TORONTO

REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Leveraging City-Owned Real Estate to Support City Council Objectives - Long-Term Financial Plan Update

Date: June 3, 2025
To: Executive Committee
From: Deputy City Manager, Corporate Services
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachments to this report contain information pertaining to proposed or pending acquisition or disposition of land by the City or local board, and commercial or financial information that belongs to the City or local board and has monetary value or potential monetary value.

SUMMARY

In March 2024, City Council adopted EX12.4 - Long-Term Financial Plan Update: Leveraging City-Wide Real Estate Opportunities for affordable housing, complete communities and financial sustainability, which directed staff to explore specific real estate portfolios that could support city building, the City's housing plan and fiscal sustainability goals, including:

(1) Off-Street City-Owned Parking Lots;
(2) Intensification of Toronto Transit Commission (TTC) Stations;
(3) City-Owned Land Adjacent to Provincial Transit Sites; and
(4) Intensification of Parks & Recreation facilities for housing co-location.

This report presents analysis conducted by CreateTO, the City of Toronto's strategic real estate agency, working with Parks & Recreation, Toronto Parking Authority, City Planning and other divisions regarding opportunities to make better use of City-owned real estate, including repurposing assets towards alternative City needs and priorities directed by City Council through the Long-Term Financial Plan.

It is important to note that this report does not seek decisions on any specific site. Determining the best city building outcome for any City-owned property requires significant due diligence, planning analysis, financial analysis, stakeholder engagement,

including the local Councillor, and the development of appropriate business cases for a change in use before coming to Council for subsequent approvals.

With and on behalf of the City, CreateTO leads an ongoing process of evaluating City-owned real estate and City service needs, or the matching of supply and demand, enabling opportunities to intensify land uses, promote co-location, repurpose underperforming assets, and/or redevelop lands for higher and better uses, including a range of housing and community outcomes. For example, over 50 City-owned parking lots have already been identified to be repurposed for other City uses, including affordable housing, new parks, and City infrastructure needs.

As directed by City Council through item 2024.EX12.4, staff have evaluated the utilization and financial performance of additional City-owned parking lots, and prioritized consideration of facilities functioning at a net operating loss. As a result of this analysis, 21 parking lots met both criteria for underperformance, including: **(1)** generating a net financial loss, and **(2)** having a utilization rate that was below target or underutilized. An initial subset of 10 parking lots (of the 21) have been prioritised for evaluation and will be assessed for other City priorities. Additional due diligence is required for each site to identify specific future uses, in consultation with local Councillors and Divisions, Agencies and Corporations (DACs).

Repurposing the 10 prioritized parking lots could potentially deliver a mix of housing, community and financial sustainability outcomes, consistent with Council's Long-Term Financial Plan direction. Subject to due diligence and specific, future decisions on how to proceed on each site, potential benefits from repurposing these sites may include:

- $100+ million in land value from 10 underperforming parking lots potentially redirected to other City needs and program priorities;
- New community infrastructure and parkland potential in high-priority areas identified by Parks & Recreation;
- New opportunities to support City Council's urgent need for affordable housing, supportive housing, and new rental supply;
- Up to approximately $2 million in annual parking operating and capital costs savings;
- Alignment to Planning policies, including the Official Plan and Provincial Planning Statement, 2024; and
- Supporting the City's Long-Term Financial Plan, HousingTO 2020-2030 Action Plan, and other City strategies and plans promoting complete communities.

This report also identifies an initial list of five (5) City recreation facility sites where the co-location of housing can be further explored. These sites were identified based on a series of principles and will be advanced through the current 5-Year Review of the City's Parks and Recreation Facilities Plan. Any co-location of housing with community recreation facilities would address the legislative and municipal objectives of these sites for parks and public recreation purposes and avoid impacts to the parkland itself through site-specific design solutions, while addressing the housing needs of current and future residents of Toronto.

The remaining two portfolios under review, including *Intensification of Toronto Transit Commission (TTC) Stations* and *City-Owned Land Adjacent to Provincial Transit Sites* have no immediate opportunities to report at this time and will be advanced through future reporting to City Council, as site specific opportunities become available.

