



## REPORT FOR INFORMATION WITH CONFIDENTIAL ATTACHMENT

### Proposed Long Term Land Lease - City Owned Property at 11 Bay Street

Date: December 23, 2020  
To: CreateTO Board of Directors  
From: Chief Executive Officer  
Wards: Ward 10 - Spadina - Fort York

#### **REASON FOR CONFIDENTIAL INFORMATION**

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

#### **SUMMARY**

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The purpose of this report is to seek comments from the Board of CreateTO on the proposed lease terms negotiated between staff of CreateTO and QuadReal Property Group Limited Partnership ("**QuadReal**") and Barney River Investments Limited ("**Barney River**"), the managers acting on behalf for the tenant, in connection with a proposed long-term lease renewal/new lease agreement ("**Lease Extension**") to permit redevelopment of the City-owned property at 11 Bay Street (the "**Subject Property**"). QuadReal and Barney River have proposed a complete redevelopment of the Subject Property which will result in a new office tower and rebuilt convention centre at grade.

The current term of the existing ground lease between the City of Toronto, as landlord ("**City**") and SCG Aquarius Toronto Hotel, Inc., as tenant and SCG Aquarius Toronto Hotel, Inc., in its capacity as General Partner for SWA Toronto L.P., as beneficial tenant (collectively the "**Tenant**") for 11 Bay Street expires on May 31, 2030, with the option of two subsequent 5 year renewal terms. These options may be exercised by the Tenant in accordance with the terms of the ground lease, but the City has retained the absolute discretion on whether or not to grant the renewal options. At the end of the lease term, the Tenant is required to surrender the Subject Property and all buildings and improvements thereon to the City.

As part of this proposed Lease Extension, CreateTO has been working with the City's Parks, Forestry and Recreation, Community Planning and Economic Development divisions to understand the opportunities that exist within this proposal for the Subject Property itself, and within the broader public realm in the Central Waterfront. Along with a new office tower and rebuilt convention centre, there is an opportunity to leverage this City owned asset to partially fund significant public realm improvements in the Central Waterfront area, along with negotiating into the lease agreement, obligations for design excellence, sustainability and connectivity along with ground level activation.

CreateTO and Community Planning have identified this redevelopment of the Subject Property as an excellent candidate to help advance the Mayor and Council's Urban Design Initiative.

## **RECOMMENDATIONS**

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The Interim Chief Executive Officer, CreateTO recommends that:

1. The Board of CreateTO direct the Interim CEO to report back to the next meeting of the CreateTO Board with a revised report that reflects any changes required as a result of the input of the Board from this meeting.
2. The Board of CreateTO authorize the public release of the information in Confidential Attachment 1, when and if a finalized lease extension or notice of the lease extension is registered on title, and at the discretion of the Chief Executive Officer.

## **FINANCIAL IMPACT**

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The relevant financial information related to the proposed Lease Extension is set out in Confidential Attachment #1 to this report, as it involves a proposed or pending acquisition or disposition of land by the City of Toronto.

## **DECISION HISTORY**

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City Council on May 17, 18, and 19, 2011 authorized Build Toronto to undertake a master planning process for the properties municipally known as 11 Bay Street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM3.21>

At its meeting on October 29, 2019, City Council adopted PH9.4 "Focusing on Building Design Improvements" and requested the Board of CreateTO to work with the Chief Executive Officer, CreateTO in order to employ open and international design competitions for major and transformational projects in which it is the lead developer.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH9.4>

At its meeting on March 13, 2020, the Board of CreateTO adopted RA11.2 authorizing staff of CreateTO to negotiate the terms and conditions of a long-term fair market-value lease agreement with SCG Aquarius Toronto Hotel, Inc., as tenant and SCG Aquarius Toronto Hotel, Inc., in its capacity as General Partner for SWA Toronto L.P., as beneficial tenant, to design, build, finance and operate a new office building and convention centre and other complementary facilities at 11 Bay Street and to report back to the Board of Directors of CreateTO on the results of the negotiations.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.RA11.2>

## **COMMENTS**

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The Subject Property is owned by the City and located in the Central Waterfront area at the foot of Bay Street – see Appendix 1. The City has entered into a long-term ground lease of the Subject Property which expires on May 31, 2030, (with the potential of two further options to renew of five years each) for the primary use as a convention centre, serving the Toronto Westin Harbour Castle Hotel located directly to the south across Queens Quay West.

