



STAFF REPORT ACTION REQUIRED

Renewal of Below Market Rent Lease Agreement with Woman Abuse Council of Toronto at 1652 Keele Street

Date:	October 23, 2015
To:	Government Management Committee
From:	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
Wards:	Ward 12 –York South-Weston
Reference Number:	P:\2015\Internal Services\RE\Gm15043re (AFS 21540)

SUMMARY

The purpose of this report is to obtain City Council authority to terminate the current Below-Market Rent (BMR) lease agreement with Woman Abuse Council of Toronto (WomanACT) and enter into a new Below-Market Rent (BMR) lease agreement for a five (5) year term for approximately 451 square feet of space located at 1652 Keele Street in Ward 12 York South-Weston. The Changes are at the request of the WomanACT who want to reduce their space needs and occupancy costs.

RECOMMENDATIONS

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

1. City Council authorize the termination of the existing Below Market Rent lease agreement with Woman Abuse Council of Toronto and enter into a new Below Market Rent lease agreement 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 identified in Recommendation 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 Woman Abuse Council of Toronto (WomanACT) with approximately 451 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 \$8,248 per year based on the current rate of \$18.29 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 undiscounted opportunity cost of this lease over the 5-year term at 1652 Keele Street is approximately \$28,164 based on a market rate of \$12 per square foot.

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>

On 18 February, 2005 Council approved a lease agreement for City-owned space at 1652 Keele Street for Woman Abuse Council of Toronto commencing on May 1, 2005.

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

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; Woman Abuse Council of Toronto's lease was extended under the Below-Market Rent policy.

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

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

WomanACT was a former tenant of 2696 Eglinton Avenue West, a City owned building adjacent to the York Civic Centre. The south portion of the building was occupied by seven community organizations and the north building was occupied by staff of Toronto Animal Services and Community and Neighbourhood Services.

In 2005 the community agencies were relocated to 1652 Keele Street under a Below Market Rent tenancy. WomanACT's current lease expires December 31, 2015, however, the current operations do not require the size of space presently occupied and as a result WomanACT has requested the utilization of two offices on the 2nd floor totalling 451 square feet.

WomanACT operates as a council of organizations dedicated to preventing violence against women and children and promoting a Toronto-wide integrated, coordinated response through leadership, education and community mobilization. Activities include facilitating inter-sectorial committees, planning workshops and symposiums, evaluation of system performance, implementation of community report card processes, and providing opportunities for community agencies to relate in a meaningful way with the criminal justice system.

WomanACT receives annual operating funding from the City's Community Services Partnership program through SDFA to the total of \$56,415 in 2015.

COMMENTS

WomanACT continues to demonstrate a fit with all BMR criteria based on the eligibility review by Social Development, Finance and Administration. BMR eligibility criteria are:

- 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 lease

During the five year term of the lease agreement, WomanACT was late in paying operating costs majority of the time, which deems the organization at a higher risk. WomanACT has responded to challenges in operating budget by reducing administrative space for programming from 1,231 to 451 square feet, once the space becomes available.

WomanACT is a member of the 1652 Keele Street Community Alliance. 1652 Keele Street Community Alliance has received funding through SDFA's Service Development Investment Program (SDIP) in 2015 for \$40,000. The Alliance received three year funding to support an equitable, inclusive hub that responds to the local needs of the neighbourhood. The 1652 Keele Street Community Alliance has recently hired a Hub Coordinator to support the hub mandate. Furthermore, since January 2014, Real Estate Services and Facilities have been working with the 1652 Keele Street tenants to ensure that BMR financial processes are transparent and afford WomanACT the ability to adequately plan so that they remain in compliance with the BMR policy.

Staff from SDFA has reviewed WomanACT's application and have determined them to be eligible under the Below-Market Rent Policy. Real Estate Services has performed the financial assessment and agrees that WomanAct is in good standing with the City. WomanACT programs and services align to City priorities and continue to be compatible with the service priorities of the property.

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SIGNATURE

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ATTACHMENTS

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