

## **Community Space Tenancy Lease Agreement with Children's Peace Theatre at 305 Dawes Road and Municipal Capital Facility Designation for Children's Peace Theatre**

**Date:** May 18, 2018

**To:** Government Management Committee

**From:** Director, Real Estate Services

and General Manager, Economic Development and Culture

**Wards:** Ward 31 - Beaches, East York

### **SUMMARY**

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The purpose of this report is to obtain City Council authority to enter into a Community Space Tenancy lease under the Community Space Tenancy Policy with the Hannon Shields Centre for Leadership and Peace operating as the Children's Peace Theatre for approximately 5,000 square feet of City-owned space located at 305 Dawes Road in the property commonly known as the Massey Goulding Estate.

### **RECOMMENDATIONS**

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**The Director, Real Estate Services and the General Manager, Economic Development and Culture, recommend that:**

1. City Council authorize the City to enter into a Community Space Tenancy lease (the "Lease") with Children's Peace Theatre ("CPT") pursuant to the Community Space Tenancy Policy ("CST Policy") for the property located at 305 Dawes Road (the "Leased Premises") for a five (5) year term, with an option to extend for a further five (5) year lease period, substantially on the terms and conditions set out in the attached Appendix "A", with such revisions thereto and on such other or amended terms and conditions acceptable to the Deputy City Manager, Internal Corporate Services, in consultation with the General Manager, Economic Development and Culture, and in a form acceptable to the City Solicitor.
2. City Council direct the Director, Real Estate Services, in consultation with the City Treasurer, to report back on the designation of the leased premises as a municipal capital facility.

3. 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, as required.

4. City Council authorize the Deputy City Manager, Internal Corporate Services or his/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.

## **FINANCIAL IMPACT**

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The Lease will provide CPT with approximately 5,000 square feet of community space for a nominal net rent consideration.

In accordance with the terms of the lease, CPT will be responsible for all realty taxes and operating costs related to the lands and premises municipally known as 305 Dawes Road, Toronto (the "Property"), currently estimated to be at \$31,502.00 per year, or \$6.30 per square foot based on the 2017 occupancy costs reported by CPT; resulting in no operating costs to the City of Toronto assuming compliance to the tenancy agreement.

In accordance with the CST Policy, the total opportunity cost of the Lease over the five (5) year term is estimated to be approximately \$468,921.50 plus HST. The total opportunity cost of the lease extension agreement (the "Extension Agreement") over the five (5) year term is approximately \$515,813.65 plus HST. The total opportunity cost for both the Lease and the Extension Agreement is \$984,735.15 plus HST.

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

## DECISION HISTORY

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CPT first entered into a lease agreement dated August 14, 1997 with The Municipality of Metropolitan Toronto for a term of two (2) years commencing on September 1, 1997 and expiring August 31, 1999. This was authorized by the adoption of The Corporate Administration Committee Report No. 19, Clause No. 27 by Metro City Council on August 13 and 14, 1997.

At its meeting on October 1, 2, and 3, 2002, Council adopted "A Policy for City-Owned Space Provided at Below-Market Rent" (the "BMR Policy") 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. A 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>

One of the five key recommendations of Creative Capital Gains, the City's cultural action plan adopted by City Council, is "To ensure a supply of affordable, sustainable, cultural space." The renewal of an existing BMR lease agreement supports this recommendation: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.ED3.3>

At its meeting on March 31 and April 1, 2016, City Council approved a two (2) year lease renewal/extension for CPT under the BMR policy. City Council authorized Real Estate Services to apply for an Official Plan Amendment for the site. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM10.13>

At its meeting on November 7, 8 and 9, 2017, City Council adopted the Community Space Tenancy Policy to replace the Below Market Rent Policy. The Community Space Tenancy Policy came into effect on January 1, 2018. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.8>

At its meeting on January 31 and February 1, 2018, City Council approved an Official Plan Amendment for 305 Dawes Road. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.TE29.9>

## COMMENTS

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Children's Peace Theatre is a non-for-profit community arts organization, serving the children and youth of east Toronto. It is committed to creating a culture of peace by engaging children and youth through the practice of art and theatre. CPT uses collaborative creation and the philosophy of conflict transformation to guide young people in addressing the many forms of conflict in their lives and in the broader community. The projects include school workshops, after-school programs, a three-week summer camp, and youth led initiatives. According to its most recent audited financial statements for the year ended June 30, 2016, CPT had an operating budget of \$392,234.00. It is a recipient of annual operating funding from the Toronto Arts Council (TAC). In 2017, it received a total of \$107,000 in grant allocations from the TAC.

