



## STAFF REPORT ACTION REQUIRED

### **New Below-Market Rent Leases at 1379 Bloor Street West, 201 Chester Le Boulevard and 3600 Kingston Road and New Head Lease at 201 Chester Le Boulevard**

<b>Date:</b>	June 14, 2011
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer and Executive Director, Social Development Finance and Administration
<b>Wards:</b>	Ward 18 – Davenport Ward 36 – Scarborough Southwest Ward 39 – Scarborough-Agincourt
<b>Reference Number:</b>	AFS #14079

#### **SUMMARY**

---

This report seeks authority to enter into new Below-Market Rent (BMR) sub-lease agreements with Dovercourt Boys' & Girls' Club at 1379 Bloor Street West and Agincourt Community Services Association Inc. at 201 Chester Le Boulevard, and a new BMR lease agreement with Playhouse 66 at 3600 Kingston Road. The new BMR lease and sub-lease agreements will benefit the communities in Wards 18, 36 and 39 respectively through improved access to services provided by three well-established community-based organizations.

This report also seeks authority to enter into a head lease agreement with the Toronto District School Board (TDSB), as the Landlord, for a portion of 201 Chester Le Boulevard.

#### **RECOMMENDATIONS**

---

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

1. City Council authorize a new BMR sub-lease agreement with Dovercourt Boys' & Girls' Club, 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 the City, as the tenant, to enter into a lease agreement with the TDSB, as the Landlord, for the lease of approximately 12,500 square feet of space at 201 Chester Le Boulevard on the terms and conditions deemed appropriate by the Chief Corporate Officer, or his or her designate, and in a form acceptable to the City Solicitor.
3. City Council authorize a new BMR sub-lease agreement with Agincourt Community Services Association Inc. 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.
4. City Council grant an exemption to the BMR policy and procedures to allow the Playhouse 66 to become a tenant at 3600 Kingston Road without the need to solicit a Request for Expression of Interest (REOI) as required by the BMR Policy.
5. City Council authorize a new BMR lease agreement with the Playhouse 66 for a five (5) year term, substantially based on the terms and conditions set out in Appendix “E”, 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.
6. City Council authorize the City Solicitor to complete the sub-leases and leases referred to in Recommendation Nos. 1, 2, 3 and 5 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.
7. City Council authorize the Chief Corporate Officer, or his or her designate, to administer and manage the sub-lease and lease agreements referred to in Recommendation Nos. 1, 2, 3 and 5, above, 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**

### **Sub-lease Agreement with the Dovercourt Boys' & Girls' Club (Recommendation No. 1)**

The proposed BMR sub-lease agreement with the Dovercourt Boys' & Girls' Club involves approximately 2,652 square feet of space located at 1379 Bloor Street West for a nominal net rent consideration. The tenant will pay all operating costs related to the space, 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 \$124,678.

### **Lease Agreement with TDSB (Recommendations No. 2)**

The proposed lease agreement with the TDSB involves approximately 12,500 square feet of space within a two-storey addition to the Chester Le Junior Public School located at 201 Chester Le Boulevard. The addition will house a childcare centre on the ground floor and a community space on the second floor. As per the agreement, the space will be at nominal net rent consideration. The City will be responsible for all operating costs associated with the space. All operating costs related to the space occupancy, currently estimated at \$125,000 per year based on a rate of \$10.00 per square foot, will be paid by the City. The proportionate share of the costs related to the community space on the second floor of the building will be the responsibility of the below-market rent tenant that will occupy such space during the term of its lease (Recommendation No. 3). This cost is currently estimated at \$50,000 per year, reducing the costs to the City to approximately \$75,000 per year for the child care space during the term of the BMR lease.

Funding is available in the 2011 operating budget for Children's Services for these estimated operating expenses (and will be accommodated in future budgets).

