



STAFF REPORT ACTION REQUIRED

Acquiring 21 Panorama Court from the Toronto Catholic District School Board for a Community Service Hub

Date:	July 20, 2009
To:	Government Management Committee
From:	Chief Corporate Officer and Executive Director, Social Development Finance and Administration
Wards:	Ward 1 – North Etobicoke
Reference Number:	P:\Internal Services\F&re\Gm09063F&re – (AFS 10271)

SUMMARY

The purpose of this report is to obtain authority to acquire property at 21 Panorama Court from the Toronto Catholic District School Board (TCDSB) for the purposes of a multi-service community hub in the Jamestown/Rexdale priority neighbourhood. The subject property is the former Father Henry Carr Catholic School which the TCDSB declared surplus to their needs on December 4, 2009.

The report recommends acquisition for a 20 year period rather than lease to avoid potential issues that may arise with respect to property taxes and/or compatible use considerations with a Toronto Catholic District School Board facility. The financing associated with the acquisition for a 20 year period is the same as if the property was leased.

The report also seeks authority to enter into leases with eleven (11) local community agencies, which will co-locate at the new community hub and deliver programs and services to meet identified community needs. Toronto Employment & Social Services (“TESS”) will also have a presence at the site.

RECOMMENDATIONS

The Chief Corporate Officer and Executive Director of the Social Development, Finance and Administration Division recommend that City Council:

1. Authorize the Chief Corporate Officer and/or Director of Real Estate to enter into an agreement of purchase and sale with the Toronto Catholic District School Board for the former Father Henry Carr Catholic School site at 21 Panorama Court, based substantially on the terms and conditions set out in Appendix “A”, and any other terms and conditions deemed appropriate by the Chief Corporate Officer in a form acceptable to the City Solicitor;
2. Authorize entering into leases with the eleven (11) community agencies listed in Appendix “C” based substantially on the terms and conditions set out in Appendix “B”, and any other terms and conditions, or adjustment to tenant conditions deemed appropriate by the Chief Corporate Officer in a form acceptable to the City Solicitor;
3. Authorize the Chief Corporate Officer and/or the Director of Real Estate to enter into agreements with land owners adjoining the Father Henry Carr Catholic School Site to secure access for the parking facilities for the site, provided that the related acquisition costs are included in the purchase price identified in Appendix “A”;
4. Authorize the Chief Corporate Officer to provide consent to any application for land use approvals that may be required and, negotiate and enter into any other agreements that may be required to implement this Hub initiative;
5. Authorize the Chief Corporate Officer to administer and manage any agreements related to the creation of the Hub 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; and
6. Authorize the City Solicitor to complete the transactions on behalf of the City, including paying any necessary expenses, amending the closing, due diligence, commencement dates and other dates and amending and waiving terms and conditions, on such terms as she considers reasonable.

FINANCIAL IMPACT

The acquisition of the property will involve the following key elements:

- Transfer of property from the TCDSB to the City for a value of \$5,110,000 payable in annual instalments of \$255,500 over a 20 year period, commencing on completion of the capital improvements required to permit occupancy of the premises;

- An option (or similar) in favour of TCDSB for TCDSB to acquire the property back from the City for nominal value at the end of 20 years; and,
- The purchase price includes the City's right for any required parking and access thereto on adjoining TCDSB property.

The annual payment and operating costs related to the City's ownership and the operation of the Hub will be shared by the proposed eleven (11) tenant agencies listed in Appendix "C" and the one (1) City division, Toronto Employment and Social Services (TESS), which is resourced within its 2009 operating budget for this purpose. Funding for future years will be included in the appropriate years' Operating Budget Submissions for TESS within its operating budget targets.

