

## 7

### **ACQUISITION OF LAND WARDEN AVENUE / ENTERPRISE BOULEVARD TOWN OF MARKHAM**

**The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendations contained in the following report dated February 26, 2009, from the Commissioner of Corporate Services and the Vice-President, York Region Rapid Transit Corporation.**

#### **1. RECOMMENDATIONS**

It is recommended that:

1. Council authorize the acquisition of the Warden Avenue lands at a purchase price of \$3,050,000.
2. Council authorize the Commissioner of Corporate Services to complete the real estate transaction with Ontario Realty Corporation consistent with the findings of this report and Regional practices for acquisition of property.
3. The Regional Chair and Regional Clerk be authorized to execute the agreement.

#### **2. PURPOSE**

The report is to obtain Regional Council approval of the following Agreement of Purchase and Sale as the land is required for the construction of the transitway along Highway 7 from Yonge Street east to eventually Cornell Terminal, Town of Markham.

**OWNERS:** Ontario Realty Corporation acting as agent on behalf of Her Majesty the Queen in Right of Ontario as Represented by the Minister of Energy and Infrastructure

**PROJECT:** The construction of a transitway, as part of the Viva H3 project along Highway 7 from Yonge Street (Richmond Hill Centre) easterly to Kennedy Road

**SUBJECT PROPERTY:** Part of Lot 9, Concession 4, now shown as Part 1 on Plan 65R-21511, Town of Markham, Regional Municipality of York

**AREA TAKEN:** Complete buyout

PURCHASE PRICE: \$3,050,000

COMMENTS: The subject land located on the west side of Warden Avenue, opposite Enterprise Boulevard (2<sup>nd</sup> property north of Highway 407), Town of Markham (*see Council Attachment 1*)

### 3. BACKGROUND

#### **The Markham Centre Civic Mall is a unique component of the Highway 7 H3 vivaNext rapidway**

The Markham Centre Civic Mall Rapidway is a 1 km. segment of the “Centre to Centres” Highway 7 Viva rapid transit system. It is unique in character in that it runs along a shared use corridor through the heart of Markham Centre. The Civic Mall section will connect eastward to the intermodal facilities at the Unionville GO Transit station, allowing Viva transit users to connect to higher order GO Rail and 407 Transitway systems, as well as to local transit routes.

On February 16, 2006 and April 20, 2006, Council authorized staff to enter into negotiations for the purchase of the Warden Avenue lands and to undertake the necessary studies to confirm the purchase price of the lands and to report back on its due diligence.

#### **The Simcoe Promenade Markham Centre rapidway has received capital funding through the Metrolinx/Quick Wins program**

In June 2007, the Province announced an aggressive transportation investment program, MoveOntario 2020, which included Yonge Street - Richmond Hill Centre to 19th Avenue (Y2), and Highway 7 – Richmond Hill Centre to Kennedy Road (H3).

During October 2007, the York Region Rapid Transit Corporation prepared a detailed submission of all rapid transit Quick Win Projects that could be delivered in the next five years as requested by Metrolinx. These have been referenced as Quick Wins Tranche 2 projects. This list included rapidway corridors on Highway 7 from just west of Pine Valley Drive in Vaughan to just east of Kennedy Road in Markham (H2/H3), and on Yonge Street from Richmond Hill Centre to Newmarket (Y2/Y3). Staff has received confirmation from the Ministry of Transportation that this 2008 rapid transit project, which includes the purchase of the Warden Avenue lands, is part of the Region of York Quick Wins bundle of works.

### Construction of the Enterprise/Civic Mall rapidway between Warden Avenue and Birchmount Road has commenced

In September 2008 Regional Council approved the early construction of the Civic Mall segment of the Highway 7 H3 (Richmond Hill Centre to Kennedy Road) rapidway from Warden Avenue to Birchmount Drive. In order to be ready for the construction of the Civic Mall park elements during 2009, the Phase 1 underground civil works (storm sewer, utility relocation and rapidway granular material placement from Warden Avenue to Birchmount Road) commenced last fall with completion scheduled for March 2009.

