

May 26, 2021

Transmittal No. 2021 – 113
(Public)

To: Alexander Brown, Chair, Toronto District School Board (TDSB)

This communication is to inform you of a recent decision made by the TLC Board at its meeting of May 25, 2021 with respect to the report, ***Bloor Dufferin Redevelopment: Final Project Summary***, attached herein.

The TLC Board decided that:

The report, ***Bloor Dufferin Redevelopment: Final Project Summary***, be received and forwarded to the TDSB Board for information

On behalf of the Board of Directors of the Toronto Lands Corporation, the report is being forwarded to the TDSB Board for information.

Sincerely,



Brenda Patterson
Chair, TLC

cc. D. Sage, Executive Officer, TLC

cc. C. Snider, Associate Director, Business Operations and Service Excellence, TDSB

**BOARD DISCUSSION ITEM
TORONTO LANDS CORPORATION
Bloor Dufferin Redevelopment: Final Project Summary**

To: Chair and Members of the Toronto Lands Corporation

Date: May 25, 2021

RECOMMENDATION:

That the report, *Bloor Dufferin Redevelopment: Final Project Summary*, be received and forwarded to the TDSB Board for information.

RATIONALE

On December 13, 2013, the TDSB Board approved:

“The relocation of Bloor Collegiate Institute and ALPHA II Alternative School at 1141 Bloor Street to the Brockton Building at 90 Croatia Street by September 1, 2016; and That a portion of the 10.4 acre parcel, approximately 7.3 acres, at the corner of Bloor Street and Dufferin Street, owned by the TDSB, be declared surplus to the needs of the Board and referred to the TLC for sale in accordance with Regulation 444/98.”

TLC undertook the circulation of the property as required under the Regulation which was concluded on April 14, 2014. Having satisfied the public agency circulation, the Board had three years, April 14, 2017 in which to enter into a contractual sale's agreement.

Over the next couple of years, TLC worked with the City, Province and various stakeholders to further understand the needs of the community, consideration of a community hub, a market sounding of the development community and preparation for a marketing campaign that was open, fair, and that the sales process was transparent. A Summary of Key Events in chronological order is referenced in Appendix A.

A Request for Offers to the open market was issued in August 2016, through TLC's listing broker of record CBRE. The sales listing included the following message:

“TLC is seeking an offer to purchase from a reputable Purchaser who will develop the surplus lands through a co-operative approach with the City creating a compatible redevelopment that is reflective of public objectives.”

The Bloor Dufferin site was marketed over a nine-week period; the RFO closed October 11, 2016, and produced unprecedented interest throughout the development community.

On October 11, 2016, the Request For Offers submission closed and twenty-two offers were received at the listing brokers office. The next few weeks the negotiating team, consisting of TLC's CEO, Exec-

utive Manager of Real Estate, Legal Counsel and the Broker, followed a pre-established review and selection process to ensure confidentiality, fairness and providing for the best outcome for the TDSB and the community given the approach taken on the Bloor Dufferin Redevelopment project.

The Bloor Dufferin project presented a visionary opportunity in terms of the redevelopment potential and the ability to rejuvenate a community and neighbourhood while building on the needs and services of students. A 7.3A parcel of land, with a heritage school component, strategically situated across the street from a major subway station, bounded by an existing large retail mall presented a unique scenario to explore within the development industry. Experienced developers understood the requirements, financial risks, community input and time commitment necessary to develop a compatible site plan consistent with City interests and the Planning authority. A development of this magnitude would require several years to complete; accordingly, any selected development team must be of the highest calibre, have experience with similar projects, and a strong working relationship with City Planning and local communities. TLC wanted to ensure to deliver an outcome that would represent a collaboration between all parties and secure the highest level of school and community benefit.

In November, 2016, TLC commissioned an Economic Report from the Altus Group to determine the economic benefits of construction and development activities on this parcel of land. The Altus conclusions anticipated significant provincial and City benefits to be derived from a redeployment project of this nature such as:

- **\$1.2 billion** in direct, indirect and induced economic activity.
- **\$592 million** in total net contribution to GDP;
- **6,340** direct, indirect and induced jobs (person-years of employment);
- **\$391 million** in personal income tied to the creation of direct, indirect and induced jobs;
- **\$246 million** in operating business earnings;
- **\$210 million** in tax revenues and other charges for various levels of government

TLC successfully positioned the Bloor Dufferin site in the real estate market that resulted in an extremely competitive process. The Offer to Purchase, terms and conditions, company reputation, vision for the site and experience of the developer to deliver on this project were key elements in determining the final selection.

