

Approved pursuant to the Delegated Authority contained in Article 1 of City of Toronto Municipal Code Chapter 213, Real Property

Prepared By:	Mike Saffran	Division:	Corporate Real Estate Management
Date Prepared:	July 4, 2022	Phone No.:	(416) 392-7205
Purpose:	To declare surplus a long-term leasehold interest (21 years or more) in the City-owned lands located at 123 Queen Street West, Toronto, with the intended manner of disposal to be by way of the entering in to a ground lease amendment and extension agreement with BSREP II Hospitality Toronto GP Inc., in its capacity as general partner of BSREP II Hospitality Toronto L.P. (the Lessee).		
Property:	A leasehold interest in the land located at 123 Queen Street West, Toronto, being the whole of PIN 21403-0005 (LT), as described in the legal description in the attached Appendix "A" and shown on the Location Map attached hereto as Appendix "B" (the "Leased Lands").		
Actions:	<ol style="list-style-type: none"> 1. The leasehold interest in the Leased Lands be declared surplus, with the intended manner of disposal to be by way of entering into a ground lease amendment and extension agreement with the Lessee. 2. Notice be published in a newspaper in circulation in the area of the Leased Lands and be posted on the City's website. 3. All steps necessary to comply with the City's real estate disposal process, as set out in Chapter 213 of the City of Toronto Municipal Code, be taken. 		
Financial Impact:	There are no financial implications resulting from this approval. The Chief Financial Officer and Treasurer has reviewed this DAF and agrees with the financial impact information.		
Background:	<p>As adopted by City Council of The Corporation of the City of Toronto on July 5, 1968, as confirmed by By-Law No. 219-68, the Leased Lands were leased under a ground lease dated August 19, 1968 (the "Ground Lease"), executed between The Corporation of the City of Toronto (now the "City") and a consortium of companies carrying on business as The Inn on the Park, Four Seasons Motor Hotel Limited and South Side Development Limited (collectively, the original lessee), for a term of ninety-five (95) years, commencing on June 1, 1973 and expiring on May 31, 2068.</p> <p>Through a series of transactions, there have been amendments, assignments of all or part of the leasehold interest and corporate restructurings dealing with the Ground Lease and/or the leasehold interest from time to time. More recently, on October 17, 2017, pursuant to DAF 2017-249, the City consented to the assignment of the Ground Lease from 1367357 Alberta ULC, in its capacity as general partner of Sheraton Centre Toronto Limited Partnership to the current tenant, BSREP II Hospitality Toronto GP Inc., in its capacity as general partner of BSREP II Hospitality Toronto L.P. The Leased Lands were not acquired through expropriation proceedings.</p> <p>Pursuant to Item No. GL15.16, approved by City Council at its meeting on September 30, October 1 and 2, 2020, Council authorized the extension of the Ground Lease for a period of 40 years, commencing on June 1, 2068 and expiring on May 31, 2108, amongst other amendments to the Ground Lease. As part of the proposed amendments, the Lessee has committed to investing a minimum of \$40 Million in renovations and capital improvements to the Leased Lands within three (3) years, and has agreed to invest a minimum of \$5 Million in additional renovations in future years in the event that the retail leasing market and hospitality industry recovers to pre-COVID-19 levels.</p>		
Comments:	As the Ground Lease predates the City's surplus land policy, Chapter 213 of the City of Toronto Municipal Code, the Leased Lands were not previously declared surplus. As the Leased Lands have been leased to the Lessee and its predecessors since 1968, and the current term of the Ground Lease continues until 2068, a formal circulation to City Division and Agencies for municipal interests in the Leased Lands is not practical. Accordingly, it is appropriate that the Leased Lands be declared surplus.		
Property Details:	Ward:	10 – Fort York-Spadina	
	Assessment Roll No.:	1904 063 120 00200 0000	
	Approximate Area:	12,508.56 m ² 134,641 ft ² (3,091 acres) (1.25 hectares)	
	Other Information:	Ground lease	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Lands are located within the Green Space System or the Parks & Open Space Areas of the Official Plan.			

Pre-Conditions to Approval:

- (1) **Highways** - The General Manager of Transportation Services has concurred in the Highway being declared surplus conditional upon City Council approving the permanent closure of the Highway.
- (2) **Lands located within the Green Space System and the Parks & Open Space Areas of the Official Plan** - The Chief Planner & Executive Director of City Planning and the General Manager of Parks, Forestry & Recreation have confirmed that the land being exchanged is (i) nearby land of equivalent or larger area, and (ii) of comparable or superior green space utility.