CPT has continuously occupied the property at 305 Dawes Road since 1997. CPT's existing BMR lease with the City expired March 31, 2018. An eligibility review and performance assessment for CST status was conducted by the Economic Development and Culture Division at the City of Toronto in April 2018. The organization was deemed eligible to continue occupying the City-owned space as a community partner tenant under the new CST Policy. City Council authority is required to enter into a new lease agreement under the CST Policy.

CPT provides access to arts and cultural programming in a part of the City that would otherwise have none. It is in the City's interest to work with an interdivisional team to assist CPT to continue providing cultural services in this location where the demand is high, and the program offerings are limited.

The City has a long history of supporting the community-based service sector and cultural organizations by way of providing space for administrative and program delivery purposes. It should be noted that this location is outside the downtown core and is an area of the City that has far less access to cultural space and programs.

The Massey Goulding Estate (the "Estate") was built in 1921 by Walter and Susan Massey as a wedding gift to their daughter, Dorothy. Dorothy encouraged her children to engage in arts and theatrical performances at the Estate, which evolved into CPT. CPT continues the tradition of using the Estate as a place for children to engage in arts, culture and theatre. The approval of the Lease will allow CPT to continue providing arts and theatre programs for children and youth in an area that has demonstrated a high demand for such programs.

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**

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David Jollimore  
Director, Real Estate Services

Mike Williams  
General Manager, Economic Development and Culture

## **ATTACHMENTS**

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

## APPENDIX "A"

### Major Terms and Conditions Community Space Tenancy Lease at 305 Dawes Road

<b>Landlord:</b>	City of Toronto
<b>Tenant:</b>	Hannon Shields Centre for Leadership and Peace operating as the Children's Peace Theatre
<b>Leased Premises:</b>	305 Dawes Road, Toronto, Ontario
<b>Commencement Date:</b>	July 1, 2018
<b>Term:</b>	Lease Agreement: Five (5) years (July 1, 2018 to June 30, 2023).  Extension Agreement: Five (5) years (July 1, 2023 to June 30, 2028)
<b>Basic Rent:</b>	\$2.00 per annum plus all applicable taxes.
<b>Net Lease:</b>	The Lease shall be absolutely net to the Landlord. During the Term or any extension thereafter, the Tenant shall be responsible for all applicable costs, taxes, charges, expenses and outlays of any nature whatsoever arising from or relating to the use and occupancy of the Leased Premises. Any obligation which is not stated to be that of the Landlord shall be the Tenant's responsibility.
<b>Operating Costs:</b>	The Tenant shall pay all realty taxes and operating costs related to the Property. "Operating Costs" means the total of all costs and expenses attributable to the maintenance, repair, administration, management and operation of the Lease Premises including, without limiting the generality of the foregoing: utilities, security, insurance, all taxes including applicable property taxes, supervision, landscaping, window cleaning, eavestrough cleaning, pest management, waste collection, disposal and recycling, snow removal, and other costs of maintenance and operation.
<b>Maintenance Reports:</b>	The Landlord shall have the right to request and review the Tenant's maintenance reports and logs pertaining to building operations and repairs at any time.