### **The Convention Centre and its Neighbourhood**

Built in the mid-1970's, the existing Westin Harbour Castle Convention Centre ("**Convention Centre**") serves an important economic and tourism function for the City, and is an integral part of the Hotel operation. However, to keep pace with modern requirements, the Convention Centre requires either a major retrofit or replacement. Conference organizers and attendees are increasingly seeking more flexible space and layouts, naturally-lit conference and pre-function areas, modern technology and contemporary architecture and design – all of which are addressed in the proposed convention centre plans which will align with the City's mandate of design excellence.

The Conference Centre is also a low density use of the Subject Property, making this site a prime location for redevelopment. In the last 10 years, this neighbourhood has matured as a 24/7 vibrant business, residential and tourism community. Office workers, residents or tourists are attracted to the node because of its proximity to Union Station, connectivity to the PATH system, and accessibility to both Pearson and Billy Bishop airport. The neighbourhood is prominently viewed as an extension of the downtown financial core, with the Subject Property representing one of the few remaining City-owned development sites in downtown Toronto.

## **The Project**

The Tenant is proposing a complete redevelopment of the Subject Property. The proposal would redevelop the Conference Centre to include a fifty-four storey (270 metre) office tower, with conference centre and retail uses within the base building (using portions of levels 1 through 5), and improved public realm. The development proposal has a total gross floor area of 117,380 square metres. PATH connections are proposed at the second level by way of pedestrian bridges over Bay Street into the 20 Bay Street office building, and to replace an existing bridge over Queens Quay West into the Westin Harbour Castle Hotel and the Jack Layton Ferry Terminal. Approximately two thirds of the ground floor would be devoted to publicly accessible spaces such as the elevator banks and office lobby, retail and conference centre functions. A rendering of the proposed development is attached as Appendix B.

An application to amend the applicable Zoning By-laws to permit the proposed redevelopment has been submitted to the City Planning Division, and is currently under review. The redevelopment of the property will be subject to obtaining all applicable City approvals.

## **Design Excellence**

As the project will be built on City-owned land in a prominent Central Waterfront location, it is subject to City Council directives to achieve design excellence. In order to achieve design excellence, CreateTO and City Planning developed a process to seek a Design Partner from local and international Architecture, Landscape Architecture and Urban Design professionals. CreateTO hired a Technical Advisor through a Request for Proposals process to advise CreateTO, the City and the Tenant and to undertake an open and transparent procurement process to seek and secure a Design Partner, as well as to coordinate a five-member jury responsible for final proposal evaluation.

Seventeen Design Partner submissions were received from local and international design firms. The jury panel selected Daoust Lestage Lizotte + Stecker from Montreal as the winning Design Partner.

The role of the Design Partner is to be a collaborative member of the Tenant's existing project design team to evolve the public realm and building design. The Design Partner and design team will work together to ensure that the project meets key city building objectives, including the following:

- Connecting the waterfront back to the City and downtown core;
- Creation of safe and equitable places;
- Providing a contextual design response to the "Foot of Bay" through the development of a cohesive and comprehensive public realm strategy;
- Providing seamless design outcomes for building, landscape and elements located within the public realm;
- Meeting the City's highest environmental performance measures and demonstrates leading-edge environmental technology; and,
- Responding to market demand for innovative conference, retail and office space.

The Design Partner will continue to support the Tenant's design team through the development approvals process leading up to the first site plan application for 11 Bay, and including participation in Waterfront Toronto's Design Review Panel process. It is anticipated that City Planning will be bringing their preliminary Zoning By-Law Amendment report to Toronto and East York Community Council in January 2021.

## **CONCLUSION**

The Lease Extension is contingent upon approval by the City of the Zoning By-law Amendment and Site Plan application currently being undertaken by the Tenant. Both QuadReal and Barney River are 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.

The City may elect to direct a portion of the potential rent to be derived from this new lease agreement to advance significant public realm and city building opportunities, such as the neighbouring Jack Layton Ferry Terminal (“JLFT”) redevelopment. The opportunity to direct revenue from the potential land lease of 11 Bay Street could serve as a catalyst to help realise important civic projects like the JLFT redevelopment and/or other public realm improvements in the Central Waterfront area.

