

Leasing 35 Strachan Avenue to The Furniture Bank and Eva's Initiatives

Date:	April 30, 2008
To:	Government Management Committee
From:	Chief Corporate Officer, Director of Real Estate, Facilities and Real Estate Division
Wards:	19 – Trinity Spadina
Reference Number:	P:\2008\Internal Services\F&re\Gm08047F&re – (AFS 7649)

SUMMARY

The purpose of this Report is to obtain City Council authority to enter into new Below Market Rent (BMR) lease agreements with two Community groups, Furniture Bank and Eva's Initiatives, at 35 Strachan Avenue. The proposed tenancy is for a term of five years commencing June 1, 2008 with one five-year renewal option. The Tenants would take full responsibility for all operating and capital costs, and would maintain the property in a state of good repair.

The subject property is an old Police vehicle maintenance garage that is slated for demolition should the Front Street extension proceed.

Both The Furniture Bank and Eva's Initiatives are existing BMR tenants. The Furniture Bank is being required to relocate due to a City decision to convert their existing facilities at 200 Madison Avenue for new affordable housing, while Eva's Initiatives is expanding their programs at their location in the adjacent building next door.

RECOMMENDATIONS

The Chief Corporate Officer recommends that City Council:

1. authorize the Chief Corporate Officer to enter into a Below Market Rent tenancy agreement with The Furniture Bank, for a five (5) year term, with the option to renew for one five-year term based on the terms and conditions set out in the

attached Appendix “A”, and other terms and conditions acceptable to the Chief Corporate Officer, and in a form acceptable to the City Solicitor;

2. authorize the Chief Corporate Officer to enter into a Below Market Rent tenancy agreement with Eva’s Initiatives, for a five (5) year term, with the option to renew for one five-year term and based on the terms and conditions set out in the attached Appendix “B”, and other terms and conditions acceptable to the Chief Corporate Officer, and in a form acceptable to the City Solicitor; and,
3. the Chief Corporate Officer be authorized to administer and manage the lease agreements including the provision of any consents, approvals, notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

Financial Impact

The proposed leases will have no cost to the City. All operating and capital costs related to the building occupancy will be paid by the tenants. In accordance with the City’s Below Market Rent Policy (BMR), the opportunity costs of entering into the BMR term must be determined and as a result, the total opportunity costs for both leases, assuming a full ten year tenancy, are estimated to be \$1,466,000.

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

DECISION HISTORY

35 Strachan Avenue is a City-owned property. It was previously used as a maintenance and repair facility for police vehicles. It is a two story building with a vehicle garage and an upper floor with offices and multi-purpose rooms. The building is approximately 39,400 gross square feet and was constructed in the 1930s. It is currently used for temporary City storage and from time to time as a set for filming movies and commercials. Currently, the building does not produce any income as it requires capital investment to make it marketable for use.

A review by the City staff and consultants has determined that almost \$1,000,000 of investment in base building costs, exclusive of fit-up/improvements, would be required prior to any City use of the site. Given the potential demolition of the building, should the Front Street extension proceed, F&RE has explored other alternatives that would minimize the financial impact to the City while continuing to maximize the potential utility of the site.

ISSUE BACKGROUND

The Furniture Bank provides ongoing assistance to Toronto's homeless and lower income residents in need. Their work includes helping people with furniture and household items they required to equip a home. Their programs have a secondary benefit of contributing to waste diversion by recycling approximately 300 metric tonnes of furniture and therefore kept out of landfill sites for each fiscal year. Additionally, they employ twelve people from at-risk communities.

The Furniture Bank has occupied 200 Madison Avenue under the City of Toronto's policy of providing City-owned space to community organizations at below market rent. City Council, at its meeting of May 23, 24, and 25th 2007 approved St. Clare's Multifaith Housing Society to develop new non-profit affordable homes at 200 Madison Avenue. To facilitate the housing development, The Furniture Bank is required to vacate the site no later than June, 2008. Given their space requirements and the nature of their operations, 35 Strachan was identified as the only suitable City space available for The Furniture Bank in which to relocate their operations.

Eva's Initiatives is located at 10 Ordnance Street, which is a building attached to the east end of 35 Strachan Avenue. Eva's Initiatives is a social purpose agency that fits the City's mandate to foster employment training and integration for at-risk youth and also provides shelter/housing services at its 10 Ordnance location.

Eva's Initiatives has been looking to expand into 35 Strachan Avenue for several years to accommodate an increasing demand for their employment and training services. Additional space would enable them to expand a printing services business. Eva's Initiatives will occupy a portion of the ground floor space and of the second floor. The location of the expanded space will allow for integration with their existing building.

COMMENTS

The Furniture Bank and Eva's Initiatives are existing tenants and continue to qualify as Below Market Rent (BMR) tenants. The proposed tenancies at this location, will allow for the continued delivery of valuable services provided to City residents by The Furniture Bank and Eva's Initiatives.

Facilities and Real Estate staff reviewed the site and by consultation have determined that 35 Strachan Avenue is suitable replacement space for The Furniture Bank's operations and also to accommodate Eva's Initiatives expansion.

Both The Furniture Bank and Eva's Initiatives have agreed that they will be able to deliver their services within the space allocated and have agreed to pay all operating costs, capital expenses and fit-up/tenant improvements.

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SIGNATURE

Bruce Bowes,
Chief Corporate Officer

ATTACHMENTS

Schedule “A” Major Terms & Conditions – The Furniture Bank
Schedule “B” Major Terms & Conditions – Eva’s Initiatives
Schedule “C” Location Map