



STAFF REPORT ACTION REQUIRED

Providing City-Owned Space to Community Organizations at Below-Market Rent

Date:	October 15, 2007
To:	Executive Committee
From:	Executive Director, Social Development, Finance & Administration
Wards:	All
Reference Number:	

SUMMARY

This report requests that Council

- approve an implementation framework for including community-use interest in the City's surplus property disposal process;
- direct that any space made available for community-use at below-market rent through this process or through Section 37 agreements be allocated through an RFP process;
- allow 5 organizations providing provincially mandated services to continue to occupy their respective City-owned spaces at below-market rent; and
- grant authority to enter into Below-market rent leases with existing below market tenants.

RECOMMENDATIONS

Social Development, Finance & Administration recommends that:

1. Council approve the Implementation Framework for Including Community-Use Interest in the City's Surplus Property Disposal Process as set out in Appendix A.
2. Council direct that space made available for community use at below-market rent through the City's surplus property disposal process or negotiated in Section 37 agreements be allocated through an RFP Process.
3. Council allow the following organizations to continue to occupy their respective City-owned spaces and grant authority to enter into leases for a period not to exceed 20 years at the current monthly rent, plus all taxes and operating costs, under similar terms and conditions of the existing leases and any other terms and conditions acceptable to the Chief Corporate Officer and the City Solicitor:
 - a. East Area Women's Mental Health Inc. - Margaret Frazer House (301 Broadview Avenue)
 - b. Madison Avenue Housing & Support Services (1177 King Street West)
 - c. Scarborough Hospital – Manse Road Group Home (125 Manse Road)
 - d. University Health Network - Ossington Withdrawal Management Centre (16 Ossington Avenue)
4. Council allow the following organizations to continue to occupy their respective City-owned spaces and grant authority to enter into new leases for a period of 5 years at the current monthly rent, plus all taxes and operating costs, and under similar terms and conditions as the former leases held by the Toronto Community Housing Corporation (TCHC):
 - a. Homes First Society (160 Spadina Road & 164 Spadina Road)
 - b. Madison Avenue Housing & Support Services (163 Spadina Road)
5. Where there is no negative financial impact on the City, Council grant authority to enter into leases and service agreements with existing eligible below market rent tenants (as listed in Appendix B) in accordance with the terms and conditions outlined in the Policy on City-Owned Space Provided at Below-Market Rent, and in a form acceptable to the Chief Corporate Officer, the City Solicitor and the relevant programming City Division.

Financial Impact

Including community use in the City's surplus property disposal process (Recommendation 1)

Approval of a framework to include community-use interest in the City's surplus property disposal process will provide an opportunity for sites that would otherwise be declared surplus to be used by community organizations that provide services aligned with the goals and objectives of the City and its divisions. Actual financial implications will be determined on a site-by-site basis as property is identified as potentially surplus, and will include foregone interim rental revenue and delayed sales revenue. The proposed uses will be supported by business cases that will outline funding sources and who is responsible for paying operating and capital costs for the property. In each case Council authority will be obtained to enter into the proposed lease.

Endorsing the policy direction that available space be allocated through an RFP process (Recommendation 2)

There are no financial impacts on the City.

Renewing Leases at current terms and conditions with organizations providing provincially mandated services (Recommendation 3)

There are no financial impacts on the City.

Entering into new Leases at current terms and conditions with organizations in properties formerly leased by TCHC (Recommendation 4)

There are no financial impacts on the City.

Leases with existing below-market rent tenants (Recommendation 5)

This report also requests authority to enter into leases with existing eligible below-market rent tenants (as listed in Appendix B) in accordance with the Policy on City-Owned Space Provided at Below-Market Rent, in a form acceptable to the Chief Corporate Officer, the City Solicitor and the relevant programming City Division, where there are no negative financial impacts on the City. Where the application of the Policy's terms and conditions have negative financial implications on the City, the leases will be reported to Council.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting held on October 1, 2 and 3, 2002, Council adopted, as amended, Clause 1 of Report 13 of the Policy and Finance Committee, entitled "A Policy for City-Owned Space Provided at Below-Market Rent" (the "Below-Market Rent Policy"). The policy was the first step in rationalizing how City-owned space was provided to community and cultural organizations.

At its meetings on June 24, 25 and 26, 2003; April 12, 13, and 14, 2005; and September 25, 26 and 27, 2006, Council established an implementation workplan for the Below-Market Rent Policy, received the results of the eligibility review of organizations in City-owned space, and

adopted a service agreement template and standardized lease terms and conditions for eligible organizations.

Although the Below-Market Rent Policy laid out the terms and conditions for the use of City-owned space by community organizations, it was not explicit about what priority should be given to these organizations in the City's surplus property disposal process. Council clarified its priorities at its meeting on June 27, 28, and 29, 2006, in a report titled "Increasing the Supply of Space Available for Community Use", by endorsing the policy direction of designating community use as the second priority, after the development of affordable housing, for the allocation of surplus City-owned property. In the same report, Council directed the Property Management Committee to report on an implementation framework for the policy direction.

More information on the decision path relating to the Below-Market Rent Policy and Increasing the Supply of Space Available for Community Use can be found in the above-referenced reports at the following links:

Policy on City-owned Space Provided at Below-Market Rent	October 2002
http://www.toronto.ca/legdocs/2003/agendas/council/cc030624/pof5rpt/cl014.pdf	
Implementation of the Policy on City-owned Space Provided at Below-market Rent	June 2003
http://www.toronto.ca/legdocs/2003/agendas/council/cc030624/pof5rpt/cl014.pdf	
Phase One Implementation of the Policy on City-owned Space Provided at Below-market Rent	April 2005
http://www.toronto.ca/legdocs/2005/agendas/council/cc050412/pof4rpt/cl023.pdf	
Increasing the Supply of Space Available for Community Use	June 2006
http://www.toronto.ca/legdocs/2006/agendas/council/cc060627/cms4rpt/cl010.pdf	
Phase Two Implementation of the Policy on City-owned Space Provided at Below-market Rent	September 2006
http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/pof7rpt/cl024.pdf	

ISSUE BACKGROUND

The City has a long history of supporting the community-based service sector and cultural organizations through the provision of space for administrative and program delivery purposes. The provision of City-owned space at below-market rent is a form of partnership with and investment in community and cultural organizations. These organizations provide direct community services to City residents that align with City-mandated programs and services.

"Below-Market Rent City Space" is a term referring to arrangements between the City and outside organizations, where:

- a) the organizations have exclusive use of City-owned space, such as entire buildings or an assigned space within a building, and
- b) the organizations have use of the space over an extended period of time, and
- c) the space is provided at a cost less than the full market rental rate of the space.

This report follows up on the implementation of Phase II of the Below-Market Rent Policy, and the policy direction outlined in the report titled “Increasing the Supply of Space Available for Community Use”. Specifically, this report:

- proposes an implementation framework for the inclusion of community use in the City’s surplus property disposal process;
- outlines a selection process for surplus City-owned space available for occupation at below-market rent by community organizations ;
- provides an update to the inventory of organizations in City-owned space at below-market rent and follows up on the organizations that were identified as ineligible in Phase I of the implementation of the policy; and
- requests approval to enter into Lease Agreements with existing eligible below-market rent tenants.

COMMENTS

Implementation framework for including community use in the City’s surplus property disposal process

The City’s surplus property disposal process operates within the framework of Council adopted policies and processes including “Acquisition and Disposal of Real Property”, “Policy Governing Land Transactions Among City ABCD’s and Proceeds from Sale of Surplus City-Owned Real Property”, “Housing First Policy for Surplus City-owned Property”, etc., which ensures that a corporate approach is taken when considering alternative utilization or sale of real property.

The City’s surplus property disposal process includes consultation by Real Estate staff with the City’s Agencies, Boards, Commissions, and Divisions (ABCDs) to determine whether a property is required for municipal purposes. The Property Management Committee (PMC) reviews requests for the allocation of property and determines whether sites should be recommended for disposal.

In order to develop a framework for including community use interest in this process, PMC established an inter-departmental working group with representatives from Facilities & Real Estate (F&RE), Social Development, Finance & Administration (SDF&A), Legal Services, Revenue Services, and Finance.

The implementation framework outlined in Appendix A provides an opportunity in the process for City Divisions to express interest in potentially surplus City-owned property for use by community organizations that provide direct community services to City residents that align with City mandated programs and services and propose that these organizations be allowed to occupy the property at below-market rent. The framework would apply only when there is no interest in the property from the Affordable Housing Office or any of the ABCDs, either for directly delivered services or Purchase of Service Arrangements.

This report asks Council to approve the proposed implementation framework for including community use in the City's Surplus Property Disposal Process.

Community Organization Selection Process

Phase II of the implementation of the Below-Market Rent Policy includes the development of assessment criteria to ensure that below-market space is provided to organizations delivering services that most benefit City residents. Allocating space to community organizations differs from providing financial support in that it must take into account:

- the specific needs and priorities of the neighbourhood in question, and
- the particular nature and condition of the space available.