RECOMMENDATIONS

The Deputy City Manager, Corporate Services, recommends that:

1. City Council adopt the proposed principles for the co-location of housing with Parks and Recreation facilities as detailed in Appendix 1 of this report and direct the General Manager, Parks and Recreation, in consultation with the Executive Director, Housing Secretariat and the Chief Planner and Executive Director, City Planning, to apply the proposed principles to all major capital recreation facilities as part of the Parks and Recreation Facilities Plan 5-Year Review and Implementation Strategy.

2. City Council direct the Confidential Attachment 1 and Confidential Attachment 2 remain confidential at this time as they pertain to proposed or pending acquisition or disposition of land by the City or local board, and commercial or financial information that belongs to the City or local board and has monetary value or potential monetary value.

3. City Council authorize the release of information in Confidential Attachment 1 and Confidential Attachment 2 as transactions related to each site are brought forward, and at the discretion of the Deputy City Manager, Corporate Services.

FINANCIAL IMPACT

The 10 prioritized parking lots, to be evaluated for housing and community uses, currently generate negative net cash flow, but have a combined estimated market value exceeding $100 million. If repurposed, this land value will be redirected towards other City needs and priorities, such as affordable housing and parkland creation or expansion, reducing costs associated with land acquisition to enable these City services and programs.

If decommissioned, the 10 underperforming parking lots are estimated to improve operating results by $214,000/year, plus effect an estimated $1,755,000/year in capital cost avoidance for State of Good Repair investments, for a total estimated savings of $1,970,000 per annum. The timing and realization of these savings are dependant on the outcomes of the actions outlined under "Next Steps" in this report.

The capital, operating and due diligence costs associated with specific alternative use cases, such as affordable housing and community infrastructure, will be further assessed and financial implications resulting from alternative use recommendations will be included in future reporting and/or budget submissions, as appropriate.

There are no immediate financial impacts associated with the recommendation to explore housing co-location with Parks and Recreation facilities or the associated proposed principles. Any future financial implications associated with the implementation of these principles to specific sites will be considered in the context of City Capital Plan and priorities overall and discussed in future Staff reports for Council's consideration and/or will be included in future budget submissions for consideration along with other City priorities.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact section.

DECISION HISTORY

At its meeting on March 20 and 21, 2024 City Council adopted item EX12.4, aimed at leveraging City-wide real estate opportunities for affordable housing, complete communities and financial sustainability. City Council directed staff to review City-owned parking lots through an evaluation of year-round utilization and to prioritize facilities functioning at a financial loss. City Council also directed staff to explore housing co-location with community recreation facilities and to report back with priority sites for potential housing co-location:
https://secure.toronto.ca/council/agenda-item.do?item=2024.EX12.4

At its meeting on November 8, 2023, City Council adopted item EX9.3 - Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes, including a list of 92 City-owned properties (both housing ready and with housing potential) allocated to support new affordable housing targets adopted by City Council:
https://secure.toronto.ca/council/agenda-item.do?item=2023.EX9.3

At its meeting on July 10, 2023, General Government Committee adopted item GG5.13 - City Building Objectives for the Sale or Transfer of City-owned Real Estate, which outlined principles, guidelines and processes for decision making regarding underutilized and surplus City-owned properties:
https://secure.toronto.ca/council/agenda-item.do?item=2023.GG5.13

At its meeting on October 29 and 30, 2019, City Council adopted EX9.5 - Implementation Strategy for the Parks and Recreation Facilities Master Plan 2019-2038, which provides an evidence-based, decision-making framework to address service gaps, align facility development with growth, pursue facility repurposing opportunities, invest strategically, and advance policy and partnerships across the city:
https://secure.toronto.ca/council/agenda-item.do?item=2019.EX9.5

At its meeting on November 7, 8 and 9, 2017, City Council adopted EX28.2 - Parks and Recreation Facilities Master Plan 2019-2038, which guides the growth of and investment in indoor and outdoor community recreation facilities across the city. The Plan also establishes clear objectives to prioritize co-location and space sharing with other City services and community partners, while coordinating and aligning with Divisional, City-Wide and City Council objectives:
https://secure.toronto.ca/council/agenda-item.do?item=2017.EX28.2

COMMENTS

City-Wide Real Estate Program and Land Allocation

The City's real estate portfolio is made up of over 8,000 assets across 11 real estate asset types (e.g. office, industrial, community infrastructure, housing) that deliver municipal services and requires significant yearly capital and operational investment. As the City's strategic priorities and service needs evolve, so do the real estate requirements. As a result, the City is continuously optimizing its real estate portfolio to support City service delivery, address major policy objectives (e.g. housing) and generate value for the City (e.g. cost savings, prudent spending).

