

Community Space Tenancy Lease with Storefront Humber Incorporated - 2445 Lake Shore Boulevard West

Date: May 16, 2018

To: Government Management Committee

From: Director, Real Estate Services

and Executive Director, Social Development, Finance and Administration

Wards: Ward 6 – Etobicoke-Lakeshore

SUMMARY

The purpose of this report is to obtain City Council authority to enter into a Community Space Tenancy lease (the "Lease") under the Community Space Tenancy Policy with Storefront Humber Incorporated for a five (5) year term with an option to renew for another five years in respect of the lands and premises located at 2445 Lake Shore Boulevard West in Ward 6 Etobicoke Lakeshore (the "Leased Premises").

RECOMMENDATIONS

The Director, Real Estate Services and Executive Director, Social Development, Finance & Administration recommend that:

1. City Council authorize the City to enter into a lease (the "Lease") pursuant to the Community Space Tenancy Policy with Storefront Humber Incorporated for a five (5) year term with an option to renew for another 5 years, substantially on the terms and conditions set out in Appendix "A" hereto, and on such other terms and conditions acceptable the Deputy City Manager, Internal Corporate Services, or her designate, and in a form acceptable to the City Solicitor.
2. City Council authorize each of the Deputy City Manager, Internal Corporate Services and the Director of Real Estate Services severally to execute the Lease, and any related documents on behalf of the City.
3. 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 later date(s), on such terms and conditions, as she may from time to time determine.

4. City Council authorize the Deputy City Manager, Internal Corporate Services, or her designate, to administer and manage the Lease including the provision of any amendments, consents, approvals, waivers, notices, and notices of termination, provided that the Deputy City Manager, Internal Corporate Services may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

5. City Council direct the Director, Real Estate Services, in consultation with the City Treasurer, to report back to the Government Management Committee with recommendations related to the designation of the Leased Premises as a Municipal Capital Facility pursuant to section 252 of the City of Toronto Act, 2006.

FINANCIAL IMPACT

The Lease is for nominal rent in accordance with the Community Space Tenancy Policy (the "CST Policy"). The Leased Premises includes a building comprising approximately 9,595 square feet of space.

In accordance with the Lease, the tenant, Storefront Humber Incorporated ("SHI") will be responsible for all realty taxes and operating costs related to the Leased Premises, which are currently estimated at \$79,730 per year based on a rate of \$8.30 per square foot; resulting in no operating costs to the City, assuming compliance with the Lease.

The total opportunity cost of the Lease for both the agreement and the renewal terms is approximately \$1,172,000 plus HST, on a NPV basis based on a net rent of \$14.19 per square foot.

In 2017, SHI invested \$5,882,389 in programs and services in the Leased Premises. Over the 5 year term of the new lease, it is estimated that SHI will invest \$29,411,945 in programs and services offered at the Leased Premises.

The Interim 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>.

At its meeting on November 30, December 1 and 2, 2004, City Council authorized an amendment of the lease for Storefront Humber for a 20 year term, to expire May 31, 2016.

<http://www.toronto.ca/legdocs/2004/agendas/committees/edp/edp041122/it008.pdf>

At its meeting on April 25, 2013 City Council authorized the construction of approximately 1,200 square feet of additional space to the Leased Premise, and an amendment the existing lease agreement between the City and SHI.

<http://www.toronto.ca/legdocs/mmis/2013/gm/bgrd/backgroundfile-57841.pdf>

At its meeting on June 11, 2013 City Council adopted the Amend Existing Lease Agreement at the Leased Premise without debate.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM22.9>

At its meeting on February 23rd 2016, Etobicoke York Community Council directed staff to schedule a community consultation for the Leased Premises after accepting an application to amend the Official Plan to allow a disposal of City-owned park in order to amend existing lease with the City for 21 years or longer.

