



STAFF REPORT ACTION REQUIRED

Renewal of Below Market Rent Lease Agreement with The Hispanic Community Centre for The City of York/ York Hispanic Centre 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\Gm15042re (AFS 21539)

SUMMARY

The purpose of this report is to obtain City Council authority to renew the Below-Market Rent (BMR) lease agreement with The Hispanic Community Centre for The City of York/York Hispanic Centre (YHC) for a further one (1) year for approximately 655 square feet of space located at 1652 Keele Street in Ward 12 York South-Weston.

RECOMMENDATIONS

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

1. City Council authorize the renewal of the Below Market Rent lease agreement with The Hispanic Community Centre for The City of York/York Hispanic Centre for a One (1) 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 authorize staff to advise the Hispanic Community Centre for the City of York/York Hispanic Centre that the lease will not be renewed at the end of the one year term as the agency is no longer eligible under the Below Market City Space policy and that the Centre will need to find alternative space effective December 31, 2016.

3. 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.
4. City Council authorize the Chief Corporate Officer or her designate to administer and manage the lease agreement identified 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.
5. 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 renewal lease agreement will continue to provide The Hispanic Community Centre for The City of York/York Hispanic Centre (YHC) with approximