

Community Space Tenancy Lease Agreement and Municipal Capital Facility Designation for Carefirst Seniors and Community Services Association at 705 Progress Avenue, Unit 36/37

Date: October 5, 2021

To: General Government and Licensing Committee

From: Executive Director, Social Development, Finance and Administration; and Executive Director, Corporate Real Estate Management

Wards: Ward 24 - Scarborough-Guildwood

SUMMARY

The Community Space Tenancy Policy provides a process for the City of Toronto to lease City-owned or City-managed space at below-market rent to not-for-profit organizations that deliver community and cultural services to residents to further the City's strategic objectives.

The purpose of this report is to obtain City Council authority to enter into a Community Space Tenancy lease with the Carefirst Seniors and Community Services Association for 6,615 square feet of a City of Toronto and Toronto District School Board co-owned space located at 705 Progress Avenue, Unit 36/37 (the "Leased Premises") in Ward 24 – Scarborough Guildwood.

Carefirst Seniors and Community Services Association is a not-for-profit organization that delivers a range of health, social, and community support services to vulnerable seniors, older adults, and residents in need. A Community Space Tenancy lease at 705 Progress Avenue, Unit 36/37 will enable Carefirst Seniors and Community Services Association to extend its services in Scarborough to target the neighbourhoods of Woburn, Bendale, Eglinton East, Morningside, and Agincourt-South Malvern West. Many services and programs offered by Carefirst Seniors and Community Services Association focus on the needs of vulnerable older adults and seniors which align with several City of Toronto strategies, including the Toronto Seniors Strategy, Newcomer Strategy, and Toronto Strong Neighbourhoods Strategy.

This report also seeks City Council's authority for the adoption of the necessary by-law to designate a portion of the Leased Premises as a Municipal Capital Facility, and to provide an exemption from municipal and education property taxes.

RECOMMENDATIONS

The Executive Director, Social Development, Finance and Administration, and the Executive Director, Corporate Real Estate Management, recommend that:

1. City Council authorize the City to enter into a lease (the "Lease") of the property municipally known as 705 Progress Avenue, Unit 36/37, Toronto, Ontario (the "Leased Premises") pursuant to the Community Space Tenancy Policy with Carefirst Seniors and Community Services Association ("the Tenant") for a five year term based 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, Corporate Services, or their designate, and in a form acceptable to the City Solicitor.

2. City Council authorize each of the Deputy City Manager, Corporate Services, and the Executive Director, Corporate Real Estate Management severally to execute the Lease, and any related documents on behalf of the City.

3. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, in consultation with the Executive Director, Social Development, Finance and Administration, to administer and manage the Lease including the provision of any amendments, consents, approvals, waivers, notices, and notices of termination, provided that the Executive Director, Corporate Real Estate Management may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

4. City Council authorize the Executive Director, Social Development, Finance and Administration, or their designate, to enter into, execute and administer a service agreement in respect of the tenancy at the Leased Premises, including the provision of any amendments, eligibility assessment, and annual reporting with the Tenant.

5. City Council pass a By-law pursuant to Section 252 of the City of Toronto Act, 2006, providing authority to:

a. enter into a Municipal Capital Facility Agreement with Carefirst Seniors and Community Services Association for 705 Progress Avenue, Unit 36/ 37, Toronto, Ontario, comprised of approximately 6,615 square feet of community space (the "Leased Premises"), for the purposes of providing a Municipal Capital Facility related to the provision of social and health services and ancillary parking; and

b. exempt the Leased Premises and ancillary parking, if any, from taxation for municipal and school purposes, with the tax exemption being effective from the latest of: (1) the commencement date of the Lease, (2) the date the Municipal Capital Facility Agreement is entered into, and (3) the date the Tax Exemption By-law is enacted.

6. City Council direct the City Clerk to give written notice of the By-law to the Minister of Finance, the Municipal Property Assessment Corporation, the Toronto District School Board, the Toronto Catholic District School Board, le Conseil Scolaire Viamonde, and le Conseil Scolaire Catholique Mon Avenir.

