lease") and shall not be responsible for the operation of the S.H.N. facilities covered by its the S.H.N. Lease.
Vendor's Closing Conditions	<p>The Purchaser shall provide evidence that the Purchaser has successfully received commitments for funding equivalent to 75% of the total estimated cost of the Project.</p> <p>The Purchaser has submitted a site plan application (jointly with Scarborough Health Network in connection with the entire site), and such application has been approved by the applicable authorities.</p> <p>Transaction to be completed at no cost to the City.</p>

Major Terms in the Purchase and Sale Agreement for 1355 Bridletowne Circle (the "Property")	
Purchaser's Due Diligence Period	<p>The Purchaser shall have 90 days from the date of the purchase to satisfy all aspects of the Property. The Purchaser shall have the right, at its option, to extend the Due Diligence Period by an additional period of up to 90 days in respect of its review of the environmental condition of the Property. Should the Purchaser not be satisfied with the results of its due diligence reviews and investigations, it may in its sole discretion at any time prior to the expiry of the Due Diligence Period (as extended if applicable) elect not to proceed with the transaction upon delivery of written notice to the City.</p> <p>The Purchaser is purchasing the Property on an "as is, where is" basis, subject to typical basic representations from the City. The Purchaser shall be permitted until the expiry of the Due Diligence Period to investigate title to the Property, to satisfy itself that title is free and clear of all encumbrances except for Permitted Encumbrances (to be agreed to between the parties, both acting reasonably, prior to execution of the Purchase Agreement) and to submit any valid objections to title or valid requisitions with respect to off-title compliance matters. If any such valid requisition is submitted in writing to the City and the City is unable to remove or satisfy same and the Purchaser is unwilling to waive such requisition, then at the option of the Purchaser, the transaction shall be null and void.</p>
License	The Purchaser shall enter into a license with the S.H.N. upon settling this term sheet for access to the Property for due diligence.
Purchase Parking Lands	<p>The Property being conveyed to the Purchaser pursuant to the Purchase Agreement shall include the parking lands (the "Parking Lands") which provide parking to the S.H.N. hospital under the S.H.N. Lease and which are intended to provide parking to the Y.M.C.A. and Community Hub patrons.</p> <p>On closing, a restriction shall be registered on title to the Parking Lands which restricts the use of the Parking Lands to free parking for the Project or possible future affordable housing (in which case, the existing parking will be replaced with alternate parking facilities to support the Project).</p>

Major Terms in the Purchase and Sale Agreement for 1355 Bridletowne Circle (the "Property")	
Covenants	<p>The Purchaser shall build an integrated and interdependent program centre that will house Y.M.C.A. programs and services, community agency space, child care services, and other potential health/community services.</p> <p>The Purchaser will build the day care space, the size and construction of the space will be according to the provincial guideline and City of Toronto day care requirements, and to the satisfaction of Children's Services of City of Toronto. The Y.M.C.A. shall be solely responsible for the operation of the child care facility.</p> <p>The Purchaser shall assume the ground lease with S.H.N. dated November 1, 2020, as amended by an amending agreement dated November 26, 2021, with such modifications as are agreeable to the City, the Purchaser and S.H.N.</p>
S118 LTA Restriction/ Mortgagees and Transferees	<p>In the event that the mortgage financing does not exceed 25% of the appraised value of the Property or the Vendor, acting reasonably, consents to a mortgage loan for a higher amount, the Vendor agrees to subordinate its option to purchase and any restrictions (including without limitation any section 118 restrictions) in its favour to the mortgage.</p>
Planning Application/Zoning Application	<p>All planning applications (including rezoning and site plan applications) by the Purchaser must be reviewed and approved by the City. If, and only if, the uses of the Property included in such applications are not consistent with the Permitted Uses, the City shall be permitted to object to the application and insist upon revisions to same by the Purchaser.</p>
Construction	<p>The Purchaser is responsible at its sole cost for all the construction, maintenance and operation of the Project and shall construct the Project in compliance with zoning requirements and building codes.</p>
Obligation to Reconvey	<p>On Closing, the parties will enter into a reconveyance agreement pursuant to which the Vendor shall have the right, at its option, to have the Property reconveyed to it for \$1.00 if construction of the Project has not been commenced on or before five (5) calendar years from the date of the closing of the transaction contemplated herein.</p>