### **Sub-Lease Agreement with the Agincourt Community Services Association Inc. (Recommendation No. 3)**

The proposed BMR sub-lease agreement with the Agincourt Community Services Association Inc. involves an area of approximately 5,000 square feet of space on the second floor at 201 Chester Le Boulevard for a nominal net rent consideration. All operating costs related to the space will be paid by the tenant (currently estimated at \$50,000 per year as referenced above), 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 \$188,052.

### **Lease Agreement with the Playhouse 66 (Recommendation No. 5)**

The proposed BMR lease agreement with Playhouse 66 involves their currently occupied performance venue, the Scarborough Village Theatre, a 7,150 square feet portion of the City-owned facility at 3600 Kingston Road, also known as the Scarborough Village Recreation Centre. The tenant shall be responsible for all applicable costs and expenses related to the Premises. Research indicates that the present value of the total opportunity cost of the lease over the 5-year term is approximately \$268,914.

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 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>)

In the report "Providing City-Owned Space to Community Organizations at Below-Market Rent" approved by City Council at its meeting on November 19-20, 2007," existing BMR lease agreements with 73 non-profit organization-tenants, including the one with Scarborough Village Theatre at 3600 Kingston Road (Organization #54 within Appendix B), were authorized for extension.

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

City Council also approved at its meeting on November 19-20, 2007, a report titled "Development of New Child Care Centres," seeking to spend funds from the Child Care Capital Reserve to develop a portion of the Chester Le Junior Public School for a new purpose-built child care centre, and to authorize the General Manager of Children's Services Division to enter into agreements with TDSB. This report also references the creation of an additional community space.

(<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-11-19-cc14-dd.pdf>, page 24).

## **ISSUE BACKGROUND**

### **Sub-Lease Agreement with Dovercourt Boys' & Girls' Club**

The City of Toronto has an existing lease agreement for community space with Lorbeth Development Corporation, the owner of 1379 Bloor Street West. This community space was offered for sub-lease at below-market rent to community organizations from the surrounding neighbourhoods in Wards 14, 17, 18, and 19 through a Request for Expression of Interest (REOI). The Dovercourt Boys' & Girls' Club was selected as the successful proponent through the competitive process. The family services that Dovercourt proposes to deliver from the BMR space meet the needs of children and youth from 2.5 to 17 years of age which make up approximately 10 per cent of the area population and benefit more than 40 per cent population of the area who are parents. Pursuant to the City's agreement with the developer of the space, the Dovercourt Boys' & Girls' Club was found to be a suitable candidate to occupy the first and second floors of this community space within the residential building.

This report recommends that a sub-lease agreement with Dovercourt Boys' & Girls' Club be entered into by the City of Toronto for the occupancy of the BMR City space at 1379 Bloor Street West.

### **Head Lease Agreement with TDSB**

The Head Lease relates to an addition to the existing Chester Le Junior Public School. This addition will house a childcare centre on the ground floor and community space on the second floor. This addition is being constructed on TDSB land, and will be owned by the TDSB. The addition will be leased to the City of Toronto, for municipal child care services. The City will subsequently lease out the community space to a local community organization

### **Sub-Lease Agreement with Agincourt Community Services Association Inc.**

The construction of the community space at Chester Le Junior Public School was made possible through the City's Partnerships Opportunities Legacy (POL) Fund which contributed a capital budget of \$1.2 million for the construction of an additional 5,000 square feet of space on the second floor of the child care centre. This additional space will contain programming dedicated to youth and is intended to be occupied at below-market rent costs by a community organization that would provide a range of community services to the surrounding residents. The Steeles-L'Amoreaux Neighbourhood Action Partnership (NAP) composed of Chester Le youth and adult residents, agency partners and City divisions conducted interviews, focus groups and other research to determine the needs of local residents. A subsequent REOI process was held and Agincourt Community Services Association Inc. passed the BMR eligibility criteria and was determined to be capable of addressing the identified community needs.

