

DELEGATED APPROVAL FORM
DEPUTY CITY MANAGER, CORPORATE SERVICES
EXECUTIVE DIRECTOR, CORPORATE REAL ESTATE MANAGEMENT

TRACKING NO.: 2021-043

Approved pursuant to the Delegated Authority contained in Article 2 of City of Toronto Municipal Code Chapter 213, Real Property

Prepared By:	Avery Carr	Division:	Corporate Real Estate Management
Date Prepared:	January 27, 2021	Phone No.:	(647) 458-1934
Purpose	To obtain authority for the City of Toronto (the "City"), as tenant, to enter into a lease (the "Lease") with 1483197 Ontario Ltd. (the "Landlord"), for the purpose of a temporary or emergency shelter at the property located at 556 Sherbourne Street, Toronto.		
Property	Entirety of the property, including 39 units located at the property municipally known as 556 Sherbourne Street, City of Toronto (the "Property") as shown on the Location Map in Appendix "B".		
Actions	1. Authority be granted to enter into the Lease with the Landlord substantially on the major terms and conditions set out in Appendix "A", and including such other terms and conditions as may be deemed appropriate by the Executive Director, Corporate Real Estate Management ("ED") and in a form acceptable to the City Solicitor.		
Financial Impact	<p>(i) Gross Rent: Total cost to the City will be \$1,138,800.00 (plus HST) per annum (based on a daily rate of \$80 per room x 39 rooms) or \$1,158,842.88 (net of HST recoveries) per annum. Gross rent will be payable monthly in advance in the amount of \$94,900.00 (plus HST) per month or \$96,570.24 (net of HST recoveries), from the commencement date to January 31, 2022, for an initial term of one (1) year.</p> <p>(ii) Lease Extension: The City has one (1) option to extend the term for a period of twelve (12) additional months. If the City exercises its option to extend the Lease, the Gross Rent for the entire two (2) year term will be approximately \$2,277,600.00 (plus HST), or \$2,317,685.76 (net of HST recoveries).</p> <p>The City shall not be responsible for any additional costs arising from its use of the Property including any operating costs, repairs and maintenance, utilities and taxes.</p> <p>The expenditures outlined above reflect COVID-19 related financial impacts which are being tracked and monitored corporately. The immediate and short-term impacts will be funded by leveraging and/or redirecting federal/provincial funding with longer term financial impacts anticipated to be funded from the COVID-19 recovery fund. Funding for the expenditures outlined above have been referred to the City's annual budget process and have been included in the 2021 – 2023 Operating Budget Submission for Shelter, Support and Housing Administration under cost center HS100X for Council consideration.</p> <p>The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this program for review as part of the 2021 budget process.</p>		
Comments	<p>As a result of the COVID-19 pandemic and the City of Toronto's state of emergency, the City is experiencing an unprecedented demand for shelter and respite services for its residents. The Property consists of a 39 units, 7 floor building. The Property will be used for the purposes of a temporary or emergency shelter, and such other shelter support services or needs. The facility may be operated by a service provider as deemed appropriate by Shelter Support and Housing Administration (SSHA).</p> <p>As a component of SSHA's emergency response efforts to the COVID-19 pandemic, SSHA has received SLT approval to activate temporary hotel units, of which this transaction qualifies.</p> <p>SSHA has approved this Lease and confirmed that the terms and conditions are fair, reasonable and aligned with the service needs required to support the City's response efforts to the COVID-19 pandemic. Real Estate Services staff consider the terms and conditions of this proposed Lease to be fair, reasonable and reflective of market rates.</p>		
Terms	Refer to Appendix "A" for the Terms and Conditions.		
Property Details	Ward:	13 – Toronto Centre	
	Assessment Roll No.:	190406849002600	
	Approximate Size:	45.4 m x 13.4 m ± (149 ft x 44 ft ±)	
	Approximate Area:	610 m ² ± (6,573 ft ² ±)	
	Other Information:		

