



STAFF REPORT ACTION REQUIRED

New Below-Market Rent Leases at 2467 Eglinton Avenue East, 3600 Kingston Road and Sub-tenancies at 1761 Sheppard Avenue East

Date:	May 17, 2011
To:	Government Management Committee
From:	Chief Corporate Officer and Executive Director, Social Development Finance & Administration
Wards:	Ward 33 – Don Valley East Wards 35 & 36 – Scarborough Southwest
Reference Number:	AFS # 13954

SUMMARY

This report seeks authority to enter into new Below-Market Rent (BMR) lease agreements with the African Canadian Legal Clinic at the Don Montgomery Community Recreation Centre at 2467 Eglinton Avenue East, and the Scarborough Centre for Healthy Communities at the Scarborough Village Recreation Centre at 3600 Kingston Road. The new Below Market Rent lease agreements with both community organizations will facilitate greater resident access to needed services in two under-served Scarborough neighbourhoods – Eglinton-East/Kennedy Park and Scarborough Village.

The report also seeks Council's approval to allow the Harriet Tubman Community Organization to sublet a portion of this space to five BMR-eligible community groups. City Council, at its meeting on August 25, 26, and 27, 2010, previously approved a BMR lease agreement with Harriet Tubman Community Organization for the below-market space located at 1761 Sheppard Avenue East.

RECOMMENDATIONS

The Chief Corporate Officer and the Executive Director of Social Development, Finance and Administration recommend that:

1. City Council authorize a new BMR lease agreement with the African Canadian Legal Clinic (ACLC), for a term of five (5) years, substantially based on the terms and conditions set out in Appendix “A”, and with such revisions thereto and any other terms deemed appropriate by the Chief Corporate Officer, or his or her designate, and in a form acceptable to the City Solicitor;
2. City Council authorize a new BMR lease agreement with the Scarborough Centre for Healthy Communities (SCHC) for a five (5) year term, substantially based on the terms and conditions set out in Appendix “C”, and with such revisions thereto and any other terms deemed appropriate by the Chief Corporate Officer, or his or her designate, and in a form acceptable to the City Solicitor;
3. City Council grant an exemption to the Below Market Rent Policy to allow the African Canadian Legal Clinic to become a tenant at 2467 Eglinton Avenue East without the need to solicit a request for proposals as required by the BMR Policy;
4. City Council provide its consent and approval, notwithstanding the BMR Policy to allow Harriet Tubman Community Organization (HTCO) to sublet a portion of its space to each of the following organizations:
 - a. Community Information Centre of Ontario,
 - b. Senior Tamils Centre of Ontario,
 - c. Iranian Women Organization of Ontario,
 - d. The Alternative For Her Community Centre. and
 - e. Somaliland Canadian Society of Metro Toronto;

This consent and approval shall be conditional upon any subtenants agreeing to comply with the terms of the lease between the City and Harriet Tubman Community Organization, and on such other terms as deemed appropriate by the Chief Corporate Officer, or his or her designate, and shall be in a form acceptable to the City Solicitor.

5. City Council authorize the City Solicitor to complete the BMR leases referred to in Recommendation Nos. 1 and 2, above, and to provide the consent and approval to sub-lease requested in Recommendation No. 4, above, and all related documentation as required, and to deliver any notices, and amend the respective commencement and other dates to such earlier or later dates, on such terms and conditions as the City Solicitor, or his designate, may from time to time, determine; and

6. City Council authorize the Chief Corporate Officer, or his or her designate, to administer and manage the lease agreements 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.

Financial Impact

Lease Agreement with the African Canadian Legal Clinic (Recommendation No. 1)

The proposed BMR lease agreement with the African Canadian Legal Clinic (ACLC) involves approximately 780 square feet of space located at 2467 Eglinton Avenue East, also known as the Don Montgomery Community Recreation Centre, for a nominal net rent consideration.

All operating costs related to the space will be paid by the tenant, resulting in no operating 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 BMR 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 \$40,337.00.

