



STAFF REPORT ACTION REQUIRED

Below Market Rent Lease Extension Agreement with Regent Park Community Health Centre at 38-40 Regent Street

Date:	October 23, 2015
To:	Government Management Committee
From:	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
Wards:	Ward 28 –Toronto Centre Rosedale
Reference Number:	P:\2015\Internal Services\RE\Gm15039re (AFS #21542)

SUMMARY

The purpose of this report is to obtain City Council authority to enter into a Below-Market Rent (BMR) lease extension agreement (the "Extension Agreement") with Regent Park Community Health Centre, which operates a program known as "Parents for Better Beginnings", for approximately 4,610 square feet of space within the second floor of the building located on the property municipally known as 38-40 Regent Street in Ward 28 - Toronto Central-Rosedale for a further five (5) year period to extend the existing lease to Regent Park Community Health Centre until January 12, 2021 commencing upon the expiry of the existing BMR lease.

RECOMMENDATIONS

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

1. City Council authorize the Extension Agreement with Regent Park Community Health 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 the Chief Corporate Officer, or her designate, and in a form acceptable to the City Solicitor.

2. City Council authorize the Chief Corporate Officer to administer and manage the Extension Agreement including the provision of any consents, approvals, amendments, 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. City Council authorize the City Solicitor to complete the Extension Agreement, deliver any notices, pay expenses and amend the commencement and other dates to such earlier or later dates(s), on such terms and conditions, as she may from time to time determine.
4. 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.
5. City Council grant an exemption to the Below-Market Rent (BMR) Policy (the "Policy") to allow the tenant to continue as a tenant under the Extension Agreement without the need to solicit a Request for Proposals, as required by the Policy.

FINANCIAL IMPACT

The proposed Extension Agreement will provide Regent Park Community Health Centre (the "Tenant") with approximately 4,610 square feet of community space for below-market rent consideration. The Tenant is responsible for its proportionate share of all operating costs and realty taxes related to the building occupancy, resulting in no operating costs to the City of Toronto, so long as the Tenant pays on time. The 2016 estimated operating cost is \$38,908 per year based on a rate of \$8.44 per square foot.

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 is approximately \$542,447.

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, City 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 on July 22, 23 and 24, 2003, City Council adopted "Regent Park Revitalization – City Actions".

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030722/pof8rpt/cl002.pdf>

At its meeting on November 19 and 20, 2007, City Council adopted "Providing City-Owned Space to Community Organizations at Below-Market Rent" and extension of leases of existing tenants of the City.

<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7803.pdf>.

At its meeting on August 25, 26 and 27, 2010, City Council authorized BMR leases in connection with the Regent Park Revitalization Project with Regent Park Community Health Centre and Regent Park Focus Youth Media Arts Centre for portions of 38-40 Regent Street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX46.73>

At its meeting on April 1, 2014, City Council approved designation of Regent Park as Neighbourhood Improvement Areas as part of the Social Development, Finance and Administration Strong Neighbourhoods Strategy 2020.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.CD27.5>

At its meeting on November 27, 2012, City Council directed the Executive Director, Social Development, Finance and Administration to develop a measure of "Return on Investment" (ROI) for the City Space at Below Market-Rent Program. This is currently under development with SDFA.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.7>

ISSUE BACKGROUND

In July 2003, City Council approved the Regent Park Revitalization Plan as a City initiative coordinated by the Toronto Community Housing Corporation (TCHC). The plan prioritizes the renewal of community infrastructure in Regent Park as part of the significant redevelopment activity for the Regent Park neighbourhood.

During the redevelopment, the Tenant, along with the Regent Park Child Care Centre and Regent Park Focus Youth Media Arts Centre, were relocated to 38-40 Regent Street to maintain existing community services in the area.

The Tenant has been serving children and their families in Regent Park since 1991. The Parents for Better Beginnings program focuses on teaching healthy early child development as an instrument to promote community health and wellbeing.

The Tenant received funding from a number of City divisions to deliver services to the Regent Park community. In 2014, the Tenant received \$21,577 through SDFA's Community Services Partnership grant and \$48,486 through Community Partnerships Investment Program. City of Toronto's Shelter Support and Housing Services granted \$23,812 through the Homeless Initiative Fund.

The Tenant wants to enter into the Extension Agreement to extend its existing BMR lease upon its expiry on January 12, 2016.

COMMENTS

Applicants must meet the following eligibility requirements to be considered for space under the BMR Policy:

- non-profit status;
- programs and services aligned with a City division mandate;
- programs and services provided primarily to residents of Toronto;
- a mandate that is not the sole responsibility of senior levels of government;
- demonstrated financial viability to maintain allocated space and operating costs for the duration of the lease

An eligibility review by S DFA indicates that the Tenant continues to demonstrate a fit with all BMR criteria. The Parents for Better Beginnings program supports activities including a family home visiting program, preschool and early childhood readiness programs, speech and language, a Family Resource Centre and community development. The Tenant's mandate aligns with the Toronto Strong Neighbourhood Strategy, and Regent Park was designated as one of the Neighbourhood Improvement Areas by City Council in April 2014.

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SIGNATURE

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ATTACHMENTS

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

Appendix A

Proposed Lease Extension Terms and Conditions

Property Address:	38-40 Regent Street
Premises:	Approximately 4,610 square feet on the second floor of the building
Tenant:	Regent Park Community Health Centre
Use:	The Tenant shall only use the premises in accordance with the proposed Extension Agreement (the "Extension Agreement") and its Service Agreement with the City, which allow for delivery of the Parents for Better Beginnings program, as well as the use of the premises as office space, and an information and resource centre and facility for holding group sessions, educational activities, a child development clinic, and for pre-school speech and language services.
Basic Rent:	Basic rent of \$2 per annum (\$10 in total for the 5-year term) payable at the Commencement Date of the Extension Agreement, plus all applicable taxes.
Additional Rent:	The Tenant shall be responsible for its proportionate share of operating costs, which are estimated to be \$8.44 per square foot in 2016, and shall also be responsible for any other applicable additional costs related to the premises.
Net Lease:	The Extension Agreement shall be absolutely net to the Landlord. Any obligation which is not stated to be that of the Landlord shall be deemed to be that of the Tenant.
Lease Extension Term:	Five (5) years from the Commencement Date
Commencement Date:	January 13, 2016
Early Termination:	The City of Toronto shall have the right to terminate the Extension Agreement for any reason

at any time during the Term upon providing the Tenant with two (2) months prior written notice.

Insurance:

The Tenant is to provide on an annual basis proof of insurance in accordance with the City's insurance requirements prior to the Commencement Date.

Late Payment Charge:

Interest on the amount outstanding shall bear simple interest at the rate of 1.25% per month (15% per year). Subject to City Council approval, the default rate of interest may be increased by the Landlord from time to time, by notice to the Tenant.

Pre-authorized Payment:

The Tenant shall pay rent through a pre-authorized payment method by completing the City's standard Pre-Authorized Payment Plan Application Form.

Confirmation of Existing Lease

The existing lease to continue in full force and effect except as amended by the Extension Agreement.

Appendix B

Location Map – 38-40 Regent Street