This report proposes that new space available¹ be allocated through a Request for Proposal (RFP) process, based on existing best practice in the PF&R and EDCT divisions.

The RFP process allows City goals and objectives to be incorporated on a property-specific basis. The aligned City Division will develop site-specific assessment criteria as properties become available and include them in RFPs as they go forward. These assessment criteria will determine:

- the degree to which organizations are aligned with neighbourhood-specific goals and objectives; and
- the likelihood of organizations achieving their stated objectives.

The RFP process is consistent with the Below-Market Rent Policy's principles of fairness, openness and transparency, and accountability. This report asks that Council endorse the policy direction that new space available for occupation by community organizations at below-market rent be allocated through an RFP Process.

Inventory of Organizations in City-owned Space Provided at Below-Market Rent

A list of organizations that occupy City-owned space provided at below-market rent is provided in Appendix B. The appendix also indicates which City Division aligns with each organization's services. These organizations in City-owned space have been reviewed for eligibility. Those that have been deemed ineligible and require follow-up are discussed below.

Organizations with a Provincial Mandate

On April 12, 13 and 14, 2005, City Council adopted a report entitled "Phase One Implementation of the Policy on City-Owned Space Provided at Below-Market Rent", in which 4 organizations were deemed ineligible under the policy because their mandates were considered a provincial responsibility. City Council required these organizations to seek provincial funding to cover the market value rent for the space. If the funding requests were unsuccessful, then the City

¹ Properties can become available for occupation by community organizations at below-market rent in two ways. The first is through the City's surplus property disposal process, outlined in Appendix A. The second is through Section 37 agreements.

Manager would be requested to pursue transferring these properties to the provincial government at market value.

Madison Avenue Housing and Support Services, Margaret Frazer House, and Scarborough Hospital – Manse Road Group Home all provide housing services for vulnerable and at-risk of homelessness populations. The University Health Network – Ossington Withdrawal Management Centre provides addiction withdrawal services.

On September 14, 15 and 16, 2006, in a report entitled “Phase Two Implementation of the Policy on City-Owned Space Provided at Below-Market Rent”, staff reported that the University Health Network would be vacating City-owned property in November 2006. This organization was to close and vacate the space due to a planned provincial restructuring of withdrawal services in Toronto. At the time that the closure of this facility was announced, the Mayor wrote the Minister of Health and Long Term Care to express concerns about the loss of service. The Toronto Drug Strategy released in 2005 also identified a lack of treatment services in Toronto, including withdrawal services. Because of concerns about loss of service, the province has deferred the closure of this facility, and the organization remains in City-owned space.

Since this time, each of the subject organizations have indicated to staff that the province is unwilling to fund the market rent for the space. The province has also been approached to have the properties transferred; to date the City has not received a reply to this request. This report asks council for agreement that these organizations be allowed to continue to occupy their respective City-owned spaces.

TCHC Properties Formerly Leased by TCHC

There are two organizations that occupy three properties previously leased and administered by the Toronto Community Housing Corporation (TCHC). TCHC has since surrendered their sub-lease to the City.

In December 1984, the former Metro conveyed these properties together with other properties originally acquired for the extension of the W.R. Allen Expressway (Spadina Expressway) to the Province. The Province, in turn, leased back these properties to the former Metro (now the City) for a term of 99 years at rental rate of \$1.00 per year.

In September 1987, Metro entered into a 15-year management agreement with Metro Toronto Housing Development Corporation (Metro Housing) now Toronto Community Housing Corporation (TCHC) for Metro Housing to renovate the three properties (140, 163 & 164 Spadina Road) and make them suitable for multiple residential occupancy by individuals. Metro Housing was also to manage these properties on behalf of Metro by making them available to capable community agencies providing assistance to those with specialized social needs. Consequently, a sub-lease agreement was entered into with Metro Housing for a term of 18 years from Nov. 1, 1987 to Oct. 31, 2005 for \$1.00 for the entire term. Metro Housing in turn sub-leased these properties to two non-profit community organizations.

In April 2006, TCHC terminated their sublease of these properties, and the City has effectively assumed the sublease of these properties with Madison Avenue Housing and Support Services (163 Spadina Road) and the Homes First Society (140 & 164 Spadina Road).

Madison Avenue Housing and Support Services is one of the organizations considered ineligible in the Phase I implementation of the Policy on City-owned space provided at below market rent because it delivers services that are considered the responsibility of the provincial government.

