

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** April 27, 2009

**SUBJECT:** BUILD TORONTO – TRANSIT PROPERTIES

## **ACTION ITEM**

---

### **RECOMMENDATIONS**

It is recommended that the Commission:

1. Declare properties listed in Attachment 2 as conditionally surplus and approve the transfer or turnover of these properties to the City of Toronto subject to:
  - (a) The negotiation of transfer or turnover agreements on a property by property basis to the satisfaction of the Toronto Transit Commission's General Counsel to ensure the retention of those areas and interests required to satisfy the Toronto Transit Commission's ongoing operational requirements, financial and legal interests;
  - (b) For properties held on title by the Toronto Transit Commission, preparation of documents and approvals as required by the Toronto Transit Commission's By-law No. 2; and
  - (c) Toronto Transit Commission continuing to operate its commuter parking lots until such time as the City of Toronto or Build Toronto provide the Toronto Transit Commission with reasonable notice to vacate.
2. Authorize staff to take the necessary action to bring into effect the recommendations set out above.

### **FUNDING**

There are no immediate funding requirements arising out of this report. Transfer or turnover of the properties to the City of Toronto 's ("City") and Build Toronto ("BT") will affect cash flow for 2010 and beyond as revenue generating assets are transferred to Build Toronto ("BT") effective January 1, 2010. The transfer of properties held on title by the Toronto Transit Commission ("TTC"), i.e. York Mills, 154 Front Street and Yonge/Eglinton lands will also result in an overall loss equivalent to the market value of the properties and may have a negative effect on TTC's financial statements. However, until such time as appraisals are prepared and BT confirms which properties they actually wish to acquire, staff are not able to forecast the full financial impact.

**BACKGROUND**

The City of Toronto's "Prosperity Agenda" and "Blueprint for Fiscal Stability and Economic Prosperity" reports put forward a need to change how the City of Toronto ("City") uses its real estate assets. A second report prepared by consultants with contributions from real estate experts and stakeholders called "A New Model to Enhance Toronto's Economic Competitiveness" recommended establishing "Build Toronto" ("BT") as the vehicle to "unlock" the value of City real estate. The report was approved by City Council at its October 2008 meeting and will lead over time to a centralized real estate strategy for the management of all City land assets. It will also result in the transfer or turnover of real estate currently held by its agencies, boards and commissions (collectively "Agencies"), including the Toronto Transit Commission, to the City and affect how decisions are made with respect to the use and disposal of land. The City is proposing a centralized real estate strategy administered through its Chief Corporate Office ("CCO") and the elimination of all property related reserve accounts beginning with the current request for land for BT. Draft principles are set out in Attachment 1 to this report.

**DISCUSSION**

The City of Toronto has identified ten properties which are either held on title by TTC or under its jurisdiction for transfer to Build Toronto. The properties are listed in Attachment 2. The City has requested transfer of jurisdiction or title and operational control of the properties to the City who will, in turn, transfer those properties which it identifies as of interest to BT, by January 1, 2010 by means of either a transfer or turnover agreement.

As part of the negotiation of the transfer and turnover agreements, TTC staff will be requesting reversion to TTC operational jurisdiction of the properties listed in Attachment 2 to this report and declared surplus if Build Toronto or the City does not dispose of the subject lands for redevelopment.

City staff have indicated that where TTC has continuing operational requirements, it will ensure that TTC is "kept whole" and operating requirements taken into account in the disposal and redevelopment of any property declared surplus.

The western portion of 1226 Islington Avenue (the commuter parking lot) was previously declared surplus as part of the City's negotiations with SNC Lavalin. Proceeds from the sale of the land are to go towards funding a replacement TTC bus terminal at Islington Station, the construction of which will free up land on the eastern portion of the site for development. This site itself has been treated in the past and continues to be treated as two separate parts based on the nature of the historic negotiations with and involvement of SNC Lavalin in the redevelopment of these lands.

The Warden North Commuter Parking Lot (705 Warden Avenue) property has already been declared surplus by the Commission. The property is the subject of the Warden Woods Redevelopment Strategy approved by the Commission in September 2006 and City Council in November 2006. The proceeds from the sale of the land were intended to offset the cost to construct the new parking lot.



## *Principles of a City Real Estate Strategy*

1. *City real estate is a “corporate” asset that:*
  - *is aligned with Council’s Strategic Plan*
  - *supports municipal functions and purposes of the ABCDs*
  - *is subject to corporate review of the ABCD’s continuing requirement for the asset.*
  
2. *ABCDs which manage corporate real estate assets must:*
  - *utilize the assets for on-going municipal purposes; or*
  - *plan to utilize the assets for municipal purposes (as set out in their approved 10 year Capital Program); or*
  - *comply with long-term City-approved programs;**failing which the asset will be released through the Property Management Committee (PMC) process, without credit or compensation to the ABCD, to be considered for other municipal purposes or be made available to Build Toronto.*
  
3. *ABCDs can release corporate real estate assets through the PMC as part of a business case, utilizing the “value in use” of the asset, to offset project costs in their 10 year Capital Program.*
  