FINANCIAL IMPACT

In accordance with the Community Space Tenancy Policy, the Lease will be for nominal rent, equal to \$2 per year.

The Lease is net and carefree to the City. The Tenant will be responsible for all realty taxes and operating costs associated with the Lease, currently estimated at \$40,153.05 (net of Harmonized Sales Tax, "H.S.T.") for the first year, or \$6.07 (net of H.S.T.) per square foot. The Tenant will also be responsible for fees payable to the Toronto District School Board as additional rent, totalling \$13,232.00 (net of H.S.T.) per annum based on a rate of \$2.00 (net of H.S.T.) per square foot.

The opportunity cost of the Lease, expressed in net present value terms, for the five year lease period is approximately \$271,056 (net of H.S.T.).

The Leased Premises are owned by the City of Toronto and the Toronto District School Board. Although properties owned by the City of Toronto and Toronto District School Board are exempt from taxation, the Carefirst Seniors and Community Services Association may be deemed a taxable tenant and the Leased Premises would therefore be subject to taxation. The annual property taxes on the Leased Premises are estimated at approximately \$9,891, comprised of a municipal portion of \$5,646 and a provincial education portion of \$4,245, based on 2021 Current Value Assessment and 2021 tax rates.

Providing a property tax exemption for the Leased Premises will result in a net annual reduction in property tax revenue to the City of approximately \$5,646, representing the municipal portion of taxes that could otherwise be payable that will no longer be payable once the Leased Premises are designated as a Municipal Capital Facility, as shown in Table 1 below. The provincial education portion of property taxes of \$4,245 will not be required to be remitted to the Province once the exemption for the Leased Premises takes effect, with no net impact to the City.

Table 1: Financial Implication of Property Tax Exemption - 705 Progress Avenue, Unit 36/37

Location	Municipal Taxes	Education Taxes	Total Property Taxes
705 Progress Avenue – Unit 36/37 1901-05-2-810-04300	\$5,646	\$4,245	\$9,891
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$5,646
Reduction in Education Taxes Remitted			\$4,245

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.
Community Space Tenancy Lease Agreement, 705 Progress Avenue

EQUITY IMPACT STATEMENT

The provision of accessible community space is a key component of building strong neighbourhoods. Community use of City-owned space at below-market rent is a form of collaboration and investment in community and cultural organizations. The absence of community space directly impacts the availability of programs and services that are responsive to local needs.

The programs and services offered by the Tenant have been analyzed for potential impacts on Equity-deserving groups of Toronto. The provision of Community Space to the Tenant will enable the organization to increase access to health and social services to vulnerable seniors and older adults living in Scarborough, specifically the neighbourhoods of Woburn, Eglinton East, Morningside, Bendale, and Agincourt South Malvern-West. The organization will offer a range of culturally relevant and multilingual services to improve health equity and bridge service gaps in ethnically and linguistically diverse communities. In partnership with TAIBU Community Health Centre and Entité 4, the Tenant will develop strategies to serve Black and Francophone communities. The Tenant will also offer a Vocational Training Program for residents receiving Ontario Works to increase their skills and employability.

In addition, the Tenant supports an equity approach reflected in actions such as board and staff training on anti-oppression, anti-racism, human rights, and diversity training. This includes the Indigenous Cultural Safety training series, regular capacity-building workshops on intercultural communication, and trainings focused on creating positive and welcoming environments for LGBTQ2S+ clients, staff, and volunteers.

DECISION HISTORY

On June 29 and 30, 2020, City Council adopted the Amendments to the Community Space Tenancy Policy Renewal Process for Current Below-Market Rent Tenants <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL12.7>

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

COMMENTS

In June 2021, Corporate Real Estate Management identified that Unit 36/37 at 705 Progress Avenue ("the Leased Premises") could be made available to be leased under the Community Space Tenancy Program. Currently, there are a total of 3 tenants occupying community spaces at 705 Progress Avenue.