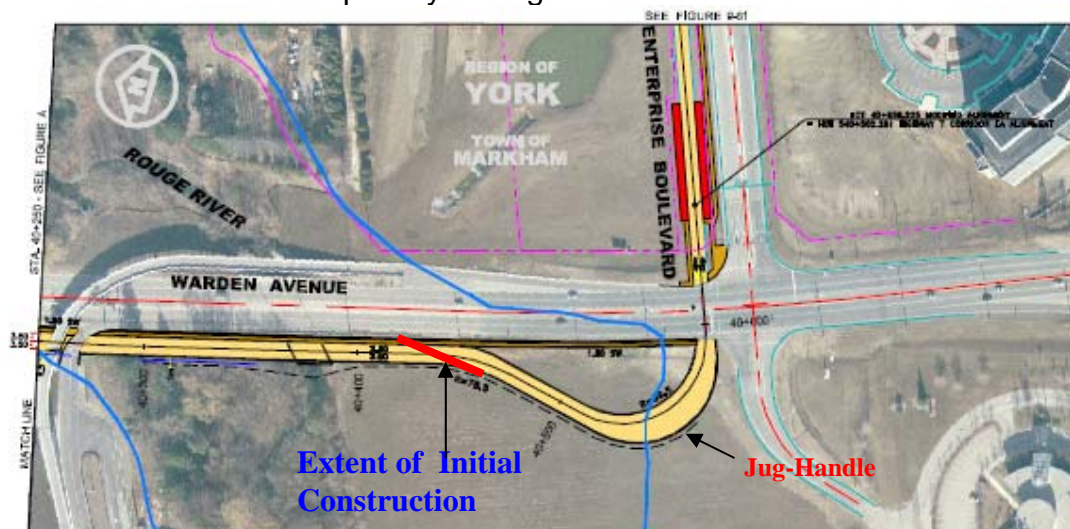
Phase 2 includes the Viva station canopy and final grading, base and surface works over the entire length of the Civic Mall and jug-handle west of Warden Avenue. Construction is anticipated to begin in spring 2009, with completion scheduled for fall 2009.

## 4. ANALYSIS AND OPTIONS

### The construction of the Highway 7 rapidway at Warden Avenue requires the acquisition of the Ontario Realty Corporation lands

Figure 1 shows the configuration of the rapidways at the intersection of Warden Avenue and Enterprise Boulevard requiring the purchase of the land necessary for the construction of the “jug-handle”.

**Figure 1**  
Rapidway Configuration on Warden



### **Two comprehensive property appraisals were undertaken**

Two independent appraisals were commissioned of the subject land estimating the market value. The effective date of the appraisals is September 2008, the date the land was inspected by the appraisers. The reports were prepared in draft and submitted in December 2008. At that time, ORC and Regional staff held discussions with the appraisal firms, inquiring if the market value of the land had declined. Both firms advised that although there were extensive media reports of a market decline during the fall, based on their market research, there was no evidence of any noticeable impact on values. They felt the reason for this was vendors were not prepared to lower their asking prices of any significance and purchasers were unwilling to pay the asking prices. Therefore, the market was stagnant as both sides waited to see the degree of the global economy decline. With no quantitative evidence to support a noticeable drop in values, the original effective date is considered reflective of the market. As a result, the purchase price is based on the average of the two appraisals, which is \$3,050,000 plus legal and consulting fees.

### **Site has development potential after the jug-handle has been constructed**

The land comprises a total of 9.460 acres of which 3.152 acres is developable. The jug-handle comprises 1.02 acres of the overall site of which 0.684 acres is developable. The Region, as part of its accommodations strategy, has analyzed the remaining lands (2.468 acres is developable less the possible lands for the extension of Enterprise Boulevard/Yorktech Boulevard of 0.618 acres) resulting in 1.850 acres of residual developable land. The Region expects that if Enterprise Boulevard/Yorktech Boulevard were extended through the property in the future that the Town of Markham would be expected to pay fair market value at that time. The residual site has potential for a Regional office facility in accordance with the approved Strategic Accommodation Plan, which envisions a consolidated service centre within the new Markham Centre. Access is via the existing shared driveway for the residual land and the Town of Markham property (former Markham Hydro property), which is located south of the jug-handle.

## **5. FINANCIAL IMPLICATIONS**

The total amount of compensation for this property is \$3,050,000 plus legal and consulting fees.

The Civic Mall project is fully funded through the Move Ontario 2020 Quick Wins allocation to the Region of York.

The agreement contains a Participation Agreement clause that is standard for all agreements with the Ontario Realty Corporation (ORC). The clause is included for the benefit of ORC and is to protect them from the perception of disposing of the land below the maximum value they would have attained if they had sold the land to the public

through regular marketing practices. Therefore, if the Region disposes of the land within 10 years from the date of possession, any profit above the compensation paid in this agreement will be paid to ORC less any capital improvements, real estate commissions and reasonable legal and accounting fees associated with selling the land. However, it is highly unlikely that the Region will dispose of the residual land.

## **6. LOCAL MUNICIPAL IMPACT**

The Yonge Street rapidway corridor from Richmond Hill Centre to 19<sup>th</sup> Avenue (Y2) and Highway 7 rapidway corridor from Richmond Hill Centre to east of Kennedy Road (H3) preliminary engineering and construction activities are being closely coordinated with local planning and economic development activities along the rapid transit corridors.

## **7. CONCLUSION**

This 9.460 acre parcel of land is a vital part to the Highway 7 vivaNext project from the Richmond Hill Centre to Kennedy Road (H3) and must be obtained in order to facilitate construction of the rapidway. The purchase price of the land is \$3,050,000 and is fully funded through Quick Wins. Opportunity exists to develop 1.850 acres of residual lands once the Civic Mall project is complete.

For more information on this report, please contact Paul Roberts, Manager, Realty Services, Ext. 1424.

The Senior Management Group has reviewed this report.

*(The attachment referred to in this clause is attached to this report.)*