A review by City staff and consultants has determined that approximately \$2.0 million of investment in base building costs and common area improvements would be required prior to any City/community use of the site. In 2008, City Council allocated \$1.0 million in capital funding for the Rexdale multi-service community hub through the Partnership Opportunities Legacy Fund. Funding in the amount of \$0.400 million is available within Facilities & Real Estate's 2009 Capital Budget (Father Henry Car High School – Rexdale Community Hub, CCA 178-02) to begin state of good repair work on the base building. The remaining City funding of \$0.600 million, along with the United Way's contribution of \$1.0 million is planned for 2010 expenditure to complete the base-building work and limited common-area renovations. The City's portion will be included in the 2010 Capital Budget and Capital Plan Submission for Facilities & Real Estate and accommodated within this Program's debt target. For the United Way contribution, the City has written agreement confirming the funding, which will be received by 2010.

The City's annual payment to TCDSB of \$255,500 and the \$0.616 million per year in estimated operating expenses, including costs of all utilities and services, security, maintenance and cleaning services, will be recovered from the tenant agencies on a proportionate share basis.

While the City is not identified as a contributor to the estimated annual cost of \$0.872 million (except for the space occupied by TESS), the risk to the City is that should one of the tenant service delivery agencies in the HUB default, leave or choose not to renew their lease, the City would be required to cover the associated costs until a replacement tenant is secured.

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

DECISION HISTORY

Since June 2007, through the Jamestown/Rexdale Neighbourhood Action Partnership, the City of Toronto has been working with community service providers, Albion Neighbourhood Services and Rexdale Community Health Centre, and other funding

partners, United Way of Toronto and the Ministry of Health and Long-term Care, to develop a multi-service hub facility in the priority neighbourhood. Currently, the City and our partners have been successful in raising the necessary capital funding, negotiating acceptable lease terms with the Toronto Catholic District School Board, and qualifying suitable community agencies to provide relevant services to the community that align with Council priorities.

At the December 11, 12 & 13, 2007 meeting of City Council, staff was directed to prioritize discussions with the Toronto Catholic District School Board about securing the former Father Henry Carr Catholic School site for a community health centre/community hub as part of larger interest based discussions with the Board to review and assess possible property partnerships.

<http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-9011.pdf>

In the 2008 Capital Budget process, City Council designated \$1.0 million in capital funding for the creation of a multi-service community hub in Rexdale through the Partnership Opportunities Legacy Fund. These funds reside within the Social Development, Finance & Administration (SDF&A) envelope of Facilities & Real Estate's capital budget.

http://www.toronto.ca/budget2008/pdf/bn_cap_commitment_to_priority_neighbourhoods.pdf

At the February 23, 2009 meeting of City Council, staff were authorized to enter into lease negotiations with the TCDSB for the former Father Henry Carr Catholic School site and report back to Council on the results of the negotiations.

<http://www.toronto.ca/legdocs/mmis/2009/cd/bgrd/backgroundfile-18645.pdf>

ISSUE BACKGROUND

The Community Safety Plan (2004) and the Toronto Strong Neighbourhoods Strategy (2005) call for the City to be a leader in supporting new opportunities for building, renovating and administering community service infrastructure in priority neighbourhoods, and to leverage City resources in funding partnerships with other orders of government. The Ministry of Health and Long Term Care (MHLTC) and the United Way have allocated capital and operating funds for the development of a satellite community health centre and service hub in the Jamestown/Rexdale neighbourhood. For the past two years, City staff have been working in partnership with the Ministry and United Way to secure this opportunity.

The TCDSB recently opened a new replacement building for Father Henry Carr Catholic Secondary School at Finch and Martin Grove Road and on December 4th, 2008, and declared the former Father Henry Carr Catholic School site at 21 Panorama Court surplus to its needs. Staff from Social Development, Planning, Legal and Facilities & Real Estate

have conferred with community partners and agree that this school building is the ideal site for the development of a multi-service community hub.

The potential reuse of the former Father Henry Carr School is a strong example of an investment partnership between the City of Toronto, the Province, United Way and community agencies to create a significant new multi-service centre in Jamestown/Rexdale.