In order to adhere to the requirements of the Community Space Tenancy Policy, a Request for Expression of Interest process was required to provide a consistent, fair, and accountable approach to leasing Community Space. A Request for Expression of Interest process was initiated on August 3, 2021, to seek an eligible organization to occupy the Leased Premises. A total of nine applications were received from interested

community agencies as of the deadline of August 31, 2021 at 5:00 p.m. Eastern Standard Time. Of the nine applications received, four applications were deemed ineligible and were not forwarded to the Review Panel for assessment. Reasons for being deemed ineligible include: one organization submitting a late application and three organizations submitting incomplete applications.

The Review Panel, comprised of City staff from Economic Development and Culture, Parks, Forestry, and Recreation and Social Development, Finance, and Administration met to review applications. The Review Panel made a unanimous decision to recommend Carefirst Seniors and Community Services Association occupy the Leased Premises due to their financial and organizational capacity to undertake the lease, manage occupancy costs, and take responsibility for the work and costs required to fit-up the space to suit their program needs. Carefirst Seniors and Community Services Association also demonstrated capacity to program the space in a manner that responded to neighbourhood demographic data and prioritized community cluster needs in the area.¹

In its Request for Expression of Interest Application, the Carefirst Seniors and Community Services Association indicated that a Community Space Tenancy lease will enable it to save approximately \$80,000 per year on rental and maintenance costs. The organization proposed to explore reinvesting these funds into program expansion in the Scarborough area, specifically Woburn and surrounding neighbourhoods. Carefirst Seniors and Community Services Association's vision is increase access to health, social services, and community support services to vulnerable seniors and older adults in Scarborough, specifically the neighbourhoods of Woburn, Eglinton East, Morningside, Bendale, and Agincourt South Malvern-West. Proposed programming include an adult day program, primary care, a chronic disease management program, a community exercise and falls prevention program and a wellness program. Carefirst Seniors and Community Services Association will also offer Youth Leadership Training and Intergenerational Programs to strengthen social connections between youth and seniors, as well as a Vocational Training Program for residents receiving Ontario Works to increase their skills and employability. Carefirst Seniors and Community Services Association utilized the Ontario Ministry of Health's Health Equity Impact Assessment to measure social determinants of health in Scarborough to inform the development of programs to be delivered at the Leased Premises. In addition to developing programs to address health inequity in Scarborough, Carefirst Seniors and Community Services Association has a Quadruple Aim and Program Logic Model to measure health, social, and client outcomes.

Carefirst Seniors and Community Services Association meets the mandatory eligibility criteria of the Community Space Tenancy Policy and clearly demonstrated the financial and organizational capacity to manage a Community Space Tenancy Lease. As such, City staff are recommending this agency as the Tenant at the Leased Premises.

¹ 211 Central Report on City of Toronto Community Cluster Needs from May 21-June 3 2021: <https://211central.ca/wp-content/uploads/2021/06/City-of-Toronto-COVID-19-Snapshot-May-21-June-3.pdf>

Municipal Capital Facility Designation

The Community Space Tenancy Policy provides that when seeking City Council approval for any initial Community Space Tenancy, approval of a municipal capital facility designation will also be sought where appropriate. Designating the premises leased by Carefirst Seniors and Community Services Association, a community-based service sector organization providing social and health services as described above, as a municipal capital facility and exempting the property from taxes, will assist in providing services to the public which are in line with services provided by the City.

Section 252 of the City of Toronto Act, 2006 allows City Council to exempt from taxation for municipal and school purposes land or a portion of land on which a municipal capital facility is or will be located once the City enters into an agreement with the landlord or tenant for the provision of the municipal capital facility.

Ontario Regulation 598/06 prescribes facilities providing social and health services as eligible municipal capital facilities for the purpose of section 252.

Upon the passing of the by-law authorizing the agreement and the tax exemption, the City Clerk must give written notice of the by-law to the Minister of Finance, the Municipal Property Assessment Corporation and the Secretary of any affected school board(s).

CONTACT

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SIGNATURE

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ATTACHMENTS

Appendix A – Major Terms and Conditions, Community Space Tenancy Leases, 705 Progress Avenue Unit 36/37

Appendix B – Location Map and Site View of Leased Premises