

Sale and Redevelopment of 254 and 260 Adelaide Street West

Date: March 9, 2023

To: The Board of Directors of CreateTO

From: Chief Executive Officer, CreateTO

Wards: Ward 10 - Spadina-Fort York

REASON FOR CONFIDENTIAL INFORMATION

The Confidential Attachment to this report relates to a proposed or pending acquisition or disposition of property belonging to CreateTO and/or the City.

SUMMARY

The purpose of this report is to receive Board approval to sell 260 Adelaide Street West (the "Site") with an option to enter into a joint venture to redevelop the Site based on the negotiated terms and conditions set out in Confidential Attachment 1. Management is further seeking approval on the updated business case to achieve significant city building including a new at-grade public park at 229 Richmond Street West and the construction of other important City facilities across several City-owned properties.

The business case will fund the relocation of Fire Station 332 from 260 Adelaide Street West to Metro Hall. It will also repay approximately half of the City's acquisition costs of the adjacent property at 229 Richmond Street West and pay for the relocation of existing City tenants to free up space for the new Fire Station at Metro Hall.

The redevelopment of 260 Adelaide and the resulting revenue generated will contribute to other significant city building benefits including a minimum of 20 per cent affordable housing, a new Toronto Paramedic Services post and new community space.

RECOMMENDATIONS

The Chief Executive Officer, CreateTO recommends that the Board of Directors of CreateTO:

1. Approve the sale of 260 Adelaide Street West based on the negotiated terms and conditions set out in Confidential Attachment 1.
2. Authorize the Chief Executive Officer, CreateTO and the Chief Legal Counsel & Corporate Secretary, CreateTO to negotiate and execute such transaction agreements, including an Agreement of Purchase and Sale, joint venture agreements, and such other documents as may be necessary to finalize the arrangements with the proponent for 260 Adelaide Street West (the "Agreements"), substantially on the terms set out in Confidential Attachment 1, and such other terms and conditions deemed appropriate by the Chief Executive Officer, CreateTO and the Chief Legal Counsel & Corporate Secretary.
3. Authorize the Chief Executive Officer, CreateTO and the Chief Legal Counsel & Corporate Secretary, CreateTO to elect either (i) not to participate in the limited partnership contemplated in the Agreements, or (ii) to participate in the limited partnership contemplated in the Agreements with a minimum interest of ten percent and a maximum interest of twenty-five percent participation.
4. Authorize the Chief Executive Officer, CreateTO and the Chief Legal Counsel & Corporate Secretary, CreateTO to negotiate such agreements and instruments and take such actions as may be required to close the transactions contemplated in the Agreements and, if applicable, to effect the election to participate in the limited partnership contemplated in the Agreements.
5. Approve the business case as set out in Confidential Attachment 1 for the acquisition of 229 Richmond Street West and relocations within Metro Hall funded by the redevelopment and sale of 260 Adelaide Street West.
6. Recommend that City Council transfer 260 Adelaide Street West to CreateTO or to Build Toronto Inc. or an affiliate of Build Toronto Inc. as determined by the Chief Legal Counsel and Corporate Secretary, CreateTO at nominal value.
7. Authorize the Chief Executive Officer, CreateTO and the Chief Legal Counsel and Corporate Secretary, CreateTO, to negotiate and execute all agreements, including a transfer agreement and all closing documents, register any required documents on title, and take all other necessary steps to accept the transfer of the property.
8. Recommend that City Council approve the business case and sale of 260 Adelaide Street West based on the terms and conditions set out in Confidential Attachment 1.
9. Recommend that City Council authorize the public release of Confidential Attachment 1 following the closing of all the transactions contemplated in the Agreements and at the discretion of the Chief Executive Officer, CreateTO.
10. Request the Board Secretary to transmit the Board's decision to City Council for consideration when the City staff report is submitted.

11. Authorize the public release of Confidential Attachment 1 to this report following the closing of the transactions contemplated in the Agreements and at the discretion of the Chief Executive Officer, CreateTO.

FINANCIAL IMPACT

The financial impact of this Report is noted in the Confidential Attachment 1.

DECISION HISTORY

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>

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 case 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>

At its meeting on May 11, 2021, CreateTO Board approved the relocation of the Fire Station 332 to Metro Hall and the redevelopment plan for 260 Adelaide which will include affordable housing, a new Paramedic post, and community space. The Board approved the financial business case for the potential disposition of 260 Adelaide and the requisite funding allocation of the proceeds. The Board also approved the redevelopment plan for 229 Richmond, which will include an at-grade park and a potential below-grade parking garage.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA22.9>

At its meeting on July 7, 2021, CreateTO Board approved the negotiated joint development agreement with the adjacent landowner to 260 Adelaide Street West to jointly rezone and sell the sites. The Board also recommended to City Council to approve the negotiated Joint Development Agreement with the adjacent landowner to 260 Adelaide Street West to jointly rezone and sell the sites.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA23.2>

At its meeting of October 1, 2021, City Council authorized the City to enter into a joint development agreement and any related agreement with the owner of 254 Adelaide

Street West to jointly rezone and sell 254 Adelaide Street West and 260 Adelaide Street West.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX26.2>

At its meeting on July 19, 2022, City Council amended City of Toronto Zoning By-law 569-2013 for the lands at 254-260 Adelaide Street West.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.TE34.32>

At its meeting on November 18, 2022, CreateTO Board authorized CreateTO to amend the timelines in the Joint Development Agreement (October 6, 2021) to allow time to explore a joint venture opportunity with the owner of 254 Adelaide Street West until end of March 2023.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.RA1.3>

COMMENTS

On October 1, 2021, City Council authorized the City to enter into a Joint Development Agreement with the owner of 254 Adelaide Street West to jointly rezone and sell 254 and 260 Adelaide Street West. Following Council direction, CreateTO worked with the adjacent landowner to submit a zoning by-law amendment application based on the development principles agreed to in the Joint Development Agreement. Rezoning was successfully achieved for a 61-storey mixed use building including 813 residential units (minimum 20 per cent affordable), a paramedic post and a 9,982 square-foot community space, with the appeal period ending on August 18, 2022.

CreateTO has negotiated terms and conditions with the proponent for sale of 260 Adelaide Street West with an option for the City to enter into a joint venture by which the City may realize profits by being an equity participant in the development. Details of the proposed transaction and negotiated terms and conditions are contained in Confidential Attachment 1.

CONTACT

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SIGNATURE

Vic Gupta

Chief Executive Officer, CreateTO

ATTACHMENTS

Confidential Attachment 1