The Homes First Society was also reviewed in the Phase I implementation of the Policy on City-owned Space Provided at Below-Market Rent. The property it occupied was removed from the below-market rent inventory because the City's Shelter Housing and Support Division holds a Purchase of Service Agreement with the Homes First Society for hostel services. There is no POS agreement with the Homes First Society for the housing services provided at 140 and 164 Spadina Road, which align with a provincial rather than a municipal mandate.

This report seeks Council approval to allow these organizations to continue to occupy their respective City-owned spaces.

CONTACT

Tasleem Thawar, Program Support Analyst
Social Development, Finance & Administration
Phone: (416) 392-0104; Fax: (416) 392-8492
E-mail: tthawar@toronto.ca

SIGNATURE

Nancy J. Matthews
Executive Director
Social Development, Finance & Administration

ATTACHMENTS

Appendix A - Framework for Including Community-Use Interest in the City's Surplus Property Disposal Process

Appendix B – List of all organizations occupying City-owned Space provided at Below-Market Rent

Framework for Including Community-Use Interest in the City's Surplus Property Disposal Process

Under the City's current surplus property disposal process, when an Agency, Board, Commission, or Division (ABCD) identifies a property as no longer required for its operations, Facilities & Real Estate Division (F&RE) is advised and undertakes a circulation of the property to the City's ABCDs to determine whether the property is required for municipal purposes. Where there are competing interests among ABCDs, affordable housing has first priority unless, in the opinion of the Property Management Committee (PMC), there is an overriding City interest. PMC may then recommend that the property be jurisdictionally transferred or, alternatively, that the property be declared surplus and disposed of.

Where no ABCD has expressed an interest in a potentially surplus property for their own use, then a City Division may express an interest in the property for use by community organizations that provide services aligned with the goals and objectives of the City and its divisions at PMC.

The property will then be held for a period of three months, during which time the division will consult with Social Development, Finance & Administration (SDF&A) to:

- determine the feasibility of the property for community use and identify potential community organization(s) to be proposed for tenancy;
- submit a business case to PMC.

The Business Case shall include details on:

- the proposed tenant(s),
- their programming,
- the funding sources available, and
- the division of responsibility for all costs, including operating and capital costs for the property.

Where necessary, the City Division may identify another City Division that is agreeable to the terms of a joint business case.

Where PMC is satisfied that the proposed community use detailed in the business case would achieve City goals and objectives, is consistent with city policy, and that due diligence has been exercised in the decision-making process, PMC may recommend a jurisdictional transfer of the property to the City Division(s). If a business case is not submitted, or is not satisfactory the property may be released for disposal.

It should be noted that all community use tenancies shall be subject to the "Policy for City Space Provided at Below-Market Rent" and Council approval shall be obtained on the terms and conditions of below-market rent leases.

Appendix B
Inventory of Current Tenants in Below-Market Rent City-Space

	Organization	Address	Service Agreement Responsibility
1	Arts Etobicoke	25 Whitlam Ave	EDCT
2	Beecroft Learning Centre (Formerly: Learning Centre for Children with Autism)	250 Beecroft Rd (Dempsey House)	SDF&A
3	Birchmount Bluffs	93 Birchmount Rd	PF&R
4	Black Secretariat	511 Richmond St W	SDF&A
5	Buddies in Bad Times	12 Alexander St	EDCT
6	Canadian Film Centre	2489 Bayview Ave (Winfield Estates)	EDCT
7	Canadian Italian Family Assistance Association	756 Ossington Ave	SDF&A
8	Canadian Stage Company	26 Berkley Ave	EDCT
9	Canadian Tamil Youth Development Centre	705 Progress Ave	SDF&A
10	Centre Francophone du Toronto Metropolitan	20 Lower Spadina Rd	SDF&A
11	Centre Sculpture Group	666 Eglinton Ave W	EDCT
12	Children's Aid Foundation	25 - 33 Spadina Rd	SDF&A
13	Community Association for Riding for the Disabled	4777 Dufferin St	PF&R
14	Community Information Centre for the City of York	1652 Keele St	SDF&A
15	Community Social Planning Council for the City of York	1652 Keele St	SDF&A
16	Congress of Black Women of Canada (Ontario Region)	511 Richmond St W	SDF&A
17	Congress of Black Women of Canada (Toronto Chapter)	511 Richmond St W	SDF&A
18	Davenport Dufferin Seniors	1347 Davenport Rd	PF&R
19	Dovercourt Boy's & Girl's Club	180 Westmoreland Ave	PF&R
20	East Area Women's Mental Health Inc (Margaret Frazer House)	301 Broadview Ave	N/A
21	East Scarborough Boys & Girls Club	100 Galloway Rd	PF&R
22	East Scarborough Boys & Girls Club	4040 Lawrence Ave E	PF&R/SDF&A
23	Eceneca Environment Centre	511 Richmond St W	SDF&A
24	Etobicoke Services for Seniors	525 Horner Ave	PF&R
25	Evergreen Environmental Foundation	550 Bayview Ave, Don Valley Brick Works (buildings only)	EDCT
26	FoodShare Metro Toronto	238 Queen St W	SDF&A
27	For Youth Initiative in Toronto (Formerly: For Youth Project)	1652 Keele St	SDF&A
28	Forest Hill Art Club	666 Eglinton Ave W	EDCT
29	Franklin Carmichael	34 Riverdale Ave	EDCT
30	Hannon Sheilds Centre for Leadership and Peace - operating as Children's Peace Theatre	305 Dawes Rd	EDCT
31	Heritage York	4066 Old Dundas St (Lambton House)	EDCT
32	High Park Initiatives	High Park, Building 41	PF&R
33	Hispanic Community Centre for the City of York	1652 Keele St	SDF&A
34	Homes First Society	140 Spadina Rd	N/A
35	Homes First Society	164 Spadina Rd	N/A
36	Islington Centre – Etobicoke Senior Citizens	4968 Dundas St W	PF&R
37	Lakeshore Area Multi-Services Project Inc. (LAMP)	185 Fifth St	SDF&A
38	Lorraine Kimsa Theatre for Young People	165 Front St E	EDCT
39	Madison Avenue Housing & Support Services	1177 King St W	N/A
40	Madison Avenue Housing & Support Services	163 Spadina Rd	N/A

