



## REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

### Proposal for Long-term Land Lease - Strategic City-owned Property

**Date:** October 1, 2020

**To:** The Board of Directors of CreateTO

**From:** Chief Executive Officer

**Wards:** 11 - University-Rosedale

#### REASON FOR CONFIDENTIAL INFORMATION

---

This report deals with a proposed or pending acquisition or disposition of land by the Board of Directors of CreateTO and the City of Toronto

#### SUMMARY

---

The purpose of this report is to provide an update to the Board of CreateTO on discussions between staff of CreateTO, Corporate Real Estate Management ("CREM"), the Toronto Transit Commission (the "TTC") and the Proponent regarding a proposed long-term lease renegotiation and redevelopment of a City-owned property located within Ward 11 - University-Rosedale (the "Subject Property"). The Proponent, which has an existing long-term ground lease in place with the City of Toronto, has proposed a redevelopment of the Subject Property that would occur in conjunction with a critical transit expansion project. A renegotiated ground lease is a critical requisite for both the TTC project requirements along with the proposed mixed-use redevelopment. The Subject Property and terms of leasehold interest are identified and detailed within Confidential Attachment 1.

Collectively, the two major projects will result in a significant capital investment and major city building deliverables that include new improved transit services, a reimagined public realm and mixed-use development - including the potential for inclusion of affordable housing and other City uses and needs for the area. The combination of both projects, will potentially result in significant cost and construction schedule savings.

As part of the renegotiation process, a Working Group has been formed to include staff from CreateTO, Corporate Real Estate Management, the Toronto Transit Commission,

and the Proponent. CreateTO, with support from CREM, will play a lead role in the negotiation process while also facilitating and overseeing discussions with the numerous primary and secondary stakeholders involved in this complex project. Engagement with City Planning Staff, the Local Councillor, and other stakeholders has begun to understand the opportunities that exist within this proposal for Subject Property, and within the broader public realm in the area. The project is also expected to undergo an early public consultation process that would include the establishment of a working group with the local residents associations' to input into the guiding principles that would inform the overall design and public realm outcomes.

As part of negotiating the lease agreement, obligations for design excellence, sustainability and connectivity along with ground level activation have been identified to the Proponent for consideration within their redevelopment. CreateTO, Urban Design, and Community Planning have identified this redevelopment of Subject Property as an excellent candidate to help advance the City's Urban Design Initiative which could see an open and transparent design competition for this transformational project.

The Working Group is aiming to complete a draft memorandum of understanding on the terms of the renegotiated ground lease by Q1 2021 for CreateTO Board endorsement. Subsequent to CreateTO Board endorsement, City Council approval of the final draft term sheet and final lease terms is targeted for Q1 2021, which would align with the TTC's project schedule. A high-degree of planning and coordination is required by all parties to advance these two major projects in conjunction with one another.

## **RECOMMENDATIONS**

---

The Chief Executive Officer, CreateTO recommends that:

1. The Board of Directors of CreateTO authorize the Chief Executive Officer, CreateTO in consultation with the Executive Director, Corporate Real Estate Management, and Chief Executive Officer, Toronto Transit Commission, to negotiate the terms and conditions of a long-term fair market-value lease agreement with the current lessee of the Property as identified and outlined in Confidential Attachment 1.
2. The Board of Directors of CreateTO direct the Chief Executive Officer, CreateTO to work with the Executive Director, Corporate Real Estate Management, and the Chief Executive Officer, Toronto Transit Commission to request necessary funding through City Council to engage third party services to negotiate the lease transaction.
3. The Board of Directors of CreateTO authorize the public release of Confidential Attachment 1 following the closing of any lease transaction or lease amending agreements.

## FINANCIAL IMPACT

---

Given the aggressive target to have a draft term sheet in place by Q1 2021, CreateTO has requested that TTC advance funding associated to the ground lease negotiations to project manage and engage required third party services that include legal, financial advisory, and appraisals over the next six (6) months. Subject to upcoming TTC board approval, the TTC will provide CreateTO funding from their approved project budget for CreateTO's efforts to facilitate the renegotiations of the existing ground lease at the Subject Property, including additional property rights required by the TTC. CreateTO shall reimburse the TTC, for funds advanced to CreateTO, as part of a future capital budget request or renegotiated ground lease.