A.	Executive Director, Corporate Real Estate Management has approval authority for:	Deputy City Manager, Corporate Services has approval authority for:
1. Acquisitions:	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
2A. Expropriations Where City is Expropriating Authority:	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million.	<input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.
2B. Expropriations For Transit-Related Purposes Where City is Property Owner or Has Interest in Property Being Expropriated:	<input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$3 Million. Request/waive hearings of necessity delegated to less senior positions.	<input type="checkbox"/> (a) Acceptance of statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million. Request/waive hearings of necessity delegated to less senior positions.
3. Issuance of RFPs/REOs:	<input type="checkbox"/> Issuance of RFPs/REOs.	<input type="checkbox"/> Issuance of RFPs/REOs.
4. Permanent Highway Closures:	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.	<input type="checkbox"/> Initiate process & authorize GM, Transportation Services to give notice of proposed by-law.
5. Transfer of Operational Management to Divisions, Agencies and Corporations:	<input type="checkbox"/> Transfer of Operational Management to Divisions, Agencies and Corporations.	<input type="checkbox"/> Transfer of Operational Management to Divisions, Agencies and Corporations.
6. Limiting Distance Agreements:	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
7. Disposals (including Leases of 21 years or more):	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan:	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.	<input type="checkbox"/> Exchange of land in Green Space System and Parks and Open Space Areas of Official Plan.
9. Leases/Licences (City as Landlord/Licensor):	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$3 Million. <input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding twelve (12) months, including licences for environmental assessments and/or testing, etc. Delegated to a more senior position.	<input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million. <input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding twelve (12) months, including licences for environmental assessments and/or testing, etc. <input type="checkbox"/> (c) Where compensation is less than market value, provided tenant and lease satisfy Community Space Tenancy Policy criteria set out in Item EX28.8, as adopted by Council on November 7, 8 and 9, 2017, as amended from time to time.
10. Leases/Licences (City as Tenant/Licensee):	<input checked="" type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.
11. Easements (City as Grantor):	<input type="checkbox"/> (a) Where total compensation does not exceed \$3 Million. <input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.	<input type="checkbox"/> (a) Where total compensation does not exceed \$5 Million. <input type="checkbox"/> (b) When closing roads, easements to pre-existing utilities for nominal consideration.
12. Easements (City as Grantee):	<input type="checkbox"/> Where total compensation does not exceed \$3 Million.	<input type="checkbox"/> Where total compensation does not exceed \$5 Million.
13. Revisions to Council Decisions in Real Estate Matters:	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (U)).	<input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and subject to General Condition (U)).
14. Miscellaneous:	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences <input type="checkbox"/> (b) Releases/Discharges <input type="checkbox"/> (c) Surrenders/Abandonments <input type="checkbox"/> (d) Enforcements/Terminations <input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates <input type="checkbox"/> (f) Objections/Waivers/Cautions <input type="checkbox"/> (g) Notices of Lease and Sublease <input type="checkbox"/> (h) Consent to regulatory applications by City, as owner <input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title <input type="checkbox"/> (j) Documentation relating to Land Titles applications <input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds	<input type="checkbox"/> (a) Approvals, Consents, Notices and Assignments under all Leases/Licences <input type="checkbox"/> (b) Releases/Discharges <input type="checkbox"/> (c) Surrenders/Abandonments <input type="checkbox"/> (d) Enforcements/Terminations <input type="checkbox"/> (e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppel Certificates <input type="checkbox"/> (f) Objections/Waivers/Cautions <input type="checkbox"/> (g) Notices of Lease and Sublease <input type="checkbox"/> (h) Consent to regulatory applications by City, as owner <input type="checkbox"/> (i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title <input type="checkbox"/> (j) Documentation relating to Land Titles applications <input type="checkbox"/> (k) Correcting/Quit Claim Transfer/Deeds

B. Deputy City Manager, Corporate Services and Executive Director, Corporate Real Estate Management each has signing authority on behalf of the City for:

- Documents required to implement matters for which each position also has delegated approval authority.
- Agreements of Purchase and Sale and all implementing documentation for purchases, sales and land exchanges not delegated to staff for approval.
- Expropriation Applications and Notices following Council approval of expropriation.
- Community Space Tenancy Leases approved by delegated authority by the Deputy City Manager, Corporate Services and any related documents.

Pre-Condition to Approval

Complies with General Conditions in Appendix B of City of Toronto Municipal Code Chapter 213, Real Property

Consultation with Councillor(s)

Councillor:	Councillor Wong-Tam					Councillor:					
Contact Name:	Tyler Johnson					Contact Name:					
Contacted by:	Phone	<input checked="" type="checkbox"/>	E-Mail	Memo	Other	Contacted by:	Phone		E-mail	Memo	Other
Comments:	Notified (Jan 21, 2021)					Comments:					

Consultation with Divisions and/or Agencies

Division:	Shelters, Support and Housing Administration					Division:	Financial Planning				
Contact Name:	Loretta Ramadhin, Project Director					Contact Name:	Patricia Libardo				
Comments:	Comments incorporated (Jan 27, 2021)					Comments:	Comments incorporated (Jan 27, 2021)				

Legal Services Division Contact

Contact Name:	Shirley Chow (Jan 22, 2021)										
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DAF Tracking No.: 2021-043	Date	Signature
Recommended by: Manager, Real Estate Services	Jan. 27, 2021	Signed by Daran Somas
Recommended by: Director, Real Estate Services	Jan. 28, 2021	Signed by Alison Folosea
<input type="checkbox"/> Recommended by: Executive Director, Corporate Real Estate Management	Jan. 29, 2021	Signed by Patrick Matozzo
<input checked="" type="checkbox"/> Approved by: Patrick Matozzo		
<input type="checkbox"/> Approved by: Deputy City Manager, Corporate Services Josie Scioli		X

Appendix "A"