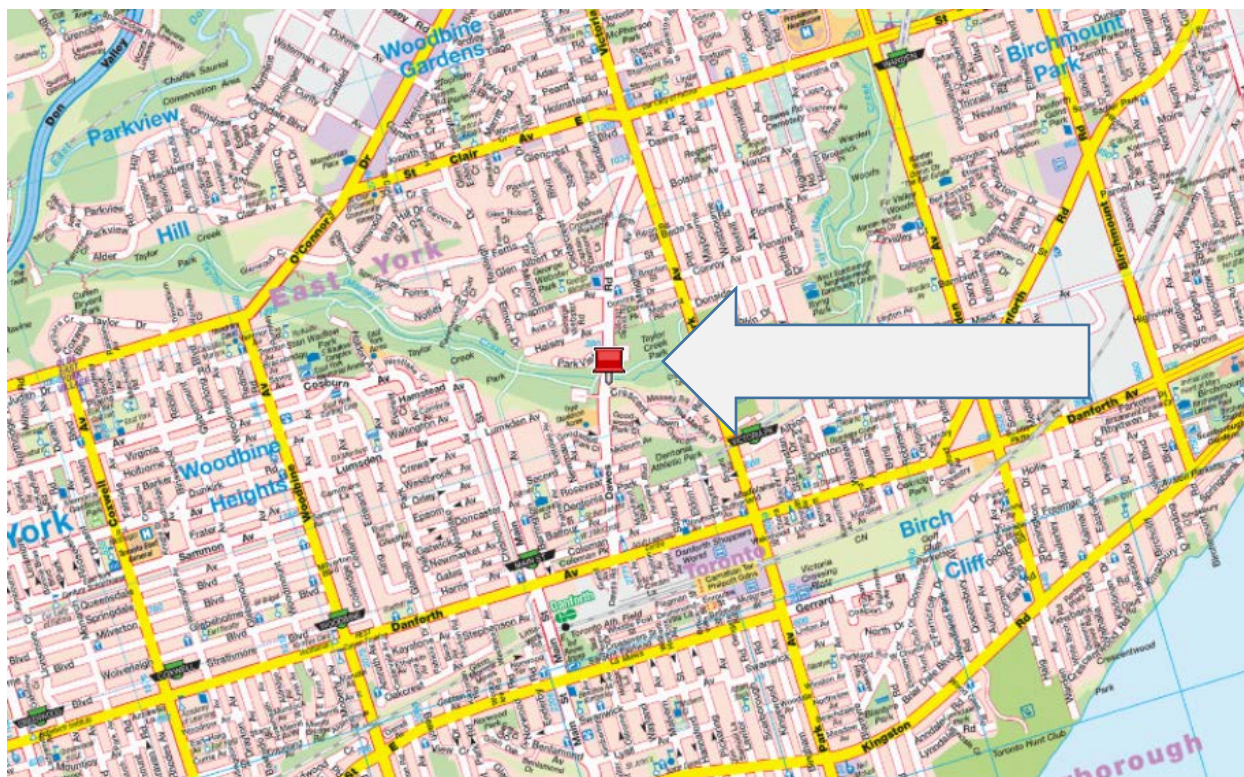
<b>Use:</b>	The Leased Premises shall be used and shall continually be operated throughout the Term for the purpose of promoting and carrying out its objects and activities to be a professional theatre based organization serving the Crescent Town community, with programming that blends arts and social activism to empower children and youth to share stories of conflict and their visions for peace, and to work with professional theatre artists to create and present performances, workshops and related programming for children and youth of the community, and for no other purpose.
<b>Early Termination:</b>	<p>The Landlord shall have the right to terminate the Lease if the Tenant is, at any time during the Term, including any renewals and extensions thereafter, no longer eligible under the Community Space Tenancy (CST) policy or financially viable. In each instance as determined by the Landlord acting reasonably, and provided that the Landlord has not waived, or is not willing to waive the relevant CST eligibility criteria. A termination resulting from a failure to remain eligible under the CST Policy shall not result in contractual damages for the Tenant notwithstanding any balance remaining in the Term of the Lease.</p> <p>The Landlord shall have the right to terminate the Lease for any purpose at any time during the Term and any renewal/extension thereof upon providing the Tenant with sixty (60) day's prior written notice.</p>
<b>Standard Lease:</b>	The Lease shall be drafted on the Landlord's standard form, which shall contain such further revisions and other terms and conditions as may be satisfactory to the Deputy City Manager, Internal Corporate Services, and in a form acceptable to the City Solicitor.
<b>Insurance:</b>	The Tenant is to provide prior to the commencement of the Term and on an annual basis, proof of insurance in accordance with the Landlord's insurance requirements outlined in the Lease, including but not limited to comprehensive general liability insurance with limits of not less than Five Million Dollars (\$5,000,000.00) per occurrence.
<b>Indemnity by Tenant:</b>	The Tenant will fully indemnify and save harmless the Landlord, its respective employees, agents and those for whom it is at law responsible for, from and against all claims whatsoever. The Tenant agrees that it will not pursue any claim against a third party which may result in any claim by such third party against the Landlord.
<b>Condition of Leased Premises:</b>	The Tenant will accept the Leased Premises in an "as is" condition.