## DECISION HISTORY

---

At its meeting of December 9, 2015, City Council requested staff to develop a Secondary Plan for Downtown and supporting infrastructure strategies, including a Parks and Public Realm Plan for Downtown focusing on public spaces and parkland priorities, and a Community Services and Facilities Strategy for the Downtown responding to needs for recreation, child care, libraries, schools, human services and public health, to develop financial strategies for the TOcore infrastructure strategies, and to continue prioritizing parkland acquisition opportunities within the Downtown.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.TE12.43>

On April 11, 2019 the TTC Board approved "Line 1 Capacity Requirements – Status Update and Preliminary Implementation Strategy", which outlined next steps to achieve capacity improvements and accommodate forecast demand on Line 1.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/April 11/Reports/18 Line 1 Capacity Requirement and Preliminary Implementation.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/April%2011/Reports/18%20Line%201%20Capacity%20Requirement%20and%20Preliminary%20Implementation.pdf)

## COMMENTS

---

In July 2020, The Proponent engaged in pre-application discussions with City Planning respecting a zoning bylaw amendment and site plan application for Subject Property. The applications for rezoning and site plan are contingent on a new lease agreement being agreed to by all parties. The Proponent is aware that resources, financial or otherwise, allocated to this project are at their own risk, and that any proposed redevelopment and lease agreement are contingent on all requisite approvals and authorities, including City Council.

A redevelopment of Subject Property provides a real opportunity to advance a significant public realm and city-building opportunities. These include:

Long-term Lease - City-owned Property

**Public Realm** - animation of Subject Property's façade and ground plane elements through improved retail frontages and promenade will see an improved public realm and transparency of a priority intersection. Designing the TTC project within a redevelopment provides the opportunity to maximize the degree of transit accessibility. There could also be substantial community benefit contributions (or equivalent) generated by the project that would support a broader range of City initiatives.

**Design Excellence** - The City of Toronto has had a long-standing mandate to achieve the highest level of design and development on public lands along the City's Waterfront. More recently, the Mayor and City Council adopted an Urban Design Initiative, which builds upon this work directing City Staff to engage in a public and transparent process for design excellence on City-owned lands. Jointly with City Planning, CreateTO is currently developing a process framework for Design Excellence that has Proponents undertaking a limited or full design competition for redevelopments that occur on City-owned lands. Subject Property, with its public realm significance, will be subject to this Design Excellence process.

**Project Savings** – Redevelopment of Subject Property could only occur in conjunction with the TTC's project due to the level of engineering and construction coordination required between the two projects. Coordination of both projects provides an opportunity to realize potential construction cost and schedule savings for both parties. The Proponent will financially contribute capital funding or other requirements to areas of project interface.

**Affordable Housing and Other City Needs** - The redevelopment of this city-owned site provides an opportunity to explore the inclusion of transit-oriented affordable housing. The Proponent has been encouraged to retain an affordable housing consultant to develop an affordable housing program for this redevelopment. CreateTO and the City will be encouraging the Proponent to prepare several different models to evaluate various levels of affordable housing that could be achieved at the site. The Proponent will be asked to conduct its sensitivity analysis using various available City incentives, including Open Door, as subsidies towards increasing the affordable unit yield. The final affordable housing program will be determined in consideration of project financial and technical constraints. CreateTO has engaged SIPA and various stakeholders to identify additional City uses in alignment to TOcore that the Proponent should consider within this redevelopment. The final affordable housing and city needs program for the project will be determined in consultation with the Housing Secretariat, the Local Councillor, and other City authorities.

## CONTACT

---

Don Logie (416) 981-2896, [dlogie@createto.ca](mailto:dlogie@createto.ca)  
Senior Vice President, Development, CreateTO

Ryan Glenn (416) 981-3753 [rglenn@createto.ca](mailto:rglenn@createto.ca)  
Vice President, Client Relationship Management, CreateTO

Steve Trumper (416) 981-3817, [strumper@createto.ca](mailto:strumper@createto.ca)  
Chief Legal Counsel, CreateTO

Nader Qawasmi (416) 981-2482, [nqawasmi@createto.ca](mailto:nqawasmi@createto.ca)  
Manager, Client Relationship Management

## **SIGNATURE**

---

Brian Johnston  
Chief Executive Officer

## **ATTACHMENTS**

---

Confidential Attachment 1 - Property Information Sheet