



STAFF REPORT ACTION REQUIRED

Lease Agreement with George Hull Centre for Children and Families at 21 Panorama Court

Date:	March 23, 2015
To:	Government Management Committee
From:	Chief Corporate Officer and Acting Executive Director, Social Development, Finance and Administration
Wards:	Ward 1 – North Etobicoke
Reference Number:	P:\2015\Internal Services\RE\Gm15007re (AFS # 20873)

SUMMARY

The purpose of this report is to obtain City Council authority to enter into a new lease with George Hull Centre for Children and Families ("GHCCF") for approximately 1,608 square feet of space located at 21 Panorama Court in Ward 1 North Etobicoke.

GHCCF will co-locate with an existing hub of nine (9) local community agencies to deliver complementary and much needed services to meet identified community needs. This organization provides a mental health social services center in Etobicoke area serving children and their families. Main service areas include a community clinic treatment and early intervention focus on the mental health issues of children.

The existing tenants form the Rexdale Community Hub, servicing a range of health, education, resident engagement services, youth programs, child and parenting supports, recreational activities, and employment skill development. The Rexdale Community Hub was created under the Toronto Strong Neighbourhoods Strategy in a partnership between the City of Toronto, United Way Toronto, local community agencies, and Infrastructure Stimulus Fund. Opened in March 2012, this is one the City's most significant community infrastructure investments in a Neighbourhood Improvement Area.

RECOMMENDATIONS

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

1. City Council authorize a lease agreement with George Hull Centre for Children and Families ("GHCCF") for a term of twenty-one months, substantially on the terms and conditions set out in the attached Appendix "A", together with such other terms and conditions deemed appropriate by the Chief Corporate Officer and in form satisfactory to the City Solicitor.
2. City Council authorize the Chief Corporate Officer to enter into lease arrangements for space within the building located at 21 Panorama Court with new tenants on the same terms as prior and existing tenancies, including rental rate calculations, as vacant space in the community hub becomes available, provided that such new tenants meet all applicable eligibility criteria as determined by the Executive Director, Social Development, Finance & Administration.
3. City Council grant authority for the Chief Corporate Officer 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.
4. City Council authorize severally each of the Chief Corporate Officer and the Director, Real Estate Services to execute such leases, and any documents related thereto on behalf of the City.
5. City Council authorize the City Solicitor to complete the transaction on behalf of the City, including paying any necessary expenses, amending the closing and other dates, and amending and waiving terms and conditions, on such terms as she considers reasonable.

Financial Impact

In 2009, the City of Toronto entered into an agreement with the Toronto Catholic District School Board that provides for the City's ownership and use of the property and building known municipally as 21 Panorama Court for a period of 20 years in exchange for annual payments of \$255,500, commencing September 30, 2009.

City Council also approved leases with 11 community organizations at that time to create a community hub in Rexdale (the "Hub") to deliver programmes that meet the local community needs listed in Appendix C. Toronto Employment & Social Services (TESS) has an Ontario Works location occupying the second floor. When fully occupied, the annual TCDSB payment and operating costs related to the City's ownership and the operation of the Community Hub are shared among the tenant agencies on a

proportionate share basis, resulting in no costs to the City so long as the tenant agencies pay on time and in full amount.

When a tenant vacates its premises, or a lease is terminated for non-compliance, the City is required to incur associated costs until such time as a replacement tenant is secured. In 2014 two tenancies at this location have been terminated for non-compliance with the terms of their leases, resulting in a rental income deficiency of \$89,543.98 as at the end of December 2014.

In addition, one of the original tenants did not take possession of the space originally assigned to the agency within the hub due to funding delays for significant capital renovations to create the service space. SDA and Real Estate Services agreed to permit the Tenant to pay rent for its proportionate share of Common Area space only until the Tenant moved into their assigned space. Their estimated occupancy date is unknown at this time given provincial capital review processes. The shortage resulting from this arrangement is \$247,693.24 as of December 31, 2014. In circumstances where there is tenant turnover or default in payments, the loss of leasing revenues is being absorbed by the overall leasing revenues in the Real Estate Services budget.

The proposed agreement with GHCCF would result in a lease of approximately 1,608 square feet of leased space plus \$1,132 square feet of common area, for a total of 2,740 square feet in area allocation, at an annual rental rate of \$8,987.20. GHCCF will also be required to pay for all operating costs related to its leased premises and a proportionate share of common area costs, estimated for the 2015 year at \$23,344.80 per year based on an estimated rate of \$8.52 per square foot. The total estimated annual rent is \$32,332.00. This will reduce any contribution to the operation of 21 Panorama Court required by the City in 2015 and throughout the balance of the lease term.

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

DECISION HISTORY

At the December 11, 12 & 13, 2007 meeting of City Council, staff was directed to prioritize discussions with the Toronto Catholic District School Board about securing the former Father Henry Carr Catholic School site for a community health centre/community hub.