It is recommended that a sub-lease agreement with a term of five (5) years be entered into by the City of Toronto and Agincourt Community Service Association Inc. for the below-market rent occupancy of the new City space on the second floor at 201 Chester Le Boulevard.

### **Lease Agreement with Playhouse 66**

In 1987, the pre-amalgamation "Corporation of the City of Scarborough" entered into a lease agreement with Playhouse 66 for a portion of the City-owned building located at 3600 Kingston Road. In Appendix "B" of the approved 2007 report to Council titled "Providing City-Owned Space to Community Organizations at Below-Market Rent" granting approval for BMR lease agreements, the organization was erroneously named Scarborough Village Theatre, the name of the venue, instead of Playhouse 66, the name of the community organization within this BMR space. Therefore, the authority obtained was invalid and there is a need to seek new Council authority. A recent eligibility review was performed on Playhouse 66. The review determined that the organization met all the eligibility criteria of the BMR Policy.

This report seeks Council approval for the execution of a new BMR lease agreement between the City and Playhouse 66, the correctly identified legal corporation currently occupying the Scarborough Village Theatre at 3600 Kingston Road.

## **COMMENTS**

Dovercourt Boys' & Girls' Club has long served Ward 18 – Davenport, offering a variety of social and recreational programs from its main location at 180 Westmoreland Avenue, another BMR City space. Their programs and services to the community include sports, group games, day care program, arts and crafts, summer day camps, tots' program, teen program, leaders' corps, youth job experience and a girls group. The organization proposes to serve children and youth aged 2.5-17 in the "Junction Triangle" area of 1379 Bloor Street West through Safe Pick Up, Homework and Education, and Healthy Eating Habits programs. Their activities are estimated to be 30 per cent recreation, 20 per cent healthy eating and nutrition, 30 per cent mental health, and 20 per cent elective time.

Agincourt Community Services Association Inc. was incorporated in 1974 and has been providing a variety of programs mainly in Wards 38, 39, 40 and 41 for children and youth, families, seniors, the homeless, and immigrants. As a multi-service organization, Agincourt Community Services Association Inc. traditionally delivers a range of services. It will extend some of its programs and services into the Chester Le space based on findings of earlier research and in collaboration with community residents and organizations. These programs may include youth engagement and skills development, employment support, computer training, information and referral, settlement support, after-school programming for children, resident-led initiatives such as a mothers' group or senior-led crafts, and recreational programs.

Incorporated in 1977, Playhouse 66 is a charitable, not-for-profit organization whose purpose is to promote community interest in live theatre, including comedy, drama and musical theatre. Playhouse 66 is comprised of and governed by three community theatre organizations, (Scarborough Music Theatre, Scarborough Players, and Scarborough Theatre Guild) which operate and share the space and present the annual programming. Playhouse 66 has been a tenant of the City at the Scarborough Village Theatre since 1987. It has produced over 300 shows within the venue.

## **CONTACT**

Joe Casali  
Director, Real Estate Services  
Office of the Chief Corporate Officer  
Tel: (416) 392-7202  
jcasali@toronto.ca

Denise Andrea Campbell  
Director, Community Resources  
Social Development, Finance & Administration  
Tel: (416) 392-8608  
dcampbe6@toronto.ca

## **SIGNATURE**

---

Bruce Bowes, P. Eng.  
Chief Corporate Officer

---

Chris Brillinger  
Executive Director  
Social Development, Finance & Administration

## **ATTACHMENTS**

Appendix "A" – Major Terms & Conditions (1379 Bloor Street West)  
Appendix "B" – Location Map (1379 Bloor Street West)  
Appendix "C" – Major Terms & Conditions (201 Chester Le Boulevard)  
Appendix "D" – Location Map (201 Chester Le Boulevard)  
Appendix "E" – Major Terms and Conditions (3600 Kingston Road)  
Appendix "F" – Location Map (3600 Kingston Road)