On November 30, 2016, the Toronto Lands Corporation approved that:

“Authority be granted to the Chief Executive Officer (CEO) of the Toronto Lands Corporation (TLC) to execute the Offer to Purchase, dated November 24, 2016, submitted by CD Capital Developments (Acquisition) Limited, at a purchase price of One Hundred and Twenty One Million, Five Hundred and Thirty Thousand Dollars (\$121,530,000), for the purchase of the TDSB property, situated at the southwest corner of Bloor Street West and Dufferin Avenue, approximately 7.26 acres, described as Parts 1 and 3 on the draft reference plan, dated November 24, 2015, by Lloyd & Purcell Ltd., O.L.S.”

Highlight of the Final Key Business Terms of the Agreement with the development team,
Capital Developments:

- Base Purchase Price: \$121,030,000
- Donation to Brockton \$500,000*
- **Total Base Purchase Price \$121,530,000**

*\$500,000 to be used specifically for the benefit of the students of Brockton High School (Bloor Collegiate) in a manner to be determined by the Purchaser and representatives of the Brockton High School.

The Purchaser had waived any due diligence activities making the offer “firm” subject to severance and amended zoning by-law approval. In essence, the Purchaser had assumed all risk related to any potential environmental matters.

- TLC negotiated that:
 - TDSB would receive a bonus density of \$60.00 per square foot in excess of an approved redevelopment over 1.3M sq ft
 - The property was to be sold on an “as is where is” basis
 - The Purchaser provided a non-refundable deposit, in the amount of \$7,096,500.
 - The Purchaser execute a nominal sum leaseback to the school board for students to remain at Bloor Collegiate, which was extended until July 31, 2021.
- The Purchaser to undertake to use commercially reasonable efforts, to the extent within reasonable control to:
 - Employ or cause residents of the local community to be employed in construction of the Purchaser’s development of the property
 - Arrange co-operative placements for students in the construction of the Purchaser’s development of the property and in the businesses operated thereon after construction; and
 - To permit TDSB to have naming rights for the community hub to be constructed on the property as part of the purchaser’s development

Following TLC’s work with the Provincial Community Hub secretariate and City partners, the Province announced \$7M in funding towards construction of the Bloor Dundas community Hub. As well, on December 16, 2016, the Ministry of Education announced funding for a new Bloor Collegiate. TDSB subsequently submitted its Site Plan Application leading to receiving Notice Of Approval Conditions (NO-AC) from the City to proceed with the construction of the new replacement school. TLC assisted with negotiations around TDSB’s application and co-ordination with the purchaser CD Capital.

CD Capital had been working diligently with the City of Toronto, Community partners and co-ordinated with TLC throughout the transactional period to ensure community enhancements and benefits including the inclusion of a community hub. As the closing of the sale was conditional upon severance and zoning by-law approval, TLC can now advise on the final steps and the community benefits to be achieved from the Bloor Dufferin project, that are in addition to the items identified above.

CONTEXT

Upon completion of complex negotiations with all stakeholders, the developer, CD, has advised TLC that it is expected that the conditions will be waived, and the transaction will be scheduled to close in July, 2021.

Status of Severance and Amended Zoning By-law

- The Severance, Official Plan and Zoning Amendment have been approved by a conditional OMB Order in January, 2020.
- The severance conditions were completed and registered and there now are legally separate parcels of land which can be transferred.

- A Heritage Easement Agreement for the protection of the original Kent building is finalized and awaiting execution and thereafter will be registered on title.
- Following execution and registration of the Heritage Easement, the Section 37 Agreement and Amended Zoning By-law, which is completed, will be executed and also registered on title.

These final documents are currently under review and it is expected that execution and registration will occur within the next month. In accordance with the Offer, once these documents are registered on title, closing of the transaction will proceed within 30 days.

Key Highlights of Community Benefit: Section 37 Agreement with City of Toronto

CD, at its sole expense has negotiated with City Officials and will provide the following:

- Heritage Easement to retain the original TDSB Kent School Building
- Heritage agreement to remove and rebuild one wall of the Bloor Collegiate as this was the original Embroidery Factory of the Eaton Department store
- Construction of a 30,000 square foot community hub including a community kitchen in the former Kent school building
- Construction of a 8,000 square foot child care in the former Kent school building
- TTC underground connection to the Dufferin subway station (Bloor-Danforth) subway line
- One acre parkland plus:
- Approximately one acre privately owned public space (POPS)
- Construction and transfer to the City of Toronto for nominal sum a new 56 Unit residential stand alone affordable housing building
- The creation of a Housing Trust with Habitat for Humanity and providing \$17 Million in funding with 50% of the funds to be spent in Ward 9.

TDSB Additional Financial Benefit

In summary, the development will include seven residential mixed-use buildings ranging in height from 8 to 32 storeys, having a total density of 1.8 Million square feet. The extraordinary community benefits have been negotiated in exchange for the additional density. In accordance with the Offer negotiated by TLC, the TDSB would receive a bonus density of \$60.00 per square foot in excess of an approved redevelopment of over 1.3M sq ft. In essence, not only does the TDSB benefit from the community projects aforementioned, it enjoys a further specific direct financial contribution.

