TORONTO

STAFF REPORT
ACTION REQUIRED

Below-Market Sub-Lease Agreement with Iranian Women Organization of Ontario at 1761 Sheppard Avenue East -- Supplemental Report

Date:	October 22, 2012
To:	City Council
From:	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
Wards:	Ward 33 – Don Valley East
Reference Number:	P:\2012\Internal Services RE\Cc12036re(AFS # 16584)

SUMMARY

City Council authorized a below market rent ("BMR") sub-lease agreement with Harriet Tubman Community Organization (HTCO) at 1761 Sheppard Avenue East which permitted HTCO to sublease to five (5) smaller sub-tenants. Subsequently one of the sub-tenants, Iranian Women Organization of Ontario (IWOO) has determined that its needs would be better served by entering into a sub-lease agreement with the City on its own. This report seeks the authority to enter into a new BMR sub-lease agreement with IWOO at 1761 Sheppard Avenue West.

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 Iranian Women Organization of Ontario ("IWOO") at 1761 Sheppard Avenue East (the "Property") for a five (5) year term, based on the terms and conditions set out in Appendix

"A", with such revisions thereto and any other terms deemed appropriate by the Chief Corporate Officer, or her designate, and in a form acceptable to the City Solicitor, or her designate.

2. City Council authorize the City Solicitor to complete this BMR sub-lease , and all related documentation as required, and to 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 the City Solicitor, or her designate, may from time to time, determine.

3. City Council authorize the Chief Corporate Officer, or his or her designate, to administer and manage the Sub-lease, 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

The proposed BMR lease agreement with IWOO assumes a lease of approximately 455 square feet at 1761 Sheppard Avenue East 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 Below Market Rent Policy, the opportunity costs of entering into the Below Market Rent 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 $31,000.

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

DECISION HISTORY

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" granting authority

to enter into a new lease agreement with the Harriet Tubman Community Organization in relation to community space acquired by the City through a section 37 agreement at 1761 Sheppard Avenue East.
http://www.toronto.ca/legdocs/mmis/2010/gm/bgrd/backgroundfile-32744.pdf

At its meeting on July 12, 13 and 14, 2011, City Council adopted the report "New Below-Market Rent Leases at 2467 Eglinton Avenue East, 3600 Kingston Road and Sub-tenancies at 1761 Sheppard Avenue East," thereby permitting HTCO to sublet a portion of its below-market rent space to 5 small groups, including IWOO.
http://www.toronto.ca/legdocs/mmis/2011/gm/bgrd/backgroundfile-39372.pdf

At its meeting on October 18th, 2012, Government Management Committee accepted a new item GM17.12, titled "lease of property at 1761 Sheppard Avenue East (Ward 33)" to its agenda. GM17.12 directs the Executive Director, Social Development, Finance and Administration and the Chief Corporate Officer to report to Council on the terms and conditions required to create a new BMR lease for IWOO at 1761 Sheppard Avenue East. This supplemarty report responds to this direction.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM17.12

ISSUE BACKGROUND

The housing development at 1751 and 1761 Sheppard Avenue East resulted in the construction of new community agency space along Sheppard Avenue East through Section 37 of the Planning Act. Harriet Tubman Community Organization (HTCO), a Below-Market Rent tenant slated to occupy the new community space in 1761 Sheppard Avenue East, was permitted to sublet a portion of its space to 5 small local community groups: (1) Centre for Information and Community Services of Ontario; (2) Senior Tamils Centre of Ontario; (3) Iranian Women Organization of Ontario; (4) The Alternative For Her Community Centre; and (5) Somaliland Canadian Society of Metro Toronto. All of these small long-standing service providers to the community responded to the Request for Expressions of Interest for this space as a collective in 2010.

Over the past year, the six organizations have been developing a co-location plan for their occupancy of this new community space. In the process, Iranian Women Organization of Ontario (IWOO) has deemed that its needs would be better served through a BMR lease directly with the City rather than as a sub-tenant of HTCO. Whereas the previous authority granted city Council's consent for a sub-lease between HTCO and the IWOO, this report seeks authority for the City to enter into a BMR sub-lease directly with the IWOO.

COMMENTS

Staff from the Social Development, Finance and Administration Division have updated IWOO's eligibility review for the purpose of this independent BMR sub-lease with the City and have deemed IWOO eligible. Real Estate Services consider the proposed arrangement reasonable and acceptable.

CONTACT

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SIGNATURE

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Chris Brillinger
Executive Director
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Josie Scioli
Chief Corporate Officer

ATTACHMENT

Appendix “A” - Major Terms and Conditions
Appendix "B" – Location Map and Aerial Photo