As City-owned real estate becomes available for use, either through change in operational needs, new efficiencies generated through strategic real estate plans, or identification of surplus or underutilized assets, there are opportunities to allocate real estate to specific City Divisions, Agencies and Corporations (DACs), or to specific City programs. These decisions are ultimately made by City Council, or by delegated authority, and are based on a collaborative assessment of each site, including a thorough assessment of program needs and real estate potential. Led by CreateTO, in collaboration with CREM and City DACs, the assessment to allocate lands to City programs considers:

- Program requirements outlined in Council approved Master Plans or Strategic Plans;
- Demonstrated service delivery needs (e.g. service levels unmet);
- Alignment with Council priorities and policy objectives;
- Funding availability and financial prudence;
- Appropriate planning context and land use potential;
- Partnership and co-location opportunities;
- Suitability of timing, market and site conditions; and
- Alignment with community needs.

Program needs (e.g. new libraries, community centres, parkland) defined by DACs are reviewed on an ongoing basis through regular collaboration with DAC partners. When needs are identified, they are inventoried and matched with available City-owned real estate, where available. CreateTO continuously assesses the City's mix of real estate, identifies underutilized lands, and evaluates opportunities to make better use of real property, prioritizing the need to drive city building value and support City programs. This supply-demand relationship drives portfolio planning on a City-wide basis, ensuring that program needs are identified and solutioned using City-owned lands as a first priority, wherever practical. Allocating lands to affordable housing, community uses or other needs does not have to be a mutually exclusive exercise where a single site serves a single purpose. For all sites identified in this report, multiple program needs will be evaluated where the opportunity for co-location exists (e.g. a library or daycare in a Transit-Oriented housing site).

1. Off-Street City-Owned Parking Lots

Overview of City-owned Parking Portfolio

There are approximately 300 off-street commercial parking lots operated by Toronto Parking Authority (TPA). CreateTO, CREM and TPA collaborated to evaluate the portfolio and identify underperforming assets. Table 1 provides a summary of the portfolio review and screening process, aimed at shortlisting parking lots with the greatest potential to be repurposed for housing and other City programs. The analysis concluded that 89 parking lots should be further analyzed for this purpose.

Table 1: Parking Portfolio Real Estate Overview and Screening Process[1]

Total Commercial Parking Assets (Portfolio as of December 31, 2024)	**302**
Less: Land Use Restrictions for Housing (e.g. Utility Corridors)	-45
Less: Below Grade Garages or Garages Already Integrated into Existing Developments	-27
Less: TCHC Ancillary Lots (opportunities subject to broader TCHC site analysis)	-42
Less: Exhibition Place Lots (subject to Exhibition Place Master Plan)	-10
Less: Non-City Owned Property (privately owned; operated via management agreements)	-20
Less: Linear Lots Abutting Laneways and Roads	-13
Less: Identified for City-Building Projects and Program Needs[2]	-56
Net Commercial Parking Assets to Review for Potential Housing/Community Uses	**89**

[1] Screening removes parking lots with limited opportunity to support alternative City uses.
[2] Parking lots with existing plans or directions to repurpose, including confidential sites listed in EX9.3

Long-Term Evaluation Process

The City's parking portfolio has supplied significant city building opportunities, including housing, parkland creation or expansion, and various infrastructure projects. Optimizing the parking portfolio is an ongoing, long-term process. This report prioritizes analysis of the portfolio by examining utilization rates and financial performance for 89 lots shortlisted as having higher potential to be repurposed. However, opportunities to make better use of lands are dynamic and the portfolio is constantly under review as the City grows and evolves. In addition to ongoing financial and utilization analysis, changing planning policies can create new 'highest and best use' conditions for parking lots, and land assembly opportunities with adjacent property owners can unlock new development opportunities. The parking portfolio will continue to be evaluated in a progressive nature in future years, applying a range of analytical lenses to evaluate best outcomes for the City, while considering parking supply needs in alignment with the City's Strategic Parking Framework.