Therefore, in addition to the purchase price which \$500,000 is allocated to Bloor Collegiate, TDSB will receive an additional **\$30 Million**, for a total sale price of **\$151,530,000** from the sale of 7.3A of the Bloor Dufferin property.

The disposition of a portion of the TDSB asset at Bloor Dufferin will result in a monumental benefit to the school, community and the entire City. While a project of this nature takes time and effort, the expertise at TLC, in consultation with legal and brokerage, and the support from the purchaser CD, Capital, and their commitment to a negotiated settlement has proven invaluable. TLC believes the approach and process developed for this project could be repeated in other parts of the City within the asset portfolio. The intrinsic value along with financial benefit for projects of this nature remain as outstanding opportunities for the school board. This is an example of some of the initiatives that form the

basis of TLC's education orientated development strategy and modernization vision on behalf of TDSB.

ROUTING

TLC Board: 25 May 2021

TDSB Board: June Cycle of Meetings

APPENDIX

- Appendix A: Timeline

FROM

Daryl Sage, Executive Officer, Toronto Lands Corporation, at dsage.tlc@tdsb.on.ca or at 416-393-0575.

Anita Cook, Executive Manager, Real Estate and Leasing, Toronto Lands Corporation at acook.tlc@tdsb.on.ca or 416-573-2716.

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Last update:

Bloor Dufferin Site



APPENDIX A

BLOOR DUFFERIN: TIMELINE SUMMARY OF KEY EVENTS IN CHRONOLOGICAL ORDER

- October 28, 2009** TDSB launched ARC's and identified potential redevelopment opportunities as part of the five-year Capital Building Program that included Bloor-Dufferin.
- Fall 2011-June 2012** Land Use Management Master Plan (LUMP) was intended to establish a plan to accommodate school needs as well as a land use plan for future development. A Local School Community Design Team (LSCDT) was established and was comprised of local Trustee, local Ward Councillor, representatives of local community, TDSB planning staff, students, principals and teachers. With team members having extensive knowledge of the site, there were six meetings held over seven months that resulted in a development vision for the site.
- September 11, 2012** TLC recommended the TDSB approve the School and Development Design Principles, the Land Use Management Plan (LUMP) and the Maximum Build-to Envelope.
- December 13, 2013** The TDSB approved the following:
- *The relocation of Bloor Collegiate Institute and ALPHA II Alternative School at 1141 Bloor Street to the Brockton Building at 90 Croatia Street by September 1, 2016*
 - *That a portion of the 10.4 acre parcel, approximately 7.3 acres, at the corner of Bloor Street and Dufferin Street, owned by the TDSB, be declared surplus to the needs of the Board and referred to the TLC for sale in accordance with Regulation 444/98.*
- The December 13, 2013, approvals were based on findings and recommendations of the Land Use Management Plan (LUMP). As part of the LUMP analysis, the Planning and Business Case analysis from 2012 envisioned a predominantly mid-rise new residential neighbourhood development with three well-separated tower locations along Bloor and Dufferin Streets and 50,000 square feet for retail uses and 20,000 square feet for office uses, with the expectation that such uses could be flexibly used for a wide range of commercial and community-oriented uses.
- 2014 - Spring, 2015** TLC undertook the circulation of the property as required under the Regulation which was concluded on April 14, 2014. Having satisfied the public agency circulation, the Board has three years, April 14, 2017 in which to enter into a contractual sale's agreement.
- February 10, 2015** The TDSB Board approved that TLC pursue redevelopment projects and opportunities to create community hubs in operating schools.
- April 15, 2015** The TDSB Board approved that the disposition of a 7.3 acre parcel of land on the Bloor/Dufferin site be deferred until the TLC can complete its review in pursuing community hub opportunities using the Bloor/Dufferin site as a demonstration site for a community hub and that the TLC present a report in June 2015 on a feasibility plan and next steps.

