

Transfer of 260 Adelaide Street West to Build Toronto Inc.

Date: April 18, 2023

To: Executive Committee

From: Executive Director, Corporate Real Estate Management

Wards: Ward 10 - Spadina-Fort York

REASON FOR CONFIDENTIAL INFORMATION

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

SUMMARY

The purpose of this report is to seek City Council authority for the transfer of the City-owned property at 260 Adelaide Street West ("260 Adelaide") from the City to a CreateTO managed corporation, Build Toronto Inc., or an affiliate of Build Toronto Inc. 260 Adelaide was declared surplus by City Council on October 29, 2019 through Item EX9.6 - "Property Acquisition for Strategic City Building." This report is also in response to direction received in Item EX26.2 - "Redevelopment of 260 Adelaide Street West" to report back to Executive Committee for approval of the business plan for the redevelopment of 229 Richmond Street and Metro Hall funded by the redevelopment and sale of 260 Adelaide Street West.

Given the strategic and City-building objectives, it is recommended that this report and the transmitted CreateTO Board report RA3.7 - "Sale and Redevelopment of 254 and 260 Adelaide Street West" be considered jointly by City Council.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management recommends that:

1. City Council grant authority to the Executive Director, Corporate Real Estate Management, to enter into an agreement to transfer 260 Adelaide Street West, including agreements related thereto, to a CreateTO managed corporation known as

Build Toronto Inc., or an affiliate of Build Toronto Inc., substantially on the terms and conditions set out in Confidential Attachment 1 and such other and amended terms and conditions that are acceptable to the Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor.

2. City Council authorize severally each of the Executive Director, Corporate Real Estate Management, and Director, Transaction Services to execute the documents required to complete the transfer transaction.

3. City Council direct \$5,775,000 in future Section 37/Community Benefits Charge payments in Ward 10 - Spadina-Fort York to Build Toronto Inc. or an affiliate of Build Toronto Inc. for affordable housing at 260 Adelaide Street West before closing of the subsequent sale of 260 Adelaide Street West.

4. City Council authorize the public release of Confidential Attachment 1 to this report following the closing of the transactions contemplated in Confidential Attachment 1.

FINANCIAL IMPACT

The financial details related to the business plan, including the proposed terms and conditions, are included in Confidential Attachment 1 of this report.

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 March 27, 2023, the CreateTO Board approved the business case and sale of 260 Adelaide Street West with an option to enter into a limited partnership, and recommended that City Council transfer 260 Adelaide Street West to CreateTO or to Build Toronto Inc. or an affiliate of Build Toronto Inc. at nominal value.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.RA3.7>

At its meeting on February 27, 2023, City Council adopted GG1.11 "ModernTO: Transfer of Properties to Build Toronto Inc. and Proposed Municipal Capital Facility Agreement" which Council approved the transfer of City-owned properties to Build Toronto Inc. for development purposes.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.GG1.11>

At its meeting on November 18, 2022, the 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>

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 July 19, 2022, City Council adopted GL32.21 "Transfer of Strata Property to Build Toronto - 1978-2002 Lake Shore Boulevard West" which Council approved the transfer of a stratified portion of 1978-2002 Lake Shore Boulevard West for development purposes.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.GL32.21>

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 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 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 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 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>

COMMENTS

The City is the owner of 260 Adelaide, located within Ward 10 - Spadina-Fort York. 260 Adelaide is currently home to Fire Station 332.

On October 29, 2019, through EX9.6 - "Property Acquisition for Strategic City Building", City Council declared surplus 260 Adelaide. The disposition of 260 Adelaide will fund the proposed relocation of Fire Station 332 to Metro Hall, the proposed relocation of displaced tenants at Metro Hall, namely Children's Services, Toronto Employment and Social Services, and the YMCA, and also fund the acquisition of the 229 Richmond Street West which will be used for City-building opportunities.

Subsequently, at its meeting on October 1, 2021, City Council adopted Item EX26.2 - "Redevelopment of 260 Adelaide Street West" and authorized the City to enter into a Joint Development Agreement with the owner of 254 Adelaide Street West to jointly rezone and sell 254 Adelaide Street West and 260 Adelaide Street West. City Council also directed the Executive Director, Corporate Real Estate Management and Chief Executive Officer, CreateTO to report back to Executive Committee for approval of the business plan for the redevelopment of 229 Richmond Street and Metro Hall funded by the redevelopment and sale of 260 Adelaide.

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.

Following rezoning, CreateTO negotiated terms and conditions with the proponent for the sale of 260 Adelaide with an option for the City to enter into a limited partnership by which the City may realize profits by being an equity participant in the development. The details of the upcoming transaction, the proposed terms and the associated financial impacts are summarized in the transmitted supplementary CreateTO Board report RA3.7 - "Sale and Redevelopment of 254 and 260 Adelaide Street West".

In order to facilitate the necessary negotiations and the sale of 260 Adelaide, this report seeks City Council authority to transfer 260 Adelaide from the City to Build Toronto Inc. or an affiliate of Build Toronto Inc. The transfer of 260 Adelaide from the City to Build Toronto Inc. is consistent with historical practice, whereby certain City-owned properties are transferred to Build Toronto Inc. for city-building/development purposes (i.e. Item 2022.GL32.21 and 2023.GG1.11). The terms and conditions of the proposed transfer are outlined in Confidential Attachment 1.

CONTACT

Vinette Prescott-Brown, Acting Director, Transaction Services, Corporate Real Estate Management, 416-338-7138, Vinette.Prescott-Brown@toronto.ca

SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Confidential Attachment 1 - Details of the Proposed Transfer of 260 Adelaide to Build Toronto Inc.