Lease Agreement with the Scarborough Centre for Healthy Communities (Recommendation No. 2)

The proposed BMR lease agreement with the Scarborough Centre for Healthy Communities (SCHC) involves an area of 2,265 square feet at 3600 Kingston Road, also known as Scarborough Village, for a nominal net rent consideration. All operating costs related to the space will be paid by the tenant, resulting in no operating cost to the City of Toronto. Research indicates that the total opportunity cost of the lease over the 5-year term is approximately \$85,187.00.

Consent to Allow Harriet Tubman Community Organization to Sublet (Recommendation 4)

There are no financial implications for the City arising from its consent to allow the Harriet Tubman Community Organization to sublet a portion of its space to the five organizations named in this report.

The Deputy City Manager and the 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 September 25, 26 and 27, 2006, Council adopted "Phase Two Implementation of the Policy on City-Owned Space Provided at Below-Market Rent" which prohibits existing BMR tenants to assign or sublet Leases.

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

At its June 27, 28 and 29, 2006 meeting, Council adopted the report from Community Services Committee titled "Increasing the Supply of Space Available for Community Use" Council clarified its priorities by endorsing the policy direction of designating community use as the second priority, after the development of affordable housing, for the allocation of surplus City owned property.

(<http://www.toronto.ca/legdocs/2006/agendas/council/cc060627/cms4rpt/cl010.pdf>)

City Council on September 30 and October 1, 2009, approved a report titled "City of Toronto Stimulus Projects" which authorized project costs for the Recreational Infrastructure Canada Program in Ontario and the Ontario Recreation Program and Infrastructure Stimulus fund programs totalling \$675.578 million.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.CC40.10>)

At its meeting on August 25, 26 and 27, 2010, City Council approved a report titled "Amendment to Below-Market Rent Eligibility Criteria and New Below-Market Rent Lease Agreements at 4040 Lawrence Avenue East and Parkway-Forest" to enter into new lease agreement with Harriet Tubman Community Organization in connection with community space at 1761 Sheppard Avenue East.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM33.9>)

ISSUE BACKGROUND

Lease Agreements with African Canadian Legal Clinic

In June 2008, City Council directed the closure of the Mid-Scarborough Rifle Club at the Don Montgomery Community Recreation Centre. Subsequently, youth from the Eglinton East-Kennedy Park priority neighbourhood requested at Budget Committee that the former Rifle Club be converted into a youth programming for Scarborough youth. Staff from Parks, Forestry and Recreation and Social Development, Finance & Administration worked with local youth groups to develop a project scope and to secure funding sources towards the proposed redeveloped space.

At its meeting on September 30 and October 1, 2009, City Council approved the project to convert the Rifle Club into a youth lounge as part of the City of Toronto Stimulus Projects under the Recreational Infrastructure Canada and the Ontario REC Programs. The actual combined budget from the City of Toronto, federal and provincial governments amounted to \$733,764.00 in recreation infrastructure funds.

Youth groups funded through the Youth Challenge Fund were offered the opportunity to identify programs and youth services at this 780 square foot facility. Local youth worked together to secure funds from the Ontario Trillium Foundation towards the conversion of the space. The African Canadian Legal Clinic (ACLC) also came forward as a capital partner to invest \$186,882.00 to the overall renovations of the site and to run its Youth Justice Education Program in a portion of this location.

This report recommends that an exemption to the request for proposal requirement contained in the BMR policy for determining BMR tenancy be granted allow the ACLC to become a tenant of 2467 Eglinton Avenue East. Council periodically makes exemptions to the request for proposal requirement when a local community process is facilitated by City staff and results in a partnership with residents and a community agency to co-raise capital funds and invest those dollars into co-developing a City facility for community use. The selection of ACLC for this co-developed BMR City space is the result of such a process, and as a result, satisfies the BMR policy requirements for openness, transparency and program accountability.