- June 16, 2015** TLC presented an update report to the Board advising of the preliminary review of the development site with a community hub component and advised further study and planning would be required.
- July 2015- July 2016** TLC underwent a review of the various social benefits, challenges and funding models of community hubs. TLC staff visited a cross-section of hubs in the City of Toronto as well as and met and interviewed various community stakeholders. Market Sounding was completed with Real Estate Brokerage Community Engagement Process
Community meeting was held as the project presents an opportunity to develop public and private partnerships with City and Provincial support, thereby include the creation of a community hub.
- TLC became a partner in a working group comprised of the City, TDSB and the Province to explore how a hub could be incorporated into a redevelopment scheme on approximately 7.3 acres that would not negatively impact on value and return to the TDSB and meet all regulatory requirements.
- The Province has indicated that should it have an interest in a community hub, affordable housing, child care, etc. and if there is a negative impact on value, it would consider how to make the TDSB whole from a financial position.
- Most important, the working group has all agreed that the internal review of the site has been exhausted and in order to advance any redevelopment of the site, a private developer was now a necessity.
- July 18, 2016** All parties agreed that a private developer must already have experience in working with the City and foster a positive reputation from the outset.
- TLC advised it would proceed to the open market with a Request for Proposal (RFP), that included an Agreement of Purchase and Sale, seeking a developer who will work with the City, the public and school community to redevelop the 7.3 acre parcel, and initially have a placeholder for a 30,000 square foot community hub.
- The general components of the RFP were discussed with all parties whereby the TLC must still comply with the Regulations and obtain fair market value for the property. TLC did advise potential bidders of the City and Community interests as documented from the public meeting and information as received independently from the City Planning Department. However, TDSB had no legal authority to require any Purchaser to provide any or all City and Community interests at the purchaser's expense or to the detriment of the TDSB. The purchaser would, as under the normal process, negotiate an acceptable plan with the City. A developer's draft plan would allow negotiations between various City departments and the developer to exchange items such as additional parkland, affordable housing, etc. for density and height in order to complete a well-designed Site Plan Application (SPA). In conjunction, the developer would engage the public and the school community independently in order to obtain an understanding of their needs.
- The Request For Offers will include a TLC Agreement of Purchase and Sale for execution by potential purchasers. The Agreement will be conditional upon severance and zoning approvals.

Purchase price shall be requested on a per buildable square foot basis and TLC shall have a reserve, minimum, acceptable price based upon the independent appraisal reports, similar and same as in all transactions in order to comply with existing Regulations.

To ensure maximum benefit to the school board, there will be an opportunity to increase the purchase price if additional density is achieved through the planning process that varies from the base price submitted.

August 8, 2016	RFO released to the open market through the listing broker, CBRE. The RFO stated: "TLC is seeking an offer to purchase from a reputable Purchaser who will develop the surplus lands through a co-operative approach with the City creating a compatible redevelopment that is reflective of public objectives."
September 2016	Board is updated on marketing campaign and interest in great interest in the property from the development community. Weekly reports and regular advertising are on-going. CBRE throughout the nine week campaign monitored activity and was available, to discuss any questions with potential purchasers. In summary, there were 9,621 views to the electronic data room with a download of 491 files and 90 organizations signing confidentiality agreements and received further information on the property.
October 11, 2016	Deadline for Offer submissions There were 22 offers received directly to the Broker within the timelines. In addition, one offer was submitted 45 minutes late and was returned unopened. On October 12, 2016, CBRE, and a representative who acted as an observer from TDSB's legal counsel, McCarthy Tétrault LLP, were together for the opening and recording of all bids. Prior to opening the bids, pre-set criteria was prepared by TLC, reviewed and supported by CBRE and TLC's Legal team
November 30, 2016	The Toronto Lands Corporation approved that: Authority be granted to the Chief Executive Officer (CEO) of the Toronto Lands Corporation (TLC) to execute the Offer to Purchase, dated November 24, 2016, submitted by CD Capital Developments (Acquisition) Limited, at a purchase price of One Hundred and Twenty One Million, Five Hundred and Thirty Thousand Dollars (\$121,530,000), for the purchase of the TDSB property, situated at the southwest corner of Bloor Street West and Dufferin Avenue, approximately 7.26 acres, described as Parts 1 and 3 on the draft reference plan, dated November 24, 2015, by Lloyd & Purcell Ltd., O.L.S.
December, 2016	Province of Ontario announcement of financial support for a new replacement school at the Brockton site (new Bloor Collegiate).
February 21, 2017	TLC reports to Board that all documents have been executed in order to commence the sale process; and the Purchaser has provided a satisfactory letter of credit (\$7,096,500). TLC drafted and executed a separate agreement to secure \$7M in provincial funding for the construction of "up to a 30,000 square foot" community hub that will include a daycare. Funding will be released by the Province to the TDSB who in turn will release to the developer upon satisfactory evidence of construction costs.
2017-2020	Developer has on-going negotiations with City of Toronto officials, and all stakeholders to work towards a severance and amended zoning-by law, including Section 37 Agreement, Heritage Easement, community and school benefits.

A negotiated settlement was achieved through Minutes of Settlement finalized at the OMB.

Numerous agreements drafted, reviewed, amended to be approved and executed, registered on title before preparation of closing documents.

July 2021 Potential closing of transaction

December 31, 2021 Final deadline for closing as stated in the Offer

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