<b>Assignment and Subleasing</b>	The Tenant shall not sell, assign or otherwise dispose of its rights and obligations under the Lease or permit any other person or organization to occupy or use the Leased Premises, or any part thereof, or sublet the Lease Premises, or any part thereof, to a third party or in any way charge, encumber or pledge the Lease or its interest therein without the prior written consent of the Landlord, which consent may be unreasonably withheld or delayed and need not be based upon any financial considerations whatsoever.
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## Appendix "B"

### Location Map - 305 Daves Road

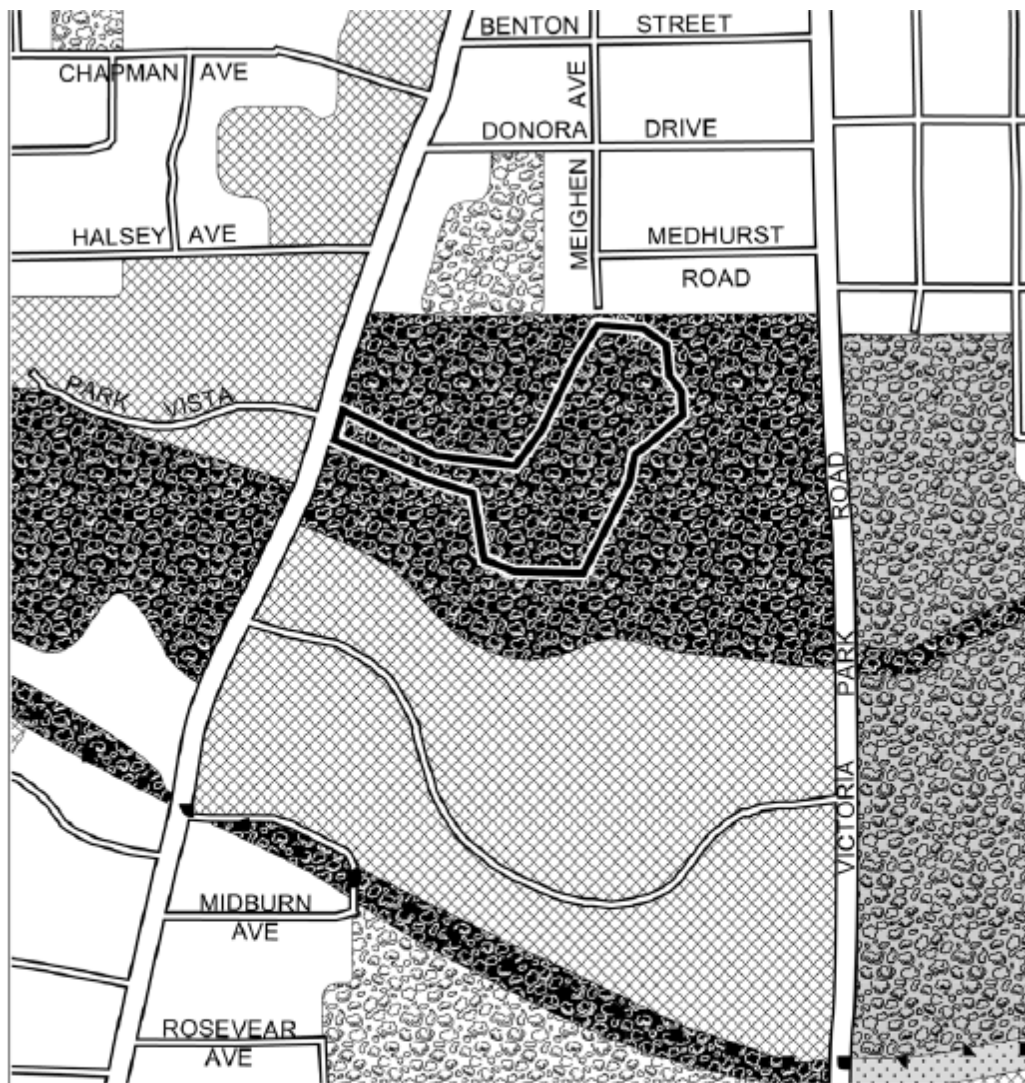


Massey Goulding Estate



Official Plan Amendment #348 (December 17, 2017).





# Official Plan Amendment # 348

305 Dawes Road

File # 17\_125252 STE 31 0Z

