

**TORONTO LANDS CORPORATION
Yonge-Eglinton Corridor
Analysis of Real Estate Options for TDSB**

To: Chair and Members of the Toronto Lands Corporation

Date: September 26, 2019

Recommendation:

That the report *Yonge-Eglinton Corridor Analysis of Real Estate Options for TDSB* be and forwarded to the TDSB for information.

Rationale

TDSB has advised that it is experiencing high levels of student growth that results in accommodation pressures in the Yonge-Eglinton area and has requested potential real estate options and advice from TLC. This report provides an analysis of the Yonge-Eglinton Corridor from a real estate perspective in terms of potential additional accommodations options available to address the long term pupil accommodation needs for the Board.

Context

At the request of TDSB staff, TLC undertook an analysis of the Yonge-Eglinton Corridor which is in transition with unprecedented high density residential growth all along this new transit corridor in the City. According to TDSB staff, the intensified growth has impacted on elementary schools and there is a requirement to provide long term accommodation in this area, specifically, the school situated at the south-west corner of Mt. Pleasant and Eglinton Avenue East, on a site of 1.6 acres, known as Eglinton Public School. This location will be one of the Eglinton-Crosslinx transit stops. Along with intensification, property values along the corridor are and have been escalating and this key location represents a unique opportunity for the school board property in conjunction with meeting the long term needs within local schools.

An extensive review of this area was completed with the assistance of independent expertise of external consultants. In summary, TLC analyzed the options detailed herein, for the Eglinton Public School. Each one of the options presented can be restrictive with its own challenges and some are simply not viable options but needed a thorough consideration in order to complete the in-depth analysis. The analysis provides for a clear understanding in order to provide for an option that represents a long term fiscally responsible solution for this urban school community.

1. Lease Alternative Space

Searching for available space for lease for a satellite or new school in this transitional area is likely extremely difficult to find. Due to the transitional nature of the properties as values increase, redevelopment is more appropriate and likely only short term small rentals are available. Potential loading issues (by-laws) for elevators represent a physical restraint. Large capital outlays and approvals would be required for a short term solution that is not fiscally responsible and would require landlords to hold space for an unreasonable length of time.

2. Disposition and new location in the vicinity

The Eglinton school is a small site of 1.6 acres and a search of infill sites at least similar in size found extremely limited options that represented additional restrictions, if properties were to become available in the marketplace. For example, zoning, community input, heritage, relocation of existing tenants, requirement for additional assembly to complete land area requirements, potential expropriation, etc. are all substantial hurdles with huge cost factors that require time and no guarantees of a favourable outcome.

3. Land Assembly

In general, an attempted land assembly in this area of the City to arrive at a larger parcel of land is extremely difficult and developers are willing to pay a premium to create a redevelopment opportunity.

a. Interior Neighbourhood

The well-established neighbourhood in this vicinity is largely improved with single family or semi-detached dwellings on very small lots and an assembly may require cooperation with over 50 adjacent property owners to create a 3.0 acre parcel, which is the preferred site for an elementary school. In the end, expropriations may be necessary to complete such an assembly at exurbanite costs.

b. Adjoining Properties

The school site abuts a commercial strip plaza on the Mt.Pleasant side and an assembly with the property owner would result in an increase of the entire site area to 2.212 acres. It is unknown if the property owner would be interested in a direct sale, if any. In this highly valued location primed for redevelopment, it remains reasonable to assume that a prudent property owner would go to the open market through a competitive process to receive the highest value. Similarly, the school site adjoins eight town homes which would have to be purchased individually or expropriated and together would provide for an additional half acre of land at a very costly endeavor.

4. Expropriation

Any expropriation is governed by the *Expropriations Act* and is defined as “the taking of land without the consent of the owner...”. While the school board can exercise its rights to commence an expropriation process, compensation to the property owners, along with all the procedural requirements and approvals within the Act would result in additional massive costs other than market value at highest and best use. The time, approvals, community involvement, and costs would need major consideration before proceeding with this alternative.

5. Land Exchange

To fully review a potential land exchange, TLC would be required to go to the open market with a request for opportunities in order to analyze if a potential exchange is beneficial to meet the needs of the TDSB. Complications such as leaseback until a new school is built and enough vacant space for a school playground would be some of the restrictions in this option.

6. Acquisition for new space in a new Condominium Tower

TLC is aware of all redevelopment applications in this area and there may be a potential for TDSB to acquire a couple of floors for a new school or satellite school in this vicinity. Restraints may include outdoor playground space and no opportunity for ground floor acquisition due to high cost of retail op-

portunities on ground level. There remains a possibility that, subject to acquisition cost approvals, there may be a developer interested in discussing a strata ownership in its high density residential tower.

7. Redevelopment with Adjoining Property Owner

A joint redevelopment scheme with the abutting strip commercial plaza on Mt. Pleasant presents an option if the property owner is interested. Potential density for both the existing school site and plaza could result in a larger scale redevelopment that would be beneficial to all parties. A redevelopment could result in two schools being in extremely close proximity which could provide for additional benefits as could be further investigated by TDSB.

8. Redevelopment of Existing School Site with Public-Private Partnership

The TDSB existing location, at a new transit stop, provides for a potential redevelopment opportunity which will increase density at the site that equates to a higher overall value of the existing property. Currently, the TDSB site is underutilized at this corner location. A joint redevelopment option (to build a new larger school within a high residential tower) could secure the ground floor space for a school in a design. However, any redevelopment on the existing site alone does not address existing student accommodation during construction and the end result is a “larger” school and not two schools which then may not meet the long term needs of the Board.

9. Request for Proposals

A number of options have been presented in this discussion to address accommodation pressures in the Yonge-Eglinton area of the City. Moreover, there remains a requirement to have TDSB approval for any proposal to proceed and Ministry approval for disposition, leasing, acquisitions and new school construction. The Regulatory process for any sale of a surplus asset (in order to maximize on the surplus density) requires compliance with Regulation 444/98.

One last concern is that in selecting an option at this preliminary stage, TDSB has not considered an open, transparent, fair process whereby all players within the marketplace have had an opportunity to provide their input and provide a proposal for consideration. Without going to the open market, TDSB will not know if they have achieved the best outcome, nor if another proponent has a creative solution that may be considered by the TDSB.

TLC issuing a Request for Proposal (RFP) to the market, with the support of a real estate brokerage firm, can ensure a transparent public process that can be fairly evaluated by TLC, who could then provide relevant details to TDSB to present a solid business case to the Ministry. A RFP would include prepared agreements, allowance for validating the proponent and ensure the financial viability of the proposal.

With a RFP, the abutting property owner may submit a proposal which could include consideration of a joint redevelopment of the two sites. There may be opportunities for land exchange that are unknown at this time. The assistance of a real estate broker, similar to a disposition, allows for the ability to contact all developers and advise of the RFP while selling the advantages of working with the school board in a redevelopment, land exchange.

At this time, if TDSB granted authority to TLC to proceed in the marketplace, it may be prudent to first have preliminary discussions with the Ministry to determine if an open market solution were to be received that was fiscally responsible with no additional costs to the TDSB if support for approval would

be considered by the Ministry. Initial support, in principle, would positively impact the development community in responding to an RFP knowing that, in principle, the Ministry is interested in resolving accommodation pressures in this neighbourhood as outlined herein.

An RFP would also demonstrate to the private sector that the TLC/TDSB investigates all opportunities, follows protocols and conducts business in an open transparent fashion.

Routing

TLC Board: 26 September 2019
TDSB Board: October 2019 Cycle

From

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