Evaluating the City-owned Parking Portfolio

The 89 short-listed sites were determined to have the greatest potential to be repurposed for housing and other City programs. Each site was evaluated by CreateTO using information with site-specific context and background provided by TPA and other City Divisions & Agencies. The range of information considered, on a per site basis, included:

- Parking Utilization Rates;
- Net Operating Income (NOI);
- Capital Investment Need (e.g., 10-year state-of-good-repair estimates via Building Condition Assessments (BCAs));
- Net Operating Income After Capital (Net Cash Flow);
- New Housing Potential and Site Complexity;
- Regulatory context (e.g. land use designations, planning policies);
- Transit-Orientation (e.g. almost 70% of the 89 lots are in a Council-adopted Major Transit Station Area (MTSA) - roughly a 10-minute walk to higher order transit);
- Proximity to Business Improvement Area;
- TTC Below-Grade infrastructure; and
- Preliminary City DAC Interests (e.g. Parkland Deficiencies).

Parking lots operating at a financial loss and underperforming utilization rates are prioritized to be evaluated further. Utilization rates and financial information were evaluated for the 2023 calendar year to establish a baseline of sites. 2024 utilization rates and financial performance were also evaluated to identify performance trends. Measuring a three-year trend (i.e. 2023-2025) is preferred to determine if performance remains consistent over time. As performance continues to be measured in future years, new sites may enter the list to be monitored and considered for evaluation. Trend analysis for prior years (i.e. before 2023) was not considered reliable due to COVID-19-related impacts to TPA operations from 2020 to 2022. 2023 was the most appropriate base year to reflect 'normal' parking conditions and performance.

Parking Utilization Metrics (Priority Criteria)

TPA's utilization metric refers to the "Average Daily Peak Occupancy Rate" based on transactions from paid customers. The calculation sums the peak occupancy (i.e. the greatest number of transactions) of each day in the time period and divides this total by the number of days in the time period (i.e. January 1 to December 31 for the purposes of the baseline analysis in this report). TPA provided Average Daily Peak Occupancy Rates for 2023 and 2024.

Industry practices generally target a utilization rate of 85% for commercial parking facilities, which is supported by industry research and consulting advice received through the Strategic Parking Framework. This rate is considered optimal due to availability of spaces for users, ability to optimize revenue without overcrowding, reduced congestion caused by circling/cruising (translating to lower vehicle emissions and better air quality), efficient use of space/land, and higher reported customer satisfaction. In market-responsive or dynamic pricing environments, parking prices are adjusted to achieve the target occupancy rate.

For the purposes of this portfolio analysis, the benchmark ranges applied to evaluate the City's parking portfolio are:

- Well Utilized: 71% - 100% average daily peak occupancy rate
- Below Target: 50% - 70% average daily peak occupancy rate
- Underutilized: 0% - 49% average daily peak occupancy rate

These categories were applied to the 89 lots being evaluated to identify parking facilities that are underperforming (i.e. below target or underutilized).

Financial Performance Metrics (Priority Criteria)

To measure the financial performance of the 89 lots evaluated, TPA provided revenues, operating expenses and 10-year capital plans.

Net Operating Income (i.e. gross operating revenue – operating expenses) and Net Operating Income after Capital (i.e. net operating income – estimated annual capital expenses) were used to measure the financial performance of each lot. Capital expenditures were informed by building condition assessments (BCAs) total state-of-good-repair (SOGR) need over 10 years, averaged on a straight-line basis over the 10-year period, to estimate capital expenditures as an annual cost contribution. This methodology ensures a balanced distribution of capital costs over the 10-year horizon, preventing distortions in financial performance due to single-year, high-cost events or periods of minimal capital investment need. For the purposes of this portfolio analysis, the benchmark ranges applied to evaluate the financial performance of each lot are:

- Profitable: +$100,000/year net operating income after capital
- Breakeven: $0 - $99,999/year net operating income after capital
- Net Loss: less than $0/year net operating income after capital

These categories were applied to the 89 lots being evaluated to identify financially underperforming parking facilities (i.e. generating a net loss).

Results of the Combined Utilization and Financial Performance Analysis

Of the 89 lots evaluated, 21 parking lots met both criteria for underperformance, including: **(1)** generating a net financial loss, and **(2)** having a utilization rate that was below target or underutilized. 10 of the 21 parking lots are shortlisted in this report to be evaluated further. These sites were shortlisted because they offer clearer (or already initiated) pathways to support a change in use, fewer technical constraints to support new housing (e.g. TTC below-grade infrastructure), are in an area of known program/service need (e.g. park deficient area), or in an area with a developing master plan or re-development opportunity. Additional details regarding these 10 properties are included in "Confidential Attachment 1."

