



STAFF REPORT ACTION REQUIRED

Renewal of Below Market Rent Lease Agreement with Canadian Tamil Youth Development Centre at 705 Progress Avenue

Date:	March 23, 2015
To:	Government Management Committee
From:	Chief Corporate Officer and Acting Executive Director, Social Development, Finance and Administration
Wards:	Ward 38 –Scarborough Centre
Reference Number:	P:\2015\Internal Services\RE\Gm15009re (AFS 20361)

SUMMARY

The purpose of this report is to obtain City Council authority to renew a Below Market Rent (BMR) lease agreement with Canadian Tamil Youth Development Centre (CanTYD) for Unit 40 comprising approximately 2,021 square feet of space at 705 Progress Avenue.

RECOMMENDATIONS

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

1. City Council authorize the renewal of the Below Market Rent lease agreement with Canadian Tamil Youth Development Centre for a five (5) year term, substantially based on the terms and conditions set out in Appendix “A”, and on such other terms and conditions acceptable to Chief Corporate Officer, or her designate, and in a form acceptable to the City Solicitor.
2. City Council grant an exemption from the Return on Investment (ROI) requirement as the tool is under development with Social Development, Finance and Administration Division.

3. City Council authorize the Chief Corporate Officer or her designate to administer and manage the lease agreement indentified in Recommendations 1, 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 the City Solicitor to complete the lease, 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 she may from time to time determine.

Financial Impact

The proposed lease agreement will provide CanTYD with approximately 2,021 square feet of community space for a nominal net rent consideration. All operating costs, maintenance and realty taxes related to such building occupancy (currently estimated at \$10,590.00 per year based on a rate of \$5.24 per square foot) will be paid by the tenant, resulting in no operating costs to the City of Toronto, so long as the tenant pays on time.

In accordance with the City's Policy on City-Owned Space Provided at Below-Market Rent, the opportunity costs of entering into this agreement must be determined and reported to City Council. Research indicates that the total opportunity cost of this lease over the 5-year term at 705 Progress Avenue is approximately \$39,000.00.

The building at 705 Progress is jointly owned by City of Toronto and Toronto District Board of Education (TDSB), and operated by the City. The Operating Agreement dated January 2, 1997 between the City and TDSB requires the City to pay TDSB basic rent of \$1 per square foot for up to 10,000 square feet occupied by the City. TDSB has confirmed in writing that the space leased to this Below Market Rent tenant will be considered to be use and occupation of such space by the City. As a result the City will pay TDSB \$10,105.00 over the 5-year term of this lease.

The Deputy City Manager & 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 November 19 and 20, 2007, Council adopted "Providing City-Owned Space to Community Organizations at Below-Market Rent" and extension of leases of existing tenants of the City; Canadian Tamil Youth Development Centre lease was extended under the Below-Market Rent policy.

<http://www.toronto.ca/legdocs/mmis/ex/bgrd/backgroundfile-7803.pdf>.

Through subsequent reports, Council has refined the BMR policy framework and has authorized the extension of existing BMR lease agreements. The most recent report reviewing the BMR program was approved by City Council on November 27, 2012 titled "Update on the Policy for City-Owned Space Provided at Below-Market Rent." (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.7>)

The Below-Market Rent Policy establishes a framework for the leasing of City-owned space to non-profit community organizations at below-market rent where these organizations further the delivery of Council priorities. The proposed tenancy is consistent with this framework.

ISSUE BACKGROUND

CanTYD has been a City tenant at Unit 40, 705 Progress Avenue since 1998. In 2009, CanTYD was approved to continue tenancy under the Below-Market Rent framework to 30 September, 2014. As Council was not in session at the time of renewal, staff requested that Real Estate exercise its authority to offer a short term (six-month) lease to the tenant until a recommendation and report can be brought to Committee and Council.

CanTYD has continued to offer youth programming within the Scarborough Community and engage youth across Toronto.

COMMENTS

CanTYD started as a project in the Scarborough in 1998 serving at-risk Tamil youth. The organization provides Tamil youth with opportunities to engage in positive community activities in Toronto. Services include peer counselling, mentoring, educational activities, parent support, drop-ins, arts activities, publications, awards of excellence, community advocacy, research, and special events. CanTYD expanded programs in mid-2000s to respond to the critical issues of disengagement, alienation, and poverty that increased youth vulnerability within Tamil Youth community. Since that time, CanTYD has grown into a successful non-profit charitable organization that encourages civic engagement and increases youth access to educational, relational and cultural opportunities. Currently, the service out-reach has expanded to include serving adults and seniors as they relate to youth programming; successfully engaging Tamil youth within their own community and in Toronto's diverse community.

CanTYD has invested approximately \$90,000 from the Ontario Trillium Foundation received in 2009 toward leaseholder improvements and upgrades in order to accommodate the expansion of services.

During the five year term of the lease agreement, CanTYD was late in paying operating costs approximately 45% of time late in, sometimes up to six months, which is a risk. However, since January 2014, CanTYD's payments have been made on time and the tenant is currently in good standing.

Annual operating support to the organization provided through SDFA's Community Services Partnership grant has been increased by \$14,550.00 in 2013 to the total of \$123,190.00. This has resulted in greater stability for the organization, demonstrated in CanTYD's five year financial plan.

CanTYD is eligible to continue occupying their City-owned space as a BMR tenant. An eligibility review by Social Development, Finance and Administration has deemed the organization eligible under the Below Market Rent Policy. Their programs and services align with City priorities and continue to be compatible with the service priorities of the property.

CONTACT

Joe Casali
Director, Real Estate Services
Tel: (416) 392-7202
Fax: (416) 392-1880
jcasali@toronto.ca

Costanza Alleveto
Director, Community Resources
Social Development, Finance & Admin.
Tel: (416) 392-8608
Fax: (416) 392-8492
calleve@toronto.ca

SIGNATURE

Josie Scioli
Chief Corporate Officer

Iqbal Ali
Acting Executive Director
Social Development, Finance &
Administration

ATTACHMENTS

Appendix "A" – Major Terms and Conditions
Appendix "B" – Location Map