<http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-9011.pdf>

In the 2008 Capital Budget process, City Council designated \$1.0 million in capital funding for the creation of a multi-service community hub in Rexdale through the Partnership Opportunities Legacy Fund. These funds reside within the Social Development, Finance & Administration (SDF&A) envelope of Facilities & Real Estate's capital budget.

http://www.toronto.ca/budget2008/pdf/bn_cap_commitment_to_priority_neighbourhoods.pdf

At its meeting on August 5, 2009 Council authorized the acquisition of property at 21 Panorama Court from the Toronto Catholic District School Board (TCDSB) for the purposes of a multiservice community hub in the Jamestown/Rexdale priority neighbourhood. Council approved for leases to eleven (11) community organizations. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.CC38.9>

ISSUE BACKGROUND

In June 2007, the City established an interdivisional project team to work with local service providers and the United Way on the development of a proposal for the use of the former 21 Panorama Court as a multi-service community hub based on identified community needs. The 77,000 sq. ft facility at 21 Panorama Court was the most cost effective option with the capacity to resolve the identified space needs in this priority neighbourhood. As such, it was an ideal site to co-locate 11 (eleven) community services and programs. Additional community meetings since November 2008 have created an opportunity for the partners to clarify the purpose of the proposed hub, the service offerings, and the opportunities for resident engagement.

The Rexdale Community Hub is comprised of four (4) components to effectively respond to the needs of the surrounding community:

1. A community health centre satellite to provide clinical, health promotion and community development services;
2. Anchoring partners who will hold leases and deliver services that support the vision and objectives of the “hub”;
3. Dedicated City employment services co-located and sharing operational expenses, as well as itinerant City services; and
4. Community space for additional resident-based programming and activities.

In order to facilitate the creation of the Hub at this location and to provide service to the community, a "flow through" approach to costs and expenses was approved by City Council and implemented for the purpose of determining rental rates in the building. This rental rate calculation takes into consideration the annual payments made by the City to TCDSB and operating costs for the building.

One organization that became a tenant along with ten (10) other community organizations to create the Rexdale community hub in 2009 was allocated a 3,217 square foot unit within the building. This tenant was unable to fulfill its obligations under its lease and that lease was terminated September, 2014. A portion of the rental unit previously occupied by the tenant is now occupied by another of the original tenant agencies approved by City Council, the Rexdale Community Health Centre. Approximately

1,608 square feet of the prior rental unit remains vacant, and this is the space that would be occupied by GHCCF.

In order to minimize the City's need to contribute to operating costs at this location, and as per Delegated Authority No. 2015-048 dated February 13, 2015, the City granted GHCCF a short term lease at market rates for this vacant space, for a term commencing March 1, 2015 and ending on May 31, 2015. However, the market rental rate is not sustainable for the tenant over the long term and not appropriate for the vision of this community hub. The has tenant has asked that the City consider granting it a longer term lease at the same "flow through" rental rate paid by the prior and remaining tenants at this site. It is recommended that a new lease, commencing June 1, 2015 and ending February 21, 2017 be authorized on these terms. The term of the new lease will ensure that the lease with GHCCF has the same termination date as all other lease agreements with tenants within the Rexdale Community Hub. This will enable all leases to be reviewed at the same time.

As the rental rates at this site are based on a "flow through" cost calculation and not a typical market value calculation, City staff currently requires authority from City Council when a new tenancy is being proposed. In order to minimize the time during which vacant space remains unoccupied in the building, thereby reducing any contributions to operating costs that would otherwise be required by the City, this report also recommends that the Chief Corporate Officer, in consultation with the Executive Director, Social Development, Finance & Administration, be granted authority to enter into new lease arrangements as vacant space becomes available, on the same terms as existing tenancies.

COMMENTS

Since its inception in 1985, GHCCF has been providing an extensive range of programs in assessment, treatment, outreach, counseling and case management to families with children suffering from or at risk of mental health issues. GHCCF has maintained five facilities focused in the former City of Etobicoke with one programme operating out of Western Tech Secondary school.

GHCCF participates in several citywide committees and local networks of community organizations to provide services to Etobicoke and a service continuum that addresses children's mental health in Toronto. One such committee is Etobicoke Brighter Futures Coalition that plan, develop and deliver services to improve the health and well-being of children. Rexdale Community Health Centre, Rexdale Women's Centre and Rexdale Employment Services (TESS) are partners in the coalition. Following meetings with the Rexdale Community Hub and as a result of the lease termination of the Multi- service community organization, it was determined that GHCCF was the most appropriate organization to deliver programme and align with the Rexdale community hub model.

GHCCF was determined to have the capacity, skills, relationships and knowledge to deliver mental health services to families and children. This organization will provide specific community services programming related to speech and language pathology to

children and provide support of their families. City staff from Toronto Public Health and Social Development, Finance and Administration agree with GHCCF tenancy fit at 21 Panorama Court.

GHCCF, as a lead agency for the former City of Etobicoke, has approved annual funding of \$1,295,304 from the City of Toronto Public Health to deliver community health programmes from 21 Panorama Court. The annual funding includes rental costs to operate and maintain the facility and is contingent on lease arrangement with the City for 21 Panorama Court.

Staff from Social Development, Finance and Administration has reviewed the application for tenancy and determined GHCCF to meet all eligibility criteria. Their programs and services align with City priorities and the organization is deemed financially viable.

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SIGNATURE

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ATTACHMENTS

Appendix “A” – Major Terms and Conditions - GHCCF
Appendix “B” – Tenancy List
Appendix “C” – Location Map