

Below-Market Rent Agreement at 2975 Don Mills Road West

Date:	October 24, 2011
To:	Government Management Committee
From:	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
Wards:	33 – Don Valley East
Reference Number:	AFS # 14697

SUMMARY

The purpose of this report is to obtain City Council authority to enter into a new Below-Market Rent (BMR) lease agreement with North York Harvest Food Bank for approximately 504 square feet of space located at 2975 Don Mills Road West, the Oriole Community Centre in Ward 33. The proposed tenancy is for the standard term of five years. This BMR lease with North York Harvest Food Bank will facilitate the provision of emergency food services in the Don Valley East community where there is an identified absence of these required services. This is consistent with Council's Food Strategy priority to create accessible, equitable and appropriate services for residents of Toronto.

RECOMMENDATIONS

The Chief Corporate Officer and Executive Director, Social Development, Finance & Administration (SDFA) recommend that:

1. City Council authorize the City to enter into a Below-Market Rent tenancy agreement with North York Harvest Food Bank for a five (5) year term, substantially based on the terms and conditions set out in the attached Appendix "A", and any other terms and conditions acceptable to the Chief Corporate Officer, or his or her designate, and in a form acceptable to the City Solicitor.

2. City Council authorize the Chief Corporate Officer to administer and manage the lease agreement 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.
3. City Council grant an exemption to the Below-Market Rent Policy to allow North York Harvest Food Bank to become a tenant in the Community Room at the Oriole Community Centre without the need to solicit a request for proposals as required by the Below Market Rent Policy.
4. City Council authorize the City Solicitor to complete the lease, deliver any notices, pay expenses and amend the commencement and other dates to such earlier or late date(s), on such terms and conditions, as she may, from time to time, determine.

Financial Impact

The proposed agreement assumes a lease of 504 square feet of space for a nominal net rent consideration. All operating costs related to the building occupancy (currently estimated at \$5,040.00 per year based on a rate of \$10.00 per square foot) will be paid by the tenant, resulting in no cost to the City of Toronto.

In accordance with the City's Policy on City-Owned Space Provided at Below-Market Rent, the opportunity costs of entering into this agreement must be determined and reported to City Council. Research indicates that the total opportunity cost of the lease over the 5-year term is approximately \$21,421.00.

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

DECISION HISTORY

At its meeting on October 1, 2, and 3, 2002, Council adopted "A Policy for City-Owned Space Provided at Below-Market Rent" as the first step in rationalizing how City-owned space is provided to community and cultural organizations.

(<http://www.toronto.ca/legdocs/2002/agendas/council/cc021001/pof13rpt/cl001.pdf>).

Through subsequent reports, Council has refined the BMR policy framework and has authorized the extension of existing BMR lease agreements. The most recent report was submitted to City Council on November 19-20, 2007 titled "Providing City-Owned Space to Community Organizations at Below-Market Rent".

(<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/pof7rpt/cl024.pdf>).

The Below-Market Rent Policy establishes a framework for the leasing of City-owned space to non-profit community organizations at below-market rent where these organizations further the delivery of Council priorities. The proposed tenancy is consistent with this framework.

ISSUE BACKGROUND

In 2009, the Food Securities Network Committee (the "Network") was established, including the Ward 33 councillor, Fairview Community Health Centre, North York Harvest Food Bank, Toronto Public Health, Toronto Parks, Forestry and Recreation, Flemingdon Food Bank, Oriole Community Centre and various food/community services in Toronto. The Network focused on how best to implement the City's Food Strategy within the North York Community given the absences of available services, relevant, affordable spaces and appropriate community-based service providers.

Through extensive research and mapping, the Network identified a lack of accessible food security programs within ward 33 and with the support of Parks, Forestry and Recreation (PFR) staff, identified the Community Room within the Oriole Community Centre as an ideal location to meet this local need.

As the second largest emergency food delivery service in Toronto with the capacity, financial sustainability, and experience to implement a food emergency service in ward 33, the Network also selected North York Harvest Food Bank to be the agency to apply for the Below-Market Rent lease in the space.

This report recommends an exemption to the Request for Expressions of Interest (REOI) requirement contained in the Below-Market Rent (BMR) policy for determining a BMR tenant at 2975 Don Mills Road West. The REOI requirement is to ensure that there is fairness, transparency and equity in selecting BMR tenants. Periodically, City Council grants exemptions from the REOI requirement where another local process achieves these objectives. The Network, consisting of community organizations, City divisions, and Emergency Food service providers, assessed the service needs of the North York residents, the suitable location to meet these needs, and appropriate community organizations to deliver them through a BMR tenancy. The Network determined that few organizations working in the community are able to deliver the required food security services because of limited organizational and financial capacity. North York Harvest Food Bank was determined to have the capacity, skills, relationships and knowledge to deliver emergency food services. No other organizations contested the identification of North York Food Harvest Bank as the lead for tenancy and/or the provision of food services programming. City staff from Toronto Public Health, Parks, Forestry and Recreation and from Social Development, Finance and Administration agree that the Network's process to identify North York Harvest Food Bank as a BMR tenant at 2975 Don Mills Road West meets the REOI requirement to ensure fairness, transparency and equity.

COMMENTS

Directly operated community centres do not typically have BMR tenants on site. However, in unique circumstances where PFR staff and relevant City staff work with the community to identify a local service need that may be best delivered in partnership with a community organization and where an appropriate space exists within a community centre that will ensure uninterrupted PFR program delivery, a BMR tenancy within a community centre is warranted. The Oriole Community Centre continues to be a directly operated PFR facility. The proposed BMR tenant use has been deemed compatible with the existing recreation uses in the facility, compatible with City's mandate and priorities, and the proposed tenant meets the eligibility requirements under the Below-Market Rent Policy.

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

Chris Brillinger
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ATTACHMENTS

Appendix "A" – Major Terms and Conditions
Appendix "B" – Location Map