



## STAFF REPORT ACTION REQUIRED

11.

### Property Redevelopment Feasibility Report

<b>Date:</b>	October 24, 2016
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

#### **SUMMARY**

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At the meeting on September 21, 2015, the Toronto Public Library Board considered the Property Redevelopment Feasibility report and adopted a recommendation for staff to work with the City and Build Toronto to develop a business case for a pilot project to redevelop a library property with the objective or rebuilding a library on site and generating funding that could be used to address other state of good repair (SOGR) issues.

Build Toronto has completed their analysis and has concluded that while value could be generated from the redevelopment of certain Toronto Public Library (TPL) properties, no excess funding would be available to address other SOGR issues. Furthermore, TPL would likely need to make a net investment in order to construct a new library onsite. No redevelopment project is being recommended at this time.

Representatives from Build Toronto and City Real Estate will be in attendance at the meeting to present their review.

On July 12, 2016, City Council adopted in principle the directions to move to a centralized real estate operating model as described in the City Wide Real Estate Review report, ensuring the City is effectively positioned to strategically leverage its real estate portfolio and maximize operating efficiencies. A new centralized real estate entity would consolidate all core real estate and facilities management operations and functions over the next two to four years.

#### **RECOMMENDATIONS**

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**The City Librarian recommends that the Toronto Public Library Board:**

1. not proceed with a pilot redevelopment project at this time based on Build Toronto's financial analysis that shows no excess funds would be generated to address other state of good repair needs; and

2. continues to explore development and planning opportunities for Toronto Public Library real estate in conjunction with the City-Wide Real Estate Review and the centralized real estate entity.

## **FINANCIAL IMPACT**

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This report has no financial impact beyond what has been approved in the 2016 approved operating budget.

Build Toronto has concluded that while some value could be generated by the redevelopment of certain TPL properties, the analysis indicates that no excess funding would be generated in order to address other SOGR issues, and TPL would likely need to make a net investment in order to construct a new library onsite.

Opportunities to find efficiencies in the TPL real estate portfolio should be viewed as a continuous process. As part of the City-Wide Real Estate Review, City staff will continue to explore development and planning opportunities with TPL, including: (1) reducing capital cost of construction; (2) co-locating in mixed-use developments; (3) alternative service delivery models and its impact on real estate requirements; and (4) reconsidering parking solutions on a site-by-site basis.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

## **DECISION HISTORY**

At the meeting on September 21, 2015, the Toronto Public Library Board considered the Property Redevelopment Feasibility report and adopted the following motion:

<http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2015/sep21/12-Property-Redevelopment-Feasibility.pdf>

*That the Toronto Public Library Board:*

1. *approves Toronto Public Library staff, in consultation with the City Manager, Deputy City Manager and Chief Financial Officer, and other City and Build Toronto staff, to develop a business case for a pilot project to redevelop a Toronto Public Library property with the objective of rebuilding a library on site and generating funding which could be used to address the state of good repair backlog for branches in neighbourhood improvement areas;..*

At the meeting on September 26, 2016, the Board considered the City-Wide Real Estate Review report and endorsed the City's centralized service delivery for real estate as well as a number of principles for the TPL's participation in the initiative.

<http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2016/sep26/14-city-wide-real-estate-review.pdf>

## ISSUE BACKGROUND

The Public Libraries Act requires Council approval before the Library Board can perform real estate transactions. Council has delegated limited authority to the Library Board to lease properties for its use or to tenants.

At the March 23, 2009 Board meeting, the Build Toronto and City Real Estate Strategy report explained the role of Build Toronto and the City Real Estate Strategy. Build Toronto is a City agency whose mandate is to unlock the value in under-utilized lands.

At the meeting on September 21, 2015, the Board considered the Property Redevelopment Feasibility report which described a potential model for redevelopment, including financial considerations. For potential redevelopments, TPL would require a rebuilt and improved library which meets the Service Delivery Model and is able to deliver modern library services efficiently and effectively. The report also listed a number of parameters that must be met for a successful redevelopment project, including:

*excess funds from the redevelopment must be directed to TPL's SOGR backlog, in consultation with the City Manager and Deputy City Manager and Chief Financial Officer;*

At the September 21, 2015 Board meeting, Josie Scioli, the City's Chief Corporate Officer, made a presentation on the City-Wide Real Estate Review, an initiative to review how the City and its Agencies manage real estate operations. In connection with the review, Library staff met with the consultants, Deloitte LLP, City Real Estate staff, and the Expert Advisory Panel and provided detailed information on all TPL properties and how they are managed.

At the June 27, 2016 Board meeting, the Chief Corporate Officer made a presentation on the findings and recommendations from the City-Wide Real Estate Review. The recommendations were to be included in a report to the June 28, 2016 meeting of Executive Committee and the July 12, 2016 meeting of Council.

## COMMENTS

Library staff provided information on all 102 properties, including SOGR needs and construction costs and size requirements for a new library. A number of meetings were held with staff from Build Toronto and City Real Estate. Build Toronto mapped all the properties and considered a number of factors such as location, size of property, proximity to higher order transit, official plan and zoning, age and condition of buildings, consideration of other city services on shared sites and local conditions or encumbrances. A short list of TPL properties was determined, based on site development potential over the short-term. Over the summer, Build Toronto performed additional due diligence on the short listed projects that resulted in creating a design development concept for three properties: Don Mills branch (888 Lawrence Ave. E); Parkdale branch (1303 Queen St. W.); and Brookbanks branch (210 Brookbanks Dr.). Design concepts used a balanced approach that sought to maximize on-site density while considered the following:

- In-force planning permissions;
- Surrounding market comparables / activity;
- Site context;
- Applicable design guidelines.

Build Toronto's analysis indicated that the value of the potential excess density (i.e., after considering the space requirement for a new library) of each site was not adequate to cover the cost of constructing a new library, requiring TPL to make a net investment. While some value could be generated by the redevelopment of certain TPL properties to address SOGR needs at the site, the analysis indicated that no excess funding would be generated in order to address other SOGR issues.

It is important to note, that findings represent Build Toronto's preliminary analysis. Further, the local Councillor's office or Planning staff have not reviewed any of the concepts, given that meetings with the local Councillor or Planning were premature at this time. As the TPL real estate portfolio review continues as part of the City-wide initiative for managing real estate, consultation with the local Councillor and Planning will provide the necessary feedback to development concepts.

Build Toronto also identified other properties that may have longer-term potential for development.

Representatives from Build Toronto and City Real Estate will be in attendance at the meeting to present their review.

On July 12, 2016, City Council adopt in principle the directions to move to a centralized real estate operating model as described in the City Wide Real Estate Review report, ensuring the City is effectively positioned to strategically leverage its real estate portfolio and maximize operating efficiencies. A new centralized real estate entity would consolidate all core real estate and facilities management operations and functions over the next two to four years.

## **CONCLUSION**

A pilot redevelopment project is not being recommended at this time as no excess funds would be generated to address other SOGR needs. Staff will continue to explore development and planning real estate opportunities in conjunction with the City Wide Real Estate Review and the centralized real estate entity.

## **CONTACT**

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## **SIGNATURE**

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City Librarian