If repurposed, operating cost savings from these 10 underperforming parking lots is estimated to be $214,000/year, plus an estimated $1,755,000/year in capital cost avoidance, for a total estimated savings of $1,970,000 per annum. The combined land value of these 10 sites is estimated to be over $100 million.

The analysis of the 10 identified sites reveals the following key insights:

1.) **Underutilized Parking**: The occupancy rate for the 10 lots, when averaged together, is below 60% for 2023 and 2024, indicating that over 40% of the parking spaces remain empty at the busiest (or peak) times, with lower occupancy rates at non-peak hours. The metric indicates these lots offer more parking than is needed to meet demand at the busiest times.

2.) **Financial Losses**: The 10 lots generate negative cash flow of approximately $2 million/year (likely correlated to low utilization rates) meaning it costs more to operate and maintain the 10 lots than they earn in revenue. Financial losses can be avoided and potential savings can be reallocated to other TPA priorities.

3.) **Underutilized Real Estate Assets**: The 10 lots occupy valuable City-owned land with a combined estimated market value exceeding $100 million. Continuing to use these sites for low-performing operations represents a sub-optimal return on public assets and underscores their potential for more productive uses.

Taken together, these findings support the need to explore alternative land use strategies that can reduce ongoing financial strain and generate better value for the City. Staff will monitor 2025 performance for the 10 sites, examine the three-year trend (2023–2025), and consider local parking supply conditions when evaluating alternative uses scenarios.

Evaluating Alternative Land Uses

In addition to ongoing performance monitoring and consideration of local parking supply, these 10 parking lots will be evaluated for alternative City services and priorities, including housing opportunities, parkland, community infrastructure, transit-oriented development and other community needs. Land allocation criteria, as outlined in this report, will support the evaluation for the best use of lands. The evaluation will include consultations with local Councillors, City Planning and City DACs (e.g. Development Review, Housing Secretariat, TPA, Parks & Recreation, etc.) to investigate best use scenarios that serve City purposes. Business cases for any recommended change in use will be required, outlining timelines, due diligence activities, budget requirements and projected City benefits. All recommendations to repurpose lands will seek required approvals through the appropriate City authority to implement the change in use at the appropriate time.

The remaining 11 lots (of the 21 lots meeting both criteria for underperformance) have varying complexities that require further analysis and will be monitored for future city building potential. Additional details, including financial performance, regarding the 11 properties are included in "Confidential Attachment 2." These 11 properties require further work with TPA, City Planning, CREM and other City DACs to understand additional details, complexities and financial considerations, including:

- Site encumbrances and non-parking uses (e.g. TPA technical operations);
- Existing contractual arrangements and/or legal considerations (e.g. leasehold interests);
- Planned and/or recent, unamortized capital investments (e.g. Electric Vehicle charging infrastructure to support TransformTO objectives);
- Adjacent sites to be assembled for a complete development parcel;
- Below-grade infrastructure and other physical encumbrances; and
- Site complexity (e.g. lot configuration and setbacks).

Should opportunities become available for any of these 11 sites, they will be identified and brought to City Council for consideration. Until such time, the facilities will remain operational parking lots until further analysis is conducted and the nature and timing of opportunities to support alternative uses is determined.

City-Wide Strategic Parking Framework

Transportation Services is leading a City-Wide Strategic Parking Framework to guide the management of parking, its potential role in city-building, and how all the various divisions and agencies should work together. The Strategic Parking Framework supports and aligns with several other City strategies such as:

- Micromobility Strategy
- Freight and Goods Movement Strategy;
- Curbside Management Strategy; and
- Electric Vehicle Strategy.

To support effective coordination and decision-making for the partner entities and other City divisions or agencies with parking assets, a senior-level Parking Advisory Committee was created. The Parking Advisory Committee (PAC) acted as an executive steering body to ensure consensus on parking-related matters, bring consistency to decision-making standards and information sharing, and maintain alignment with City-wide goals, objectives and Council-approved policies.