## **CONTACT**

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Don Logie, Executive Vice-President, Development, CreateTO, Tel: 416-981-2896;  
[DLogie@createto.ca](mailto:DLogie@createto.ca)

Ryan Glenn, Vice President, Stakeholder & Client Relationship Management,  
CreateTO, Tel: 416-981-3553; [RGlenn@createto.ca](mailto:RGlenn@createto.ca)

## **SIGNATURE**

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Steven Trumper  
Interim Chief Executive Officer, CreateTO

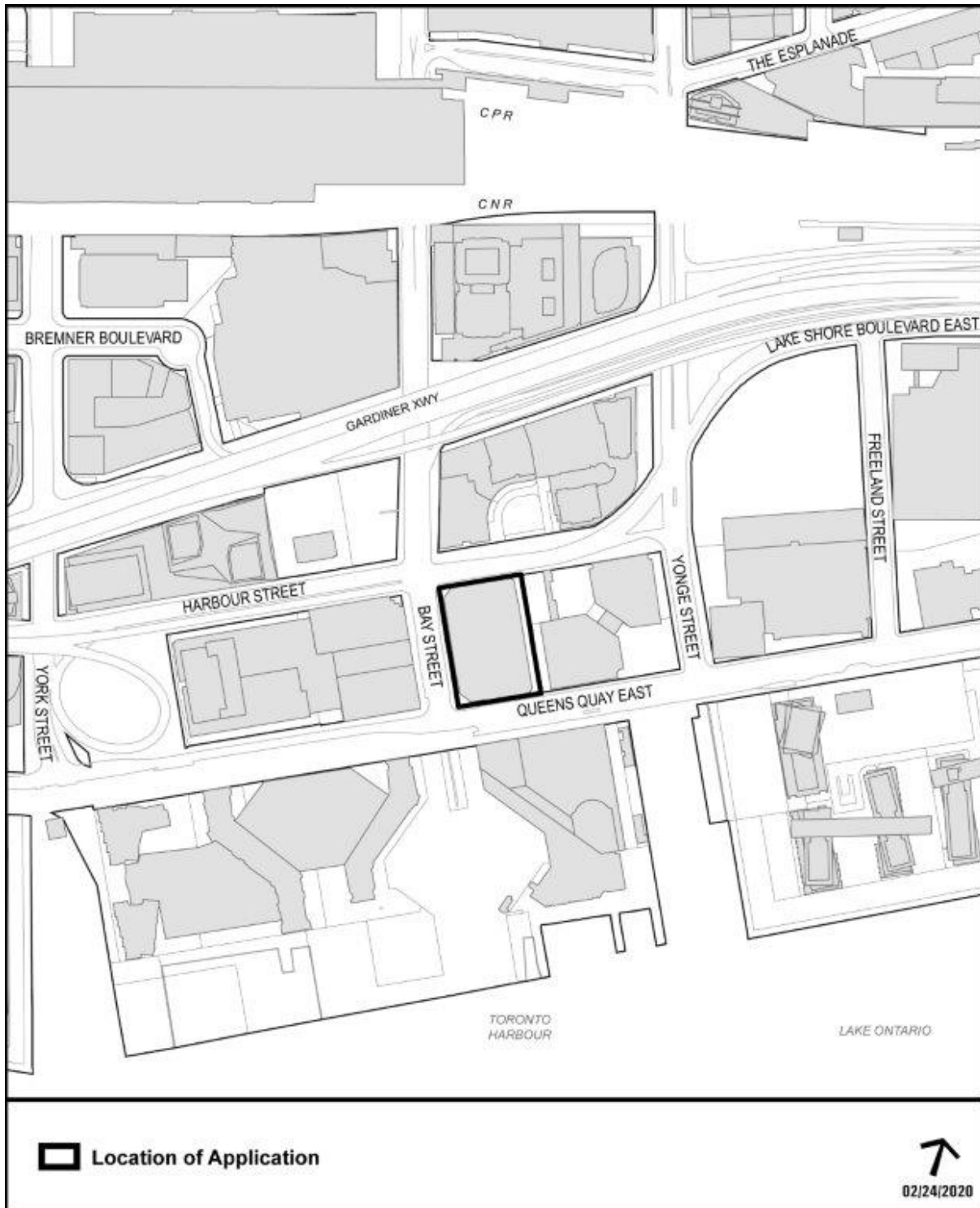
## **ATTACHMENTS**

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Attachment 1 – Location Map  
Attachment 2 – Rendering of Proposed Development

Confidential Attachment #1

# Attachment 1 – Location Map





**Attachment 2 – Rendering of Proposed Development**