Major Terms and Conditions

Landlord:	1483197 Ontario Ltd.
Premises:	556 Sherbourne St, Toronto, including all 39 hotel rooms, and use of the hotel lounge, front desk/lobby area, and five (5) parking spots.
Excluded Areas:	Patio, basement, main floor back office/digital wiring hub room, sub-basement and laundry room.
Parking:	The Tenant has use of five (5) off-site parking spots located at 540 Sherbourne Street, Toronto at no additional charge. The Landlord leases the parking area and will use its best efforts to provide the Tenant with the use of the five (5) parking spots. In the event that the Landlord's lease of the parking area is expired, terminated, or cancelled for any reason, the Landlord will no longer have an obligation to provide the five (5) parking spots for the Tenant's usage.
Term:	1 year (February 1, 2021 to January 31, 2022), provided that the Tenant has secured approval from Toronto Fire Services ("TFS") that the Property is acceptable for occupancy. In the event that TFS approval is not secured by February 1, 2021, the commencement date will be delayed until TFS approval is secured. Upon execution of the Lease, the Tenant shall be permitted access to the Premises prior to the commencement date, for the purpose of set-up and preparing the Premises for the Tenant's use. Such access shall be coordinated with the Landlord.
Extension Option:	Provided that the Tenant is not then in material default, the Tenant shall have the option to extend the term for an additional one year term, commencing on February 1, 2022 and expiring on January 31, 2023 (the "Extended Term"), on the same terms and conditions, save and except for any further option to extend, and the Gross Rent for the Extended Term shall be established by mutual agreement based on the then fair market gross rent rate for comparable premises in the area.
Use:	Temporary or emergency shelter and such other shelter support services or needs of the Tenant.
Gross Rent:	\$1,138,800 per year (\$80/room/night), plus HST. Gross Rent includes the Tenant's proportional payment of property taxes. The Tenant is not responsible for any other costs including operating costs, repairs/maintenance, utilities and realty taxes.
Insurance:	Tenant will maintain commercial general liability insurance of not less than \$5,000,000, automobile liability of \$1,000,000 and legal liability of \$2,000,000.
Landlord's Responsibilities:	Save and except for Fire, Life and Safety requirements, which are to be complied with by the Landlord at the Landlord's expense, the Premises will otherwise be provided in an "as-is" condition. The Landlord is responsible for the operation and maintenance of core operating obligations and building systems including all utility systems, waste management services, fire and life safety systems, elevator maintenance, pest control, maintenance and cleaning of the property, and all custodial, housekeeping and laundry services.
Tenant's Responsibilities:	The Tenant shall be solely responsible for the operation of the Permitted Use within the Premises, including the assignment of rooms, and managing shelter clients. The Tenant is responsible, at its sole costs, for all security and supervision of the Premises, public health and other support services, any damage to the Premises or additional costs incurred by the Landlord as a result of the Tenant's occupancy of the Premises, save and except for damage or costs arising from, caused by, or attributable to the Landlord's negligent acts or omissions.

The Tenant shall ensure there is no smoking anywhere inside the Premises, or near entrances as per City by-laws, any additional costs associated to cleaning due to smoking shall be the responsibility of the Tenant.

The Tenant will provide an "institutional level deep cleaning" at the end of the term, to the standards recommended by Toronto Public Health.

- Indemnity:** The Tenant agrees to indemnify and save harmless the Landlord from all loss, costs, damages, claims or demands for any act or negligence whatsoever with respect to the Tenant's use of the Premises, including, without limitation damage to any property of the Landlord (collectively the "**Loss and Costs**"), unless such Loss and Costs are caused by the negligence of the Landlord, or those for whom it is responsible at law.
- Restoration:** At the expiration or earlier termination of the term, the Tenant shall remove from the Premises, all fixtures, chattels, equipment and personal property (including, without limitation, all bedding and other supplies) which were brought onto the Premises. The Tenant shall repair any damage caused by such installation or removal, with reasonable wear and tear excepted. Provided that the Landlord has maintained the Premises in accordance with all of the terms and conditions of this Lease, the Tenant will restore the Premises, including any damage to furnishings/fixtures, wall, floors or equipment, as close as is practicable to the state in which it was provided to the Tenant at the beginning of the term, normal wear and tear excepted.
- Overholding:** If the Tenant remains in occupation of the Premises at the expiration of the Lease or any renewal or extension thereof, without any further written agreement, the Tenant shall remain as an overholding tenant on a month-to-month basis, at 1 ¼ times the rent as that payable for the month immediately preceding the expiration of the Lease or any renewal or extension thereof, and otherwise on the same terms and conditions as the Lease.
- Pets:** The Landlord agrees that only normal household pets (such as dogs and cats) shall be allowed in the Premises to reside with the occupants. Any cost associated to damages or extra cleanup required due to the existence of such service animals shall be the responsibility of the Tenant.
- Additional Services:** The Tenant, at its sole option, may elect to use the Landlord's catering services if available, at a cost to be mutually agreed upon between the parties. To facilitate the delivery of the catering service, if required by the Tenant, the Landlord shall enter into a catering service agreement with the Tenant, on the Tenant's standard form of catering service agreement.

Appendix "B" Location Map