Along with CreateTO and Transportation Services, membership includes representatives from City Planning, Economic Development and Culture, Corporate Real Estate Management, Toronto Parking Authority, Toronto Police Service, along with the TTC and other City DACs, plus additional partners as required based on the current committee focus (e.g., Environment, Climate & Forestry, Parks & Recreation, Revenue Service, and Metrolinx).

Off-street parking, as a City service, is supplied within the context of a larger parking and transportation network in the City, including on-street parking, privately operated parking, and with consideration for local transit availability and other transportation options. Through its PAC workshop meetings, a comprehensive parking inventory was identified as a vital need to meet the City's parking management objectives. Transportation Services is working towards an application that would store all parking information (i.e. On-Street, Off-Street, residential, and commercial, public and private). This internal application will assist staff in managing parking related aspects or impacts of future projects. For the management of the City's off-street parking portfolio, staff will leverage this tool to understand total parking supply for an area and impacts to parking levels if TPA lots are repurposed (i.e. removed from the local inventory).

2. Intensification of TTC Transit Stations

CreateTO, CREM, and TTC have reviewed current land use opportunities at TTC transit stations. While opportunities exist to add density and create new transit-oriented developments, it is prudent that these opportunities are timed in sequence with end-of-lifecycle conditions of existing TTC station infrastructure. Upon review of such lifecycle plans with TTC, there are no immediate opportunities for City Council direction or approval at this time. CreateTO, CREM, City Planning and TTC will monitor TTC real estate for end-of-life conditions that may open opportunities to re-think the co-location of TTC stations as mixed-use facilities that support affordable housing and other city building outcomes. This includes evaluating adjacent properties for land assembly opportunities and partnerships with the private, public and non-profit sector.

3. City-Owned Lands Adjacent to Provincial Transit Sites

City Planning, Transportation Planning, CREM and CreateTO continue to have ongoing dialogue with Infrastructure Ontario and Metrolinx regarding City-owned lands adjacent to Provincial transit sites. Subject to opportunities becoming available to advance City Council objectives with City-owned property, opportunities will be brought forward to City Council for consideration.

4. Intensification of Parks and Recreation Facilities for Co-Located Housing

In response to City Council’s direction, a review of Parks and Recreation’s community recreation facilities, planned projects and relevant legislation was undertaken to identify opportunities to support City Council’s housing goals.

Several recent and under-construction major recreation facilities include co-located housing on site. The co-location of housing and community recreation facilities presents unique policy, legislative, financial and site planning considerations. Based on recent and current co-location experiences, staff have identified a series of principles to be applied to all future major recreation projects prioritized through the Parks and Recreation Facilities Plan and an initial five sites for further evaluation.

Policy Context and Recent Co-location Projects

The 2019 Council adopted Parkland Strategy recognizes parks as essential elements for a good quality of life for Torontonians. The Strategy's goals are to expand and improve Toronto's park system as the city's population grows. Efforts to expand and protect the park system are pertinent, given the increasing importance of parkland as Toronto continues to densify.

Unlike other City properties, parks are acquired and funded in accordance with Provincial legislation (Planning Act) and municipal policies that provide explicit direction for the provision, expansion, and protection of land for parks and public recreation purposes (Official Plan, Zoning By-law and Municipal Code). Development is generally prohibited in parkland except for public recreation and cultural facilities, conservation projects and essential public works and utilities if supported by appropriate assessment. Most of the City's community recreation facilities are located on lands designated as parkland.

The 2019 Council approved Parks and Recreation Facilities Master Plan (Facilities Plan) addresses the increasing pressures on parkland for indoor and outdoor recreation facilities with goals of renewing and upgrading facilities, addressing gaps and growth-related needs and working with others to explore new opportunities. The Plan includes recommendations to prioritize co-location and shared spaces with other City services and community partners to enhance public access to needed spaces.

Based on the Parkland Strategy and Facilities Plan, the City has actively pursued opportunities to co-locate new community recreation facilities within new residential developments. Three new community recreation centres (CRCs) have been secured in the podium of residential developments at One Yonge Community Recreation Centre, East Bayfront Community Recreation Centre and Newtonbrook Community Recreation Centre.