Lease Agreement with Scarborough Centre for Healthy Communities

The newly built 2,265 square feet expansion at the Scarborough Village Recreation Centre is the result of the City's Partnership Opportunities Legacy (POL) Fund community consultation process initiated in 2009. Following a series of focus groups with users and non-users of the community centre, an expansion to the Recreation Centre was identified as critical to create new BMR space to meet community need for free social, educational, and/or recreational programs for children, youth and adults; meeting space for resident groups; capacity building opportunities; and opportunities for service providers to partner in order to leverage scarce programming resources to better serve residents. Staff from Parks, Forestry and Recreation and Social Development, Finance & Administration used POL Funds to leverage recreational infrastructure funding to build the new BMR space.

A Request for Expressions of Interest (REOI) process was conducted to select an appropriate and eligible community organization for the service needs of the neighbourhood. The Scarborough Centre for Healthy Communities (SCHC), with its Action for Neighbourhood Change (ANC) project, was deemed appropriate and eligible to occupy this BMR space. It is recommended that a lease agreement be entered into by the City with SCHC for the occupancy of this newly BMR space at 3600 Kingston Road.

Permission to Sublet to Harriet Tubman Community Organization

At its meeting on August 25, 26 and 27, 2010, Council granted authority for the City to enter into a lease agreement with four organizations in the below-market rent spaces at 1751 and 1761 Sheppard Avenue East in Ward 33, also known as Parkway Forest. In the approved report to Council, it was indicated that one of these organizations leads "a conglomeration of five relatively small community agencies already delivering many of these services in the area from the Oriole Community Centre." The referenced organization is Harriet Tubman Community Organization (HTCO) and the five organization-members of this conglomeration are the Community Information Centre of Ontario, Senior Tamils' Centre of Ontario, Iranian Women's Organization of Ontario, The Alternative For Her Community Centre and Somaliland Canadian Society of Metro Toronto.

In the REOI process for the Parkway Forest spaces, HTCO and its five partner organizations applied collectively for tenancy in the space at 1761 Sheppard Avenue East and were deemed eligible and appropriate tenants. They have been long-standing service providers to the community, operating out of City space at the Oriole Community Centre. Their proposal to the City is for HTCO to lease space in the property from the City, and for each of the smaller five organizations to sublease their respective portion of this space from HTCO. HTCO will continue to occupy the remainder of the space. The conglomeration proposed this partnership structure as the most effective and efficient way for these small agencies to leverage scarce resources in meeting the diverse needs of area residents. The August 2010 report to Council did not clarify the nature of the HTCO's tenancy request. Therefore, it is recommended that City Council consent to HTCO subletting a portion of its space to each of the five eligible organization-members of the said conglomeration.

COMMENTS

African Canadian Legal Clinic (ACLC) is a community organization that provides legal services to the African Canadian community across Ontario. Its clients are primarily Toronto residents. In addition to test case litigation, the ACLC also engages in law reform and community development and public education initiatives for African Canadians. The organization also administers the African Canadian Youth Justice Education Program which offers racially and culturally appropriate Court Worker and Re-integration Social Work services and referrals as a community-based solution for Black youth involved in the criminal justice system. ACLC proposes to deliver the youth-led Youth Justice Education program from the newly created BMR space at the Don Montgomery Community Recreation Centre.

Scarborough Centre for Healthy Communities (SCHC) was originally incorporated as West Hill Community Services in 1977. The organization provides seniors services, a health clinic, and community services including drop-in centre, emergency food and clothing, social and recreation programs, family resource centre, and child care registry in the area bounded by Highway 401, Markham Rd., Pickering Town Line and Lake Ontario. The United Way-funded Action for Neighbourhood Change (ANC) will operate from the newly created BMR space at the Scarborough Village Recreation Centre. The ANC initiative will partner with community agencies to leverage limited service resources to address the priority needs of the surrounding community.

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SIGNATURE

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ATTACHMENTS

Appendix “A” – Major Terms & Conditions (2467 Eglinton Avenue East)
Appendix “B” – Location Map (2467 Eglinton Avenue East)
Appendix “C” – Major Terms & Conditions (3600 Kingston Road)
Appendix “D” – Location Map (3600 Kingston Road)