

**Transfer of Properties to Build Toronto –
Second Quarter 2010**

Date:	April 23, 2010
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	6, 10, 12, 26, 36
Reference Number:	P:\2010\Internal Services\RE\Gm10037re – (AFS 10816)

SUMMARY

By its adoption of EX32.5, as amended, on May 25, 26, and 27, 2009, City Council, among other matters, declared sixteen properties surplus, with the intended method of disposal to be by way of a transfer to Build Toronto Inc. (Build Toronto). Those properties included 297 Sixth Street. In addition, the Chief Corporate Officer, by his delegated authority, has declared surplus for transfer to Build Toronto the following properties: part of 1035 Sheppard Avenue West, 2 Bicknell Avenue and the Bicknell Loop, the northwest corner of Midland Avenue and St Clair Avenue East, and the southeast corner of Eglinton Avenue East and Don Mills Road.

This report recommends the terms on which five of these surplus properties – part of 1035 Sheppard Avenue West, 297 Sixth Street, 2 Bicknell Avenue and the Bicknell Loop, the northwest corner of Midland Avenue and St Clair Avenue East, and the southeast corner of Eglinton Avenue East and Don Mills Road - are to be transferred to Build Toronto.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council grant authority to enter into an agreement to transfer part of the property municipally known as 1035 Sheppard Avenue West, more particularly described in Appendix 2, including agreements related thereto, to Build Toronto, substantially on the terms and conditions set out in Appendices 1 and 2 attached,

- and on such other and amended terms and conditions as may be approved by the Chief Corporate Officer, in a form satisfactory to the City Solicitor.
2. City Council grant authority to enter into an agreement to transfer the property municipally known as 297 Sixth Street, more particularly described in Appendix 3, including agreements related thereto, to Build Toronto, substantially on the terms and conditions set out in Appendices 1 and 3 attached, and on such other and amended terms and conditions as may be approved by the Chief Corporate Officer, in a form satisfactory to the City Solicitor.
 3. City Council grant authority to enter into an agreement to transfer the property municipally known as 2 Bicknell Avenue and the Bicknell Loop, more particularly described in Appendix 4, including agreements related thereto, to Build Toronto, substantially on the terms and conditions set out in Appendices 1 and 4 attached, and on such other and amended terms and conditions as may be approved by the Chief Corporate Officer, in a form satisfactory to the City Solicitor.
 4. City Council grant authority to enter into an agreement to transfer part of the property at the northwest corner of Midland Avenue and St. Clair Avenue East, more particularly described in Appendix 5 including agreements related thereto, to Build Toronto, substantially on the terms and conditions set out in Appendices 1 and 5 attached, and on such other terms and conditions as may be approved by the Chief Corporate Officer, in a form satisfactory to the City Solicitor.
 5. City Council grant authority to enter into an agreement to transfer part of the property at southeast corner of Eglinton Avenue East and Don Mills Road, more particularly described in Appendix 6, including agreements related thereto, to Build Toronto, substantially on the terms and conditions set out in Appendices 1 and 6 attached, and on such other terms and conditions as may be approved by the Chief Corporate Officer, in a form satisfactory to the City Solicitor.
 6. City Council grant authority to the Chief Corporate Officer to permit Build Toronto to engage in licensing and leasing activities in respect of properties that are or become the subject matter of executed Transfer Agreements, during the period prior to the closing of the transfer transactions, on terms and conditions as may be approved by the Chief Corporate Officer, in a form satisfactory to the City Solicitor.
 7. City Council approve, as the approving authority under the provisions of the *Expropriations Act*, the transfer to Build Toronto of any property that was acquired by expropriation without giving the original owner from whom the property was expropriated the first chance to repurchase the property.

8. City Council grant authority to fund the City's outstanding expenses related to these properties from the Approved Operating Budgets for Real Estate Services (RES), in the year(s) that the expenses are incurred, as necessary and, once these expenses are known, to transfer the funding for these expenses from the Land Acquisition Reserve Fund (LARF), with appropriate adjustments to RES's Approved Operating Budgets, as necessary, through subsequent Quarterly Variance Reports.
9. City Council grant authority to make appropriate budget adjustments to RES's Operating Budgets to address the net revenue loss arising from the transfer of the southeast corner of Eglinton Avenue East and Don Mills Road and 2 Bicknell Avenue and the Bicknell Loop to Build Toronto, beginning in the budget year following the registration of the transfer(s) of these properties to Build Toronto.
10. City Council direct the Chief Planner & Executive Director and the Director of Transportation Planning, in consultation with the Deputy City Manager & Chief Financial Officer and the Chief Corporate Officer, to undertake a review of off-street public parking in the context of the Official Plan's policies, the City's economic development policies, and Build Toronto's mandate and report in the first quarter of 2011 to the Planning and Growth Management Committee and City Council on a recommended City-wide off-street public parking strategy.
11. City Council grant authority severally to each of the Chief Corporate Officer and the Director of Real Estate Services to execute the transfer agreements on behalf of the City.
12. City Council authorize the City Solicitor to complete the transactions to be provided for in the transfer agreements on behalf of the City, including making payment of any necessary expenses, amending the closing and other dates to such earlier or later date(s), and amending or waiving the terms and conditions, as she may from time to time consider reasonable.

Financial Impact

The transfer/sale of the properties that are the subject of this report to Build Toronto will defer the receipt of proceeds from the disposition of the properties during Build Toronto's development process. However, the transfer will optimize benefits to the City as a whole and achieve potentially greater returns over time.

