



**STAFF REPORT  
ACTION REQUIRED**

**Amend Existing Lease Agreement at 2445 Lake Shore Boulevard West**

<b>Date:</b>	April 25, 2013
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
<b>Wards:</b>	Ward 6 – Etobicoke-Lakeshore
<b>Reference Number:</b>	AFS #17602

**SUMMARY**

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The purpose of this report is to obtain authority to consent to the construction of an additional 1,200 square feet (approximately) of space at the City owned building located at 2445 Lake Shore Boulevard West, in Ward 6 Etobicoke-Lakeshore, by the tenant, Storefront Humber Incorporated, and to amend the existing lease, between the City and the tenant, accordingly

**RECOMMENDATIONS**

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The Chief Corporate Officer and Executive Director, Social Development, Finance & Administration (SDFA) recommend that City Council:

1. Authorize the City to consent to the construction of approximately 1,200 square feet of additional space, to the front of the building located on the property municipally known as 2445 Lake Shore Boulevard West by the tenant, Storefront Humber Incorporated, (all to form a part of the leased premises) and to amend the existing lease agreement, substantially based on the terms set out in the attached Appendix “A”, with such revisions thereto, and such other terms acceptable to the Chief Corporate Officer, or her designate, and in a form acceptable to the City Solicitor.
2. Authorize the Chief Corporate Officer, or her designate, to administer and manage the amended lease agreement 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.

3. Authorize the City Solicitor to complete the lease amending agreement, deliver any notices, pay expenses and amend the commencement and other dates to such earlier or late date(s), on such terms and conditions, as she may, from time to time, determine.

## **Financial Impact**

The building occupied by Storefront Humber is approximately 8,300 square feet. The additional 1,200 square feet of space to be built on an extension of the front exterior of the building will be included for a nominal net rent consideration. All operating costs related to the Storefront Humber's occupancy of the additional space, currently estimated at \$15 per square foot or \$18,000 per year, will be paid by the tenant. Together, including the building expansion, Storefront Humber is responsible for the total estimated operating cost for the full space (9,500 square feet) of approximately \$142,500 per annum, resulting in no cost to the City of Toronto.

All capital investments to build the addition, currently estimated at \$750,000, will be paid for by the tenant, resulting in no cost to the City.

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 May 27th, 1996 City Council adopted Clause 152-A-96 of the 11th report of the Administrative Committee.

At its meeting on September 22, 1997, City Council adopted Clause 238 of the 16th report of the Administration Committee.

At its meeting on November 30, December 1 and 2, 2004, City Council authorized an amendment to the lease for Storefront Humber for a 20 year term, to expire May 31, 2016. (<http://www.toronto.ca/legdocs/2004/agendas/committees/edp/edp041122/it008.pdf>).

## **ISSUE BACKGROUND**

In 1996, City Council approved a 5 year lease agreement to Storefront Humber Incorporated. This original lease was amended in 1997 and again in 2005 to increase the term to 20 years. The lease expires on May 31, 2016. In addition to the term, Storefront Humber's original lease agreement was amended in 2005 to allow for an addition to the demised premise at 2445 Lake Shore Boulevard West. The addition has subsequently been completed resulting in Storefront Humber investing more than \$1M into this City-owned in the facility in order to better serve local seniors.

On July 31st, 2012, Parks, Forestry and Recreation (PFR) Business Services staff met with Storefront Humber onsite to discuss the building for which PFR has overall operational responsibility. Storefront Humber expressed their desire to add an addition to the front of the facility to meet growing needs from their local clients. The proposed addition will house a basic foot treatment services and a seniors' drop-in centre that are not available or affordable to the local seniors' community. These programs provide an integral part of the holistic programming for seniors not offered within the community. Storefront Humber has raised approximately \$750,000 for the proposed expansion, secured a Building Permit in February 2013, and submitted architectural drawings for PRF review. Neither City nor Provincial funds are being used in the construction or operating costs associated to maintain the additional space, nor is there any current commitment on the part of the City to either extend the term of the lease nor to contribute any funds to the proposed expansion once the lease expires on May 31, 2016. This report seeks authority to amend the current lease to include this additional space.

## **COMMENTS**

Storefront Humber is an Elderly Persons Centre/home support agency located in a PRF facility at 2445 Lake Shore Boulevard West in South Etobicoke. Storefront Humber serves over 3,000 local seniors. The majority of their clients are isolated and disadvantaged seniors age 55 and older. The organization has expanded to also serve disabled adults aged eighteen and older and uses a holistic and integrated program model to support integration within the community. Storefront Humber's services include an elderly centre, health and health referral services, community engagement and counselling, legal supports, a drop-in centre, and settlement services. The proposed addition to the building will enable the organization to better accommodate the expanding need for basic nail cutting services due to the physical limitations of some seniors and the need for more intense foot care as people age. The addition will also provide a space for a seniors' drop-in.

In 2002, City Council approved the "Policy For City-Owned Space Provided at Below-Market Rent" (BMR) to guide the City process to lease City-owned or City-controlled to eligible community and cultural organizations at below-market rates. While Storefront Humber's lease pre-dates the BMR Policy and is not a BMR lease, City staff used the due diligence process prescribed under the BMR policy to evaluate Storefront Humber's eligibility for a lease amendment to permit a building expansion. Under the BMR policy, eligible organization(s) for BMR tenancy must be not-for-profit, provide services primarily

to Toronto residents and provide services that further City objectives and priorities. In addition, the services such organization(s) provide must not be the prime responsibility of another order of government. Such organization(s) must also be in good standing with the City and demonstrate the financial capacity to cover all relevant costs associated to their tenancy. Staff from Social Development, Finance and Administration Division have reviewed Storefront Humber against these criteria of eligibility. Their programs and services align with City priorities and continue to be locally relevant. They also demonstrate the financial capacity to pay all relevant costs related to the proposed addition.

Storefront Humber has also successfully met all requirements for a building permit and was issued one in February 2013. To be valid, construction activity must begin on the site by mid August, 2013.

It should be noted that under the BMR Policy, a number of pre-BMR leases were directed to be moved into BMR program. Upon lease expiration, Storefront Humber will be reviewed for such consideration. Under the policy, the standard BMR lease term is 5 years; periodically, when a BMR tenant is making significantly capital investment to expand and improve a City-own facility, Council has also approved lease terms longer than 5 years.

Parks, Forestry and Recreation has reviewed this report and concurred with the recommendations.

## **CONTACT**

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## **SIGNATURE**

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Josie Scioli  
Chief Corporate Officer

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Chris Brillinger  
Executive Director  
Social Development, Finance & Administration

## **ATTACHMENTS**

Appendix "A" – Major Terms and Conditions: 2445 Lake Shore Blvd W.  
Appendix "B" – Location Map: 2445 Lake Shore Blvd W.