Future recreation centres are envisioned to be co-located with new residential developments in the Christies, Downsview and Golden Mile Secondary Plans. Parks and Recreation is also pursuing facility revitalization projects identified in 2019 Facilities Plan on land with housing development potential, such as Parkdale Hub (Masaryk-Cowan Community Recreation Centre).

Benefits and Challenges of Co-locating Recreation Facilities with Housing

The benefits of co-locating a new recreation centre with residential development include delivering a centre where land may otherwise not be available or affordable for a large-stand-alone recreation facility. This also allows existing or new parkland to remain open space for passive and programmed uses, which is especially valuable in high density areas or in areas where parkland provision is low. Recent co-located facilities have been largely funded through former Section 37 Density Bonusing, including as in-kind community benefits, with minimal impact to the Division's capital plan. Recent legislative changes, such as replacement of Density Bonusing with a capped Community Benefits

Charge, have significantly impacted the amount of funding now available through growth-related funding tools.

Co-located uses must be carefully arranged to ensure the massing or building footprint can accommodate the dimensions of recreational facility amenities, especially for indoor pools and double gyms. The design of upper floors in a mixed-use development must accommodate the specific design and spatial requirements of these large amenities in the building's podium.

The construction and delivery timelines of co-located projects are subject to volatility of the residential partner’s funding. Parks & Recreation's facility projects are planned and funded to address pressing service needs; unanticipated delays can result in escalated construction costs and delays to the opening of important new City facilities.

Residential uses are not permitted on lands designated or zoned as parkland. Co-locating residential uses with indoor recreation facilities located on lands designated or zoned parkland will require site-specific policy changes, such as amendments to the Official Plan and Zoning By-law. Careful consideration must be given to understanding how the land was provided to the City (e.g. dedication, deed), the potential impact on local provision and access to passive and active recreational open space, and the effect on City policy to protect, expand and improve its parks and open space system. As demonstrated in the criteria and locations identified below, the City can pursue significant co-location opportunities in tandem with facility projects while maintaining public enjoyment of a growing park system.

Principles for Evaluating Opportunities to Co-locate Recreation Facilities with Housing

Staff have identified the following five principles as criteria to evaluate opportunities for the co-location of housing with new or redeveloped community recreation centres:

1. Prioritize co-location on residential development sites.

Parks and Recreation’s success in delivering new community recreation centres in residential podiums and preserving parkland for active and passive outdoor recreation aligns with City policies and strategies and should continue to be prioritized.

2. Advance Parks and Recreation Facilities Plan priorities.

The assessment of co-location opportunities shall be grounded by the needs identified in the Parks and Recreation Facilities Plan and informed by the City's housing priorities, as well as opportunities for co-location with other City services.

Co-location projects should serve to advance major recreation facilities (new or revitalized) approved by Council through the Facilities Plan, Capital Budget and Secondary Plans to align with identified service needs and funded facility projects wherever possible.

3. Prioritize sites with existing residential land use permissions.

Some Parks and Recreation sites are already designated and/or zoned for residential and mixed-use development and offer as of right redevelopment opportunity which can be leveraged to support co-location. Due diligence is required on all potential co-location opportunities to ensure there are no legislative or historical restrictions for uses other than public parkland.

4. Protect parkland for intended use and only consider co-location as part of recreation facilities with no net loss of parkland.

Co-location on Parks and Recreation sites should result in no net loss of green space in the park. Significant development opportunities, including residential development, could take place within the existing, reconfigured, or new building footprint of the recreation facility. Net loss of open spaces on public parkland should not be considered.

5. Ensure project funding and timelines are aligned.

Work collaboratively with project partners to assess the viability of each co-location opportunity to ensure timelines and budget requirements for the entire project can be aligned. Construction partnership and financing should not substantially delay the construction and delivery of the new recreation facility to the community or escalate project costs unnecessarily.

Staff have reviewed the Parks and Recreation portfolio of properties and projects and identified five sites for further consideration with other divisions (including a review of site opportunities and constraints and alignment of funding and project timing). Identified facility projects funded within Parks and Recreation's 2025-2034 Capital Plan include:

- Central Etobicoke Community Recreation Centre (Martin Grove-Eglinton) (new) (Ward 2); and
- Scadding Court Community Centre (Ward 10) (note: the Centre is a City-owned property incorporating Association of Community Centres and Toronto Public Library facilities; Parks & Recreation operates the Centre's pool and has planned capital funding for its renewal).