As these properties are being transferred for nominal consideration, no revenue will be available to cover the expenses of effecting the transfers, such as registration charges that would normally be for the account of the vendor in a transaction of purchase and sale, survey fees, appraisal fees, etc. As the total of the expenses related to these properties is not known at this time, it is recommended that these expenses be accommodated within RES's Approved Operating Budgets, in the year(s) that the expenses are incurred, as

necessary, and that, once these expenses are known, funds be provided from the LARF. Budget transfers to adjust RES's Approved Operating Budgets, as necessary, funded from the LARF through subsequent Quarterly Variance Reports, are also recommended.

The Toronto Transit Commission ("TTC") has interim management responsibility for part of 1035 Sheppard Avenue West and receives interim revenue from parking operations on the property. It is proposed that the TTC be allowed to continue to use the property until December 31, 2014, or such earlier date as TTC determines, and the transfer agreement in respect of this property will provide for such period of continued use. The revenue and costs of the TTC's parking operation on the property will be for the account of the TTC until such date. On this basis, replacement of TTC's revenue will not be required.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On May 25, 26, and 27, 2009, City Council adopted EX32.5, as amended, endorsed the Principles of a Real Estate Strategy and declared surplus, subject to the retention of required interests, sixteen properties, with the intended method of disposal to be a transfer to Build Toronto, and five properties, with the intended method of disposal to be a turnover to Build Toronto.

New Model to Enhance Toronto's Economic Competitiveness

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-15926.pdf>

Principles of a Real Estate Strategy and Declaration of Surplus for Sale/Transfer or Turnover to Build Toronto

<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-20629.pdf>

Appendices 2, 3 and 4 - Properties to be Declared Surplus

<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-20630.pdf>

Report on Executive Committee Motion Regarding EX32.5a

<http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/backgroundfile-21424.pdf>

<http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/backgroundfile-21647.pdf>

On September 30, and October 1, 2009, City Council adopted GM24.30, and approved the terms of transfer of four properties.

Report - Transfer of Properties to Build Toronto

<http://www.toronto.ca/legdocs/mmis/2009/gm/bgrd/backgroundfile-23306.pdf>

Appendices 1-5

<http://www.toronto.ca/legdocs/mmis/2009/gm/bgrd/backgroundfile-23307.pdf>

On November 30 and December 1, 2, 4 and 7, 2009, City Council adopted GM26.30 as amended, and approved the terms of transfer of six properties.

Report – Transfer of Properties to Build Toronto – Fourth Quarter 2009

(<http://www.toronto.ca/legdocs/mmis/2009/gm/bgrd/backgroundfile-25098.pdf>)

Appendices 1-7

(<http://www.toronto.ca/legdocs/mmis/2009/gm/bgrd/backgroundfile-25099.pdf>)

COMMENTS

With the adoption of Recommendation 16 of EX32.5, “Principles of a Real Estate Strategy and Declaration of Surplus for Sale/Transfer or Turnover to Build Toronto” at its meeting of May 25, 26 and 27, 2009, City Council authorized the Chief Corporate Officer to give Build Toronto, its consultants and agents access to properties being considered for sale or turnover to Build Toronto for pre-development and development work, including site inspection, testing, preparation and remediation.

Build Toronto has elected to delay the actual transfer of title to the properties that are to be conveyed to it until negotiations with the Province have resolved whether Build Toronto will be required to pay property taxes on those properties before they are leased or sold to third parties. It is not clear at this time how long the required legislative amendments may take, and Build Toronto would like, in the interim, to begin its leasing and sales activities in respect of properties that are to be transferred. On this basis, the Chief Corporate Officer recommends that City Council authorize him to permit Build Toronto to undertake, for those properties that are or become the subject matter of executed Transfer Agreements, licensing and leasing activities, to facilitate the generation of much-needed revenues for Build Toronto.

A number of the properties that have been approved or are under consideration for transfer to Build Toronto in recognition of their development potential are currently used for public parking purposes. As development in the City continues to intensify, the demand for higher and better uses to replace off-street public parking uses grows. This demand should be balanced against the need for public parking to serve business areas and modal transfer locations. A comprehensive City-wide strategy on the supply, distribution and methods of providing and operating off-street public parking, in the context of the Official Plan’s policies, the City’s economic development policies, and Build Toronto’s mandate to develop underutilized real estate assets and build long-term value for the City, is required. It is recommended, therefore, that City Council direct the Chief Planner & Executive Director and the Director of Transportation Planning, in consultation with the Deputy City Manager & Chief Financial Officer and the Chief Corporate Officer, to undertake a review of off-street public parking and report in the first quarter of 2011 to the Planning and Growth Management Committee and City Council on a recommended off-street public parking strategy for the City.

This report recommends the terms on which five of these surplus properties – part of 1035 Sheppard Avenue West, 297 Sixth Street, 2 Bicknell Avenue and the Bicknell Loop, the northwest corner of Midland Avenue and St Clair Avenue East, and the southeast corner of Eglinton Avenue East and Don Mills Road - are to be transferred to Build Toronto. Implementation of the recommendations in this report will contribute to Build Toronto’s portfolio of development properties.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.,
Chief Corporate Officer

ATTACHMENTS

Appendix 1 - Terms and Conditions of Transfer for All Properties
Appendix 2 - Part of 1035 Sheppard Avenue West
Appendix 3 - 297 Sixth Street
Appendix 4 - 2 Bicknell Avenue and Bicknell Loop
Appendix 5 – NW corner of Midland Avenue and St Clair Avenue East
Appendix 6 – SE corner of Eglinton Avenue East and Don Mills Road