

Acquisition of Northerly Portion of 1251 Bridletowne Circle to Create a North Scarborough Community Hub -- Supplemental Report

Date:	September 15, 2011
To:	City Council
From:	City Manager
Wards:	Ward 40
Reference Number:	AFS 14598

SUMMARY

The purpose of this report is to inform City Council of the revised general terms and conditions of the use and operation agreement (the Servicing Agreement) between the City of Toronto and the YMCA of Greater Toronto (the YMCA). Further to Report EX9.16 titled "Acquisition of Northerly Portion of 1251 Bridletowne Circle to Create a North Scarborough Community Hub" dated September 2011 (the Original Report), this report sets out further provisions of the Servicing Agreement which ensure that the agency rental space within the proposed community hub at 1251 Bridletowne Circle (the Agency Rental Space) remains available to community-based service providers beyond the initial period set out in the original report. Further negotiations between the City and the YMCA have adjusted the general terms to ensure an additional ten (10) years for multi-agency tenancy within the hub.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council adopt Appendix C which represents the revised major terms and conditions in the Servicing Agreement.

FINANCIAL IMPACT

There are no immediate financial impacts related to this report.

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

DECISION HISTORY

At its meeting of August 25, 26 and 27, 2010, City Council approved the School Lands Acquisition Framework and Funding Strategy Follow Up Report which included a recommendation authorizing the City Manager to submit an offer to purchase the former Timothy Eaton Business and Technical Institute at 1251 Bridletowne Circle from the Toronto Lands Corporation (a subsidiary of the Toronto District School Board) for use as a community hub.

See: <http://www.toronto.ca/legdocs/mmis/2010/ex/bgrd/backgroundfile-32904.pdf>

In recommending adoption of the original report at its meeting on September 6, 2011, Executive Committee requested the City Manager to "report directly to Council on what terms and conditions will be in the Major Terms and Conditions of the Grant Agreement between the City of Toronto and the Y.M.C.A. to ensure that the Agency Rental Space and the Community Hub remain available for these agencies after the initial 20 year period at occupancy costs that will permit their continued used of this space." This supplementary report responds to this direction.

ISSUE BACKGROUND

The Public Sector-Community Based Sector Collaboration between the YMCA of Greater Toronto (YMCA) and United Way Toronto to create a new multi-service community hub in the Steeles-L'Amoreaux priority neighbourhood contains the following key features:

1. The City of Toronto will acquire the northerly portion of 1251 Bridletowne Circle (the Property) from the Toronto Lands Corporation (TLC) for the development of a multi-service community hub.
2. Subject to the YMCA fulfilling the conditions of Servicing and Grant Agreements, the City will then declare the Property surplus and transfer the land to the YMCA as a grant to purpose-build an approximate 100,000 square foot multi-service facility that will house (1) the YMCA, (2) Agency Rental Space for community-based agencies that provide social services, and (3) rental space to the Scarborough Hospital for health services (collectively the Community Hub).
3. The YMCA will construct own, and operate this new facility. In exchange for the land, as property owner and project manager for the community hub, the YMCA will direct \$2 million (approximately one-third of the land value) towards construction of the Agency Rental Space. The YMCA will recover this amount in

rent from the Scarborough Hospital for the portion of the land the hospital will occupy.

4. As part of their Community Hub Strategy, United Way Toronto will contribute an additional \$3 million towards the construction of the Agency Rental Space pending the United Way's final internal review and approval.

The model proposed to Executive Committee on September 6, 2011 obligated the YMCA, as landlord in the new facility, to ensure that the Agency Rental Space is available for such purpose for twenty (20) years commencing from the date of substantial construction completion of the facility. Further negotiations between the City and the YMCA have adjusted these terms within the model to ensure an additional ten (10) years for multi-agency tenancy within the Community Hub.

COMMENTS

In the spring of 2011, United Way Toronto and the City of Toronto approached the YMCA to consider being a part of a collaboration to build a new Community Hub utilizing land currently owned by the Toronto District School Board that the City intended to acquire. This request provided the YMCA with an opportunity to meet one of the key directions within its Ten Year Strategic Plan – a direction for the YMCA to invest in four (4) priority neighbourhoods where resident access to a YMCA and other community services will have the greatest impact in contributing to the overall health of those communities. Steeles-L'Amoreaux, designated as a priority neighbourhood by Toronto City Council in 2005, fit this criterion for YMCA investment in an underserved neighbourhood and the YMCA agreed to enter into negotiations with the City, United Way, a number of community agencies, and the Scarborough Hospital to determine if there was a viable business case to pursue the development of this new multi-stakeholder facility.

The resulting model is that the YMCA will construct, own, and operate this new facility. Consequently, the YMCA will assume the most significant financial risk to build and operate a large facility that goes beyond the YMCA's own use. The YMCA has estimated that its fundraising and borrowing costs for constructing the 100,000 square foot facility will be approximately \$29 million in an environment where donors prefer to fund infrastructure that is entirely owned rather than leased. Lending institutions also prefer to mortgage to asset owners.

In order to create the most favourable conditions for the success of this initiative, the City will grant the YMCA the land after the YMCA fulfills conditions set out in the Servicing and Grant Agreements, as set out in the Original Report. In exchange, the YMCA will contribute towards construction of the Agency Rental Space, and have now, as a result of recent negotiations, agreed to provide that space for such a purpose for a total of 30 years. Agency tenants will not pay rent within the Hub, but will be responsible for the appropriate operating costs. The City will also have the ability to approve the types of community agencies that will occupy the Agency Rental Space for the duration as a means

of supporting the YMCA to best meet the evolving community needs of this northern Scarborough neighbourhood. These revised general terms and conditions are set out in Appendix "A."

The YMCA is prepared to manage the operating risks associated with its role as a landlord to multiple community-based agency tenants. Underscoring the YMCA's Strategic Plan is an understanding that their aim of achieving maximum impact on community health necessitates collaboration with multiple service providers to create the full suite of services in a community hub that can appropriately respond to resident needs.

This new model of Public Sector-Community Based Sector collaboration between the City, YMCA and the United Way meets many of the City's current priorities for community investment: (1) development of collaborations, (2) the leveraging of limited City dollars to attract external financial investment, (3) third-party delivery to meet community need, and (4) the containment of the City's financial exposure and risk. In meeting these strategic priorities, the City seeds the development of an approximate 100,000 square foot multi-service, multi-stakeholder facility that will meet the needs of residents in northern Scarborough.

CONTACT

Denise Andrea Campbell
Director, Community Resources
Social Development Finance & Administration
Phone: 416-392-8608
E-Mail: dcampbel6@toronto.ca

SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENT

Appendix "C" Revised Major Terms & Conditions – Servicing Agreement