Additional facilities are planned for renewal beyond the 10-year Capital Plan and identified for further exploration of housing co-location opportunities as well as co-location with other City services:

- Don Montgomery Community Recreation Centre renewal (Ward 20);
- Harrison Pool renewal (Ward 10); and
- O’Connor Community Recreation Centre renewal (Ward 19).

The Facilities Plan also includes several new recreation facilities planned in the next ten years whose location will soon be confirmed and which offer opportunities for additional housing co-location.

The General Manager of Parks and Recreation, in consultation with the Housing Secretariat, City Planning and CreateTO, will review housing opportunities at these sites. With Council adoption of the principles identified in this report, staff will also apply the proposed approach to all major capital recreation facilities as part of the Parks and Recreation Facilities Plan five-year review anticipated in Q4 2025. The five-year review will confirm the priority of new and revitalized CRCs over the next 15-20 years. Any revised priorities will be captured in the subsequent Capital Budget submission.

Conclusion and Next Steps

This report identifies real estate opportunities aimed at making better use of City-owned lands, in support of City Council policies and priorities. Staff will undertake additional due diligence and consultations regarding the sites identified in this report, including:

- Consulting with City Divisions/Agencies and local Councillors to evaluate the best use of City lands, including housing and community outcomes;
- Identifying due diligence requirements with program partners (e.g. test-fits, concept plans, cost estimates, etc.);
- Establishing project budgets and timelines for alternative land use/programs, and developing required funding plans;
- Establishing supportive business cases and rationales for specific change in use;
- Seeking required approvals through the appropriate City authorities to implement the changes in use, at the appropriate time; and
- Working with Toronto Parking Authority and Transportation Services to monitor parking performance (2023-2025) and local parking supply as considerations in the decision-making process.

The review of real estate portfolios identified in this report will continue to be an ongoing process in future years and is expected to generate a range of positive outcomes, as directed by City Council in the Long-Term Financial Plan, including affordable housing, complete communities, and financial sustainability results. As opportunities become available to make better use of real estate and support City priorities, they will be brought forward for City Council consideration.

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ATTACHMENTS

Appendix 1 - Principles for Evaluating Opportunities to Co-locate Recreation Facilities with Housing

Confidential Attachment 1 - Financial Performance and Key Considerations for 10 Sites to be Evaluated for Alternative Uses

Confidential Attachment 2 - Financial Performance and Key Considerations for 11 Sites to be Monitored for Future Opportunities

Appendix 1: Principles for Evaluating Opportunities to Co-locate Recreation Facilities with Housing

Staff have identified the following five principles as criteria to evaluate opportunities for the co-location of housing with new or redeveloped community recreation centres:

1. Prioritize co-location on residential development sites.

Parks and Recreation' success in delivering new community recreation centres (CRCs) in residential podiums and preserving parkland for active and passive outdoor recreation aligns with City policies and strategies and should continue to be prioritized.

2. Advance Parks and Recreation Facilities Plan priorities.

The assessment of co-location opportunities shall be grounded by the needs identified in the Parks and Recreation Facilities Plan and informed by the City's housing priorities, as well as opportunities for co-location with other City services.

Co-location projects should serve to advance major recreation facilities (new or revitalized) approved by Council through the Facilities Plan, Capital Budget and Secondary Plans to align with identified service needs and funded facility projects wherever possible.

3. Prioritize sites with existing residential land use permissions.

Some Parks and Recreation sites are already designated and/or zoned for residential and mixed-use development and offer as of right redevelopment opportunity which can be leveraged to support co-location. Due diligence is required on all potential co-location opportunities to ensure there are no legislative or historical restrictions for uses other than public parkland.

4. Protect parkland for intended use and only consider co-location as part of recreation facilities with no net loss of parkland.

Co-location on Parks and Recreation sites should result in no net loss of green space in the park. Significant development opportunities, including residential development, could take place within the existing, reconfigured, or new building footprint of the recreation facility. Net loss of open greenspaces on public parkland should not be considered.

5. Ensure co-location partner funding and timelines are aligned.

Work collaboratively with project partners to assess the viability of each co-location opportunity to ensure timelines and budget requirements for the entire project can be aligned. Construction partnership and financing should not substantially delay the construction and delivery of the new recreation facility to the community or escalate project costs unnecessarily.