COMMENTS

The Need for Community Infrastructure

At the neighbourhood level, the need for additional community service infrastructure in the Jamestown/Rexdale neighbourhood has been identified by the City, United Way and MHLTC. Community needs assessments and consultations conducted previously by the Neighbourhood Action Partnership, and then in 2007 by Rexdale Community Health Centre and Albion Neighbourhood Services to develop the satellite health centre and community hub, indicate a need for community space for a range of health, learning, and resident engagement services, youth programs, child and parenting supports, recreational activities, and employment skill development.

At the provincial level, two significant recent reports – the Roots of Youth Violence (2008) and the Anti-Poverty Report (2008) – both speak to the need and potential for school as community hubs to better provide the range of programs, services and engagement opportunities required by communities.

At the municipal level, the Community Services and Facilities policies in the City of Toronto's Official Plan (2006) encourage the adaptive use and reuse of school sites. Section 3.2.2 of the Official Plan addresses the need for social infrastructure across the City of Toronto and within communities. Section 3.2.2 also encourages keeping surplus schools for community service purposes where the need for such facilities has been identified as a priority. The alternate uses of closed schools must be compatible with the surrounding neighbourhood.

In June 2007, the City established an interdivisional project team to work with local service providers and the United Way on the development of a proposal for the use of the former Father Henry Carr Catholic School as a multi-service community hub based on identified community needs. The project team explored a number of options to create community infrastructure, including a possible expansion of the Elmbank Community Centre. However, the 77,000 sq. ft facility at 21 Panorama Court is the most cost effective option with the capacity to resolve the identified space needs in this priority neighbourhood. As such, it is an ideal site for co-located community services and programs.

Additional community meetings since November 2008 have created an opportunity for the partners to clarify the purpose of the proposed hub, the service offerings, and the opportunities for resident engagement. These efforts have helped alleviate concerns

expressed by some residents and have confirmed the need for this type of multi-service facility in the neighbourhood.

Proposed Community Hub Model

The Jamestown/Rexdale multi-service community hub will be comprised of four (4) components to effectively respond to the needs of the surrounding community:

1. A community health centre satellite to provide clinical, health promotion and community development services;
2. Anchoring partners who will hold leases and deliver services that support the vision and objectives of the “hub”;
3. Dedicated City employment services co-located and sharing operational expenses, as well as itinerant City services; and
4. Community space for additional resident-based programming and activities.

Site and Surrounding Area

The subject property is located on a cul de sac which runs east off of Kipling Avenue, one block north of Finch Avenue West (Attached Appendix “D”). Surrounding development consists of institutional uses and high-rise residential uses. The Thistleton Regional Centre for Children & Adolescents, a child and youth mental health centre, is located just down the street at 51 Panorama Court. 21 Panorama Court Catholic School site is currently improved with a 76,200 square foot school structure. While the property currently forms part of a larger 10.55 acre parcel, including St. Andrews Catholic Elementary School and St. Andrews Catholic Church, the site has been severed and has a total area of 2.20 acres for City acquisition. The former Father Henry Carr Catholic School is a two-storey facility which was built circa 1976 (with some additions thereafter). A May 20th, 2009 Full Narrative Appraisal of the property by Janterra Real Estate Advisors confirmed a need for additional parking to accommodate the changed use from an operating school to a multi-service community hub. Transportation Planning staff are working to ensure that a reasonable parking solution will be reached for the property that is based on the recommendations of a professionally and independently prepared traffic study. The terms of the City’s agreements with TCDSB will allow the City to make suitable parking and access provisions based on studies being conducted.

BUSINESS PLAN

MHLTC, through its delivery agency Rexdale Community Health Centre, has allocated capital and operating funding for the development of a satellite community health centre. The United Way, working through Albion Neighbourhood Services, has allocated \$1.0 million in capital and \$150,000 in annual operating funding for the establishment of a community hub. Through the Partnership Opportunities Legacy Fund, the City of Toronto designated \$1.0 million in capital funding to support the development of this multi-service community hub.