Appendix C - Ground Lease with the Scarborough Health Network: Amended Terms and Conditions

Amended Terms in the Ground Lease with the Scarborough Health Network	
Lessor	City of Toronto
Lessee	Scarborough Health Network ("S.H.N.")
Section 1.3	<p>From and after the Amendment Date, the definition of "Parking Lot" in Section 1.3 is deleted in its entirety and replaced with the following:</p> <p>""Parking Lot" means the parking lot constructed on the Site in accordance with Section 16.18 hereof, as depicted on Schedule "A-1" attached hereto."</p>
Section 2.1	<p>From and after the Amendment Date, Section 2.1 of the Lease is amended by deleting paragraphs (a), (b), and (c) and the following is inserted in its place:</p> <p>"Section 2.1 a) A notice of approval conditions ("N.O.A.C.") for the Site is issued on or before February 15, 2022; b) Construction of the Facility must commence on or before February 15, 2023; and c) Substantial Completion of the Facility must be achieved on or before December 31, 2024."</p>

<p>Section 16.18</p>	<p>From and after the Amendment Date, Section 16.18 of the Lease is deleted in its entirety and the following is inserted in its place:</p> <p>"Section 16.18</p> <p>The Landlord and Tenant and acknowledge that a Parking Lot is to be constructed on the Site. The type of Parking Lot to be constructed and operated on the Site will be subject to whether the Community-Based Services Developer acquires a fee simple ownership interest in the Lands comprising the Parking Lot.</p> <ul style="list-style-type: none"> • If the Community-Based Services Developer acquires a fee simple ownership interest the Lands comprising the Parking Lot, the following will occur: <ul style="list-style-type: none"> • The Tenant shall work collaboratively with the Community-Based Services Developer, as part of the site plan approval process, to obtain approval to construct a Parking Lot that is not subject to Toronto Parking Authority's design and construction standards. • The Tenant and the Community-Based Services Developer shall be responsible for constructing a Parking Lot in accordance with the site plan approval for the Site. • Upon commencement of the Term, the Tenant and the Community-Based Services Developer shall be responsible for operating the Parking Lot, at no charge to the public. • If the Community-Based Services Developer does not acquire a fee simple ownership interest in the Lands that includes the Parking Lot, the following will occur: <ul style="list-style-type: none"> • Notwithstanding anything contained herein or any agreements entered between the Tenant and the Community-Based Services Developer in respect of the Project, the Parking Lot shall at all times be owned and operated by the Landlord. • The Tenant agrees that it shall construct the Parking Lot in conjunction with its construction of the Facility. In conjunction with obtaining site plan approval for the Project or otherwise, the Tenant shall enter into any further construction contract that may be reasonably required on the form provided by the Landlord and/or Toronto Parking Authority which contract shall include, inter alia, Toronto Parking Authority's design and construction standards. The Tenant acknowledges that failure to enter into such contract in compliance with this Section 16.18 shall be an event of default under the terms of this Lease. • The Landlord confirms that upon commencement of the Term, Toronto Parking Authority will operate the Parking Lot. For clarity, during the Term, the Landlord and/or
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Amended Terms in the Ground Lease with the Scarborough Health Network

Toronto Parking Authority shall be solely responsible for the operation, maintenance, repair and replacement of the Parking Lot at its sole cost and expense without recovery from the Tenant.

- The Tenant and its employees, agents, contractors, invitees and licensees shall be entitled throughout the Term to use of the Parking Lot in conjunction with others that are entitled to use thereof, on terms and conditions imposed by the Landlord or Toronto Parking Authority."