Appendix B
Inventory of Current Tenants in Below-Market Rent City-Space

	Organization	Address	Service Agreement Responsibility
41	Malvern Family Resource Centre	1321 Neilson Rd	SDF&A
42	Marcus Garvey Centre	160 Rivalda Rd	PF&R
43	Metropolitan Action Committee on Violence Against Women & Children	158 Spadina Rd	SDF&A
44	Neighbourhood Information Centre Inc.	850 Coxwell Ave - East York Civic Centre	PF&R
45	Ontario Association of Residents Councils	351 Christie St	HFA
46	Ontario Foundation for the Visually Impaired	High Park Forest School	PF&R
47	Ontario Gerontological Association	351 Christie St	HFA
48	Oriole Community Services	2975 Don Mills Rd	SDF&A
49	Riversides Stewardship Alliance	511 Richmond St W	SDF&A
50	Rosedale Mooredale Park Association	146 Crescent Rd	PF&R
51	Scarborough Arts Council	1859 Kingston Rd	EDCT
52	Scarborough Historical Society - Morrish Store	6282 Kingston Rd	EDCT
53	Scarborough Hospital - Manse Road Group Home	125 Manse Road	N/A
54	Scarborough Village Theatre	3600 Kingston Rd	EDCT
55	Sculptors Nine	666 Eglinton Ave W	EDCT
56	Senior Peoples' Resources in North Toronto (SPRINT)	140 Merton St	SDF&A
57	Somali Immigrant Aid Organization	1652 Keele St	SDF&A
58	Somali Immigrant Women's Association	1652 Keele St	SDF&A
59	St Christopher House	1029 King St W	SDF&A
60	St. Alban's Boys and Girls Club	843 Palmerston Ave	PF&R/SDF&A
61	Storefront Humber (Senior Services)	2445 Lake Shore Blvd W	PF&R
62	Street Light Support Services	674 Markham St	SDF&A
63	Sunshine Centre for Seniors	60 Lakeshore Ave	PF&R/SDF&A
64	The Gatehouse	3199 Lake Shore Blvd W	PF&R
65	Thistletown Lions Club	925 Albion Rd	PF&R
66	Toronto Artscape Inc.	76 Wychwood Ave, Wychwood Car Barns (buildings only)	EDCT
67	Toronto Artscape Inc.	443 Lakeshore Ave - Toronto Island Park - Gibraltar Point Centre for the Arts	EDCT
68	Toronto Artscape Inc.	1313 Queen St W	EDCT
69	University Health Network - Ossington Withdrawal Management Centre (Formerly: Western Toronto Detox Hospital)	16 Ossington Ave	N/A
70	West Scarborough Neighbourhood Centre	313 Pharmacy Ave	PF&R
71	Women Abuse Council of Toronto	1652 Keele St	SDF&A
72	York-Fairbank Centre for Seniors	2213 Dufferin St	PF&R
73	Youth Employment Service	511 Richmond St W, Suite 711	SDF&A