<http://www.toronto.ca/legdocs/mmis/2013/gm/bgrd/backgroundfile-57841.pdf>

At its meeting on July 12, 2016 City Council adopted the Leased Premises Official Plan Amendment without amendments and without debate. This item was considered by Etobicoke York Community Council on June 14, 2016 and was adopted with amendments.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EY15.5>

At its meeting on November 7, 8 and 9, 2017, Council adopted the "Community Space Tenancy Policy", replacing the Below-Market Rent Policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.8>

BACKGROUND

The original lease between the City and SHI was entered into in 1996 and amended in 1997, 2005, and again in 2013 to increase the term to 20 years. In 2013, the original lease was further amended to add 1,200 square feet to the building at the Leased Premises to house a foot care clinic for low-income seniors.

Between 1997 and 2016, SHI invested \$1.522 million in capital improvements to the Leased Premises. SHI has improved the value of this City asset at their own expense in order to better serve local seniors.

SHI's original lease expired in May 2016 and is currently in overhold. At the time the lease expired, leases with terms meeting or exceeding a cumulative 21 years were considered disposals in accordance with the Municipal Code – Section 213.6. The Leased Premises is identified as being in the City's Green Space System and designated Parks and Open Space in the Official Plan. Both Green Space System policies and the Parks and Open Space policies prohibit the sale or disposal of publicly owned lands. An Official Plan Amendment (OPA) was required to permit disposal the

Leased Premises, to be declared surplus in accordance with the City's disposition policies before a renewal agreement could be entered into. The OPA was completed as of November 11, 2016 and the Leased Premises was subsequently declared surplus on May 4, 2017, for the purpose of continuing its lease with SHI. During this time, the City was finalizing the CST Policy and held off on entering into a new lease until the CST Policy was adopted by Council to make sure the new lease would be compliant with CST Policy. As a result, SHI's new lease was delayed. In the interim, the Municipal Code was amended such that only leases with existing terms of 21 years were considered disposals.

COMMENTS

An eligibility review, conducted by staff from SDFSA, determined that SHI satisfies all requirements and is eligible under the CST Policy. SHI has demonstrated the requisite financial viability to maintain the Leased Premises and related operating costs for the term of the Lease.

SHI serves over 3,000 community members. The majority of their clients are isolated and disadvantaged seniors age 55 and older. However, the organization has expanded to also serve disabled adults aged eighteen and older, and uses a holistic and integrated program model to support integration within the community. SHI's programs include an elderly centre, health and health referral services, community engagement and counselling, legal support, a drop-in centre, and settlement services. These programs and services align with City priorities and continue to be compatible with the CST Policy.

The implications of the space being designated as a municipal capital facility need to be examined by staff and they will report back once that examination is complete.

CONTACT

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SIGNATURE

David Jollimore, Director
Real Estate Services

Chris Brillinger, Executive Director
Social Development, Finance & Administration

ATTACHMENTS

Appendix "A" – Major Terms and Conditions
Appendix "B" – Location Map & Site Plan of Leased Premises

APPENDIX “A”

MAJOR TERMS AND CONDITIONS

Landlord:

City of Toronto

Tenant:

Storefront Humber Incorporated

Leased Premises:

2445 Lake Shore Boulevard West Toronto, Ontario,
including a building of approximately 9,595 square feet

Commencement:

August 1, 2018

Use:

Storefront Humber Incorporated shall use the Leased Premises for the purpose of providing services to South Etobicoke seniors, and disabled adults aged eighteen and older. Services include an elderly centre, foot care clinic for low-income seniors, health and health referral services, community engagement and counselling, legal supports, a drop-in centre, and settlement services.

Permitting:

The City will allow the tenant to permit portions of the Leased Premises to 3rd party groups, in accordance with the CST Policy.

Rent:

Nominal

Additional Rent:

The Tenant is responsible for all operating costs in an amount to be determined by the Deputy City Manager, Internal Corporate Services, in consultation with the Executive Director of Social Development, Finance & Administration and Director of Real Estate Services, and is also responsible for any other applicable additional costs related to the Leased Premises.

Lease Term:

5 years, expiring July 31, 2023, with option to renew for additional 5 years

APPENDIX B

LOCATION MAP & SITE PLAN – 2445 LAKE SHORE BOULEVARD WEST

