



**STAFF REPORT  
ACTION REQUIRED**

**Amendment to Below-Market Rent Lease Agreement  
with For Youth Initiative at 1652 Keele Street**

<b>Date:</b>	June 2, 2014
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
<b>Wards:</b>	Ward 12 –York South-Weston
<b>Reference Number:</b>	P:/2014/Internal Services/RE/GM14012re (AFS # 19610)

**SUMMARY**

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The purpose of this report is to obtain authority to amend an existing Below-Market Rent ("BMR") lease with the tenant, For Youth Initiative, to include approximately 246 square feet of additional space within the building located at 1652 Keele Street.

**RECOMMENDATIONS**

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The Chief Corporate Officer and Executive Director, Social Development, Finance & Administration recommends that:

1. City Council authorize an amendment to the existing Below-Market Rent lease agreement with For Youth Initiative ("FYI") to add approximately 246 square feet of additional space on the ground floor of the building located on the property known municipally as 1652 Keele Street, substantially based on the terms set out in the attached Appendix "A", with such revisions thereto and such other terms and conditions acceptable to the Chief Corporate Officer and in a form acceptable to the City Solicitor.

2. City Council grant an exemption from the Return on Investment (ROI) requirement as the tool is under development with Social Development, Finance & Administration Division.

## **FINANCIAL IMPACT**

The base rent for the additional 246 square feet of space will be nominal. All operating costs related to the lease of the additional space, currently estimated at \$21.63 per square foot or \$5,321 per year, will be paid for by FYI, resulting in no cost to the the City.

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 present value of the opportunity cost of the proposed expansion space is approximately \$16,007 over the remaining lease term.

The Deputy City Manager and 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. The most recent report was approved by City Council on October 15, 2012.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.7>.)

At its meeting on November 27 2012, City Council directed the Executive Director, Social Development, Finance & Administration to develop a measure of "Return on Investment" (ROI) for the City Space at Below Market-Rent Program (BMR). This is currently under development with SDF

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.7>)

At its meeting on November 19 and 20, 2007 Council grant authority to enter into lease and service agreements with FYI as below market rent tenants

<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7803.pdf>

At its meeting on December 1, 2008 City Council authorized a BMR lease renewal for FYI at 1652 Keele Street for a 10 year term.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.MM27.13>)

At its meeting on April 4<sup>th</sup>, 2013 City Council authorized an amendment to the BMR lease for FYI at 1652 Keele Street to add approximately 1,307 square feet on the second floor.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM20.9>).

## **ISSUE BACKGROUND**

For Youth Initiative started as a project in the former City of York in the mid-90s to respond to the critical issues of disengagement, alienation, crime and violence, and poverty that increased youth vulnerability in the former City. Since that time, FYI has grown into a successful non-profit charitable organization that encourages civic engagement and increases youth access to educational, relational and cultural opportunities.

FYI has been a BMR tenant at 1652 Keele Street since 2005. The organization also had a second location at 1669 Eglinton Avenue West for additional youth programs and services.

In 2013, FYI decided to consolidate their program operations into one location at 1652 Keele Street. In April 2013, City Council approved 1,307 square feet additional space at the 1652 Keele Street to house the added operations on the second floor of the building.

## **COMMENTS**

In February 2014, FYI secured a 3-year commitment from Ministry of Justice in the amount of \$500,000. This funding will allow FYI to expand their Youth Program and renovate the space to effectively administer the program. The space available on the ground floor of 1652 Keele Street will accommodate the proposed administrative centre of the expanded Youth Program.

The grant from the Ministry of Justice is contingent on FYI securing additional space under their existing tenancy. While the term of the grant is three years, FYI indicates that there is potential for renewal at the end of the term.

Staff from Social Development, Finance & Administration have determined that FYI meets all eligibility criteria under the Below-Market Rent Policy. Its programs and services align with City priorities.

## **CONTACT**

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## **SIGNATURE**

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Josie Scioli  
Chief Corporate Officer

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Chris Brillinger  
Executive Director  
Social Development, Finance &  
Administration

## **ATTACHMENTS**

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