Rexdale Community Health Centre, Albion Neighbourhood Services, and additional community-based agency partners, through their tenancy, will contribute to the annual operating costs of the facility. The following chart outlines the cost and funding source for the initiative:

	Total Cost	Revenue	Revenue Source
A. Capital Costs			
Base Building Upgrade / Asbestos removal	\$2.0M	\$1.0M	City – POL Fund (one time)
		\$1.0M	United Way (one time)
B. Operating Costs			
Utilities, Taxes, Maintenance, Insurance	\$620K	\$620K	Agencies, United Way (ongoing)

* functional design work is underway with proposed tenants to confirm the scope of lease hold improvements. Costs will be finalized in this process.

Capital Development

A Building Condition Assessment was prepared by Hilditch Architect and Construction Control Inc. for United Way and the City of Toronto in 2008. This report indicates that 21 Panorama Court is in good condition but would require capital repairs totaling approximately \$2.0 million in order to upgrade the facility to a state of good repair. An Environmental Assessment was also conducted by the Facilities & Real Estate’s Design, Construction and Asset Preservation Section in 2008. The facility is environmentally sound, requiring asbestos removal at a cost \$70,000. This work is included as part of the base building capital repair work, and is budgeted for within the \$2.0 million allocation.

The City will manage the state of good repair renovations within the \$1.0 million allocated in the 2008 City Budget and with funding from United Way and other capital partners. Tenant agencies will undertake their own lease-hold improvements with City oversight in the facility.

Purchase Agreement with TCDSB

The agreement related to the purchase and sale reached in negotiations with the TCDSB staff includes an option in favour of the Board to repurchase the property from the City for \$1 after 20 years. Initially the agreement reached was constructed as a lease agreement. However, given the City’s need to be flexible respecting the uses that may constitute the HUB over time, it was deemed necessary by City staff and TCDSB that the City should own the property. The net financial terms have remained the same. Facilities & Real Estate staff consider the terms and conditions of the agreements with TCDSB to facilitate this arrangement to be fair, reasonable and at current market rates. Facilities & Real

Estate staff have been working with Planning, Legal and Social Development staff, to ensure that the use of the property as planned is acceptable. If Council approves the terms of this acquisition, the agreement will also have to be authorized by the TCDSB at its meeting of August 26, 2009.

Agreements with Community Agencies

Ontario Regulation 444/98 under the Education Act requires the Board to dispose of surplus property through lease and/or sale at fair market value. The City's annual obligation to TCDSB under the agreement will be \$255,500 per annum. Facilities & Real Estate will recover this amount from the community agencies occupying the premises, as well as any costs associated with applicable Land Transfer Tax, through lease agreements at a rate of approximately \$3.32 per square foot (excluding operating costs). While this type of market transaction is not a transaction that falls within the City's Below Market Rent ("BMR") Policy, the BMR eligibility process was used to qualify eleven (11) community agencies for tenancy in the community hub given the City's capital investment of \$1.0 million in the property. Through an Expression of Interest process, the project team identified 46 potential community agency partners and have confirmed eleven (11) community agencies and 1 City division as proposed sub-tenants in the multi-service community hub.

The attached Appendix "C" lists the community agencies that will be tenants in the property.

Community Governance Model

Several community discussions have been held to engage local residents as well as service agencies in determining how a satellite health centre/multi-service hub should be governed. Residents and community service agencies have identified a need for the City to assume accountability for the management of the facility and that residents and community service agencies should have an active role in the management of the satellite health centre/service hub.

An option available to the City, which provides for both active resident/agency involvement in the management of a neighbourhood facility and Council oversight, is to create a local board of management. The Board of Management model has the additional advantages of not requiring additional land use approvals and being exempt from property tax as of right. Staff are working with the tenant agencies, the ward Councillor and residents to develop a board of management and will report to Council with a recommended structure in the Fall 2009.

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SIGNATURE

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ATTACHMENTS

Appendix "A" Major Terms & Conditions – TDCSB & City of Toronto
Appendix "B" Major Terms & Conditions – City of Toronto & Tenants
Appendix "C" Sub-tenant List (Agencies) / Space Allocation
Appendix "D" Location Map