Deputy City Manager, Corporate Services has approval authority for:

- (1) declaring land surplus and approving the intended manner or process by which the sale of the land will be carried out, provided that the local Councillor does not require the matter to be determined by Council through the General Government and Licensing Committee (§ 213-6).
 - Councillor does not require the declaration of surplus or the intended manner or process by which the sale of the land will be carried out to be determined by Council.
- (2) determining the method of giving notice to the public, following consultation with the local Councillor (§ 213-7).
 - Councillor has been consulted regarding method of giving notice to the public.
- (3) exempting sales to the following public bodies from the requirement for an appraisal, provided that the local Councillor (or if the land abuts other wards, the local Councillors) does not require the determination to be made by Council (§ 213-4):
 - (a) a municipality
 - (b) a local board, including a school board and a conservation authority
 - (c) the Crown in right of Ontario or Canada and their agencies
 - n/a Councillor(s) agrees with exemption from appraisal. **[Revise box to an x if any of (3)(a)-(c) applies.]**
- (4) exempting the sale of land in the following classes from the requirement for an appraisal and/or for notice to the public, provided that the local Councillor(s) (if the land abuts other wards) does not require the determination to be made by Council (§ 213-5):
 - (a) land 0.3 metres or less in width acquired in connection with an approval or decision under the *Planning Act*
 - (b) closed highways if sold to an owner of land abutting the closed highways
 - (c) land formerly used for railway lines if sold to an owner of land abutting the former railway land
 - (d) land does not have direct access to a highway if sold to the owner of land abutting that land
 - (e) land repurchased by an owner in accordance with section 42 of the *Expropriations Act*
 - (f) easements
 - n/a Councillor(s) agrees with exemption from appraisal. **[Revise box to an x if any of (4)(a)-(f) applies.]**
 - n/a Councillor(s) agrees with exemption from notice to the public. **[Revise box to an x if any of (4)(a)-(f) applies.]**
- (5) revising the intended manner of sale.
- (6) rescinding the declaration of surplus authority.

Title	Date	Recommended/ Approved
Manager, Portfolio Management Vinette Prescott-Brown	July 4, 2022	Signed by Vinette Prescott-Brown
Director, Transaction Services Alison Folosea	July 6, 2022	Signed by Alison Folosea
Executive Director, Corporate Real Estate Management Patrick Matozzo	July 6, 2022	Signed by Patrick Matozzo
Deputy City Manager, Corporate Services Josie Scioli	July 7, 2022	Signed by Josie Scioli
DAF 2022-151 Return to: Mike Saffran, CREM - Transaction Services 2 nd Floor Metro Hall		

Consultation with Councillor(s):	
Councillor:	Joe Mihevic
Contact Name:	Brent Gilliard/ Bushra Mir
Contacted by	<input checked="" type="checkbox"/> Phone <input checked="" type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other
Comments:	No objections – July 4, 2022
Councillor:	
Contact Name:	
Contacted by	<input type="checkbox"/> Phone <input type="checkbox"/> E-mail <input type="checkbox"/> Memo <input type="checkbox"/> Other
Comments:	

Consultation with other Division(s):	
Division:	Finance
Contact Name:	Filisha Jenkins
Comments:	Concurs with FIS – June 27, 2022
Real Estate Law Contact:	Shirley Chow
Date:	June 24, 2022

Appendix "A" – Legal Description

PIN 21403-0005 (LT) BEING PCL 6-21 LEASEHOLD SEC Y1; FIRSTLY: PT LT 6 N/S RICHMOND ST W PL TOWN OF YORK TORONTO; PT LT 7 N/S RICHMOND ST W PL TOWN OF YORK TORONTO; PT LT 8 N/S RICHMOND ST W PL TOWN OF YORK TORONTO PT 1, 2, R3970; T/W PT LOTS 5, 6 N/S RICHMOND ST W PL TOWN OF YORK DESIGNATED AS PT 3, R3970, S/T PT 2 R3970 IN FAVOUR OF PT 3 R3970 AS IN ES64884 (SEE B234606) S/T THE EXCEPTIONS AND QUALIFICATIONS IN THE LAND TITLES ACT AND IN PARTICULAR SEC 55; SECONDLY: LT 1 EXPROP PL MX25 TORONTO; LT 2 EXPROP PL MX25 TORONTO S/T THE EXCEPTIONS AND QUALIFICATIONS IN THE LAND TITLES ACT AND IN PARTICULAR SEC 55. EXCEPT THE PARTICULARS MENTIONED IN CLAUSES 2 AND 3 OF SUB SEC 1 OF SEC 51. R.S.O. 1960, FROM WHICH PARTICULARS THE SAID TITLE IS FREE; THIRDLY: PT TOWNLT 8 N/S RICHMOND ST PL TOWN OF YORK TORONTO TAKING YORK ST AS THE GOVERNING LINE AT A COURSE OF N 16 DEGREES W, THEN COMM ON THE ELY LIMIT OF YORK ST AT A POINT DISTANT 61 FT 3 1/2 INCHES NLY FROM THE N ELY ANGLE OF YORK AND RICHMOND STREETS; THENCE N 16 DEGREES W ALONG THE ELY LIMIT OF YORK ST 48 FT 10 1/2 INCHES TO THE N FENCE OF AN OLD FRAME BUILDING ON THE LAND HEREIN DESCRIBED; THENCE N 74 DEGREES 12 MINUTES E, 37 FT; THENCE S 15 DEGREES 14 MINUTES E 49 FT, 6 INCHES; THENCE S 75 DEGREES 10 MINUTES W 36 FT 4 INCHES TO THE POC, S/T THE EXCEPTIONS AND QUALIFICATIONS IN THE LAND TITLES ACT AND IN PARTICULAR SEC 55; TORONTO, CITY OF TORONTO.

Appendix "B" – Location Map