4. *ABCDs will be required to budget the cost of additional corporate real estate assets, at fair market value, in their 10 year Capital Program.*
  
5. *In lieu of the Housing First Policy, the Deputy City Manager responsible for the Affordable Housing Office will negotiate with Build Toronto the number of affordable housing units and other opportunities for the delivery of affordable housing that Build Toronto may be required to provide on properties with residential potential.*
  
6. *When corporate real estate assets become available, as a first priority, they will be made available to ABCDs for program requirements:*
  - *subject to business case review through PMC*
  - *subject to funding by ABCDs.*
  
7. *Properties will be made available to Build Toronto on terms that allow it to unlock the value in corporate real estate assets and achieve the following objectives:*
  - *attract targeted industries*
  - *stimulate desirable employment*
  - *regenerate neighbourhoods*
  - *advance development opportunities*
  - *generate financial return to the City.*

8. *Properties that are transferred to Build Toronto will include: responsibility to manage the properties, revenue being generated and associated costs arising from the properties. If ABCD budgets are affected by such arrangements, appropriate adjustments will be made as part of the annual operating budget process.*
9. *The terms of Sale agreements (which may provide for a transfer of title to Build Toronto or a lease to Build Toronto for a term of 21 years or more) will be subject to the approval of Council, on the recommendation of the Chief Corporate Officer and Deputy City Manager and Chief Financial Officer. The terms of Turnover agreements will be subject to the approval of the City Manager, in accordance with the base terms for Turnover agreements previously approved by Council.*
10. *Facilities and Real Estate (F&RE) will continue to acquire, appraise, manage, lease and dispose of properties for City purposes to achieve the optimization of corporate real estate assets and will facilitate making available to Build Toronto properties with potential for development.*
11. *Build Toronto will provide senior representation on the PMC and be included in the property circulation process.*
12. *Build Toronto will participate in an advisory capacity on the Interdivisional Facilities Project Review Team to evaluate all City facility capital and associated real estate property-related projects in order to ensure that Build Toronto's goals and strategies are considered when developing the City's 10-year capital plan and forecast.*
13. *F&RE will advise Build Toronto of properties that the City will advertise for the tax sale process so that Build Toronto may consider whether the properties present development opportunities.*

# ATTACHMENT #2

## RECOMMENDATIONS

	<b>Property Address/ Location</b>	<b>TTC Interest</b>	<b>Current Property Use and Description</b>	<b>Proposed Agreement Type</b>
1	70 Cordova Avenue	TTC Jurisdiction	473 space commuter parking lot adjacent to Islington Station (Islington – Cordova)  Approximate area 3.3 acres	Transfer Agreement
2	Part of 1226 Islington Avenue	TTC Jurisdiction	543 space commuter parking lot at Islington subway station (Islington – Main)  Approximate area 0.9 acres	Transfer Agreement
3	Part of 1226 Islington Avenue	TTC Jurisdiction	Islington subway station and bus terminal  Approximate area 1.8 acres plus air rights	Turnover Agreement
4	4050 Yonge Street  North west corner of Yonge and Wilson	TTC title	260 space commuter parking lot (York Mills commuter parking lot)  Approximate area 3.2 acres	Transfer Agreement
5	154 Front Street East  North west corner of Front and Sherbourne Streets	TTC title	Mixed use building leased to Greyhound and other tenants  Approximate area 0.8 acres	Transfer Agreement
6	Remainder of 705 Warden Avenue - Corner of Warden and St. Clair East	TTC jurisdiction	941 space commuter parking lot serving Warden Station  (Warden North commuter parking lot)  Approximate area 9.6 acres	Transfer Agreement

	<b>Property Address/ Location</b>	<b>TTC Interest</b>	<b>Current Property Use and Description</b>	<b>Proposed Agreement Type</b>
7	Strata Part of Part 74, Plan 66R – 20876, City of Toronto	TTC title	Former Eglinton bus terminal  Approximate area 8,731 square meters or 2.15 acres	Turnover Agreement
8	Part of 777 Victoria Park Avenue	TTC jurisdiction	Part of Victoria Park Subway Station and Bus Terminal  270 space commuter parking lot  Approximately 4,500 square meters or 1.12 acres plus air rights	Turnover Agreement
9	30 Tippet Road Corner of Wilson Avenue and Tippet Road	TTC jurisdiction	645 space commuter parking lot  (Wilson South commuter parking lot)  Approximate area 5.5 acres	Transfer Agreement
10	50 Wilson Heights Boulevard  Corner of Wilson Heights and Wilson Avenue	TTC jurisdiction	932 space commuter parking lot  (Wilson North commuter parking lot)  Approximate area 8 acres	Transfer Agreement
11	75 Billy Bishop Way  Part 1 on Sketch PS – 2009 – 033	TTC jurisdiction	608 space Commuter parking lot  (Wilson West commuter parking lot)  Approximate area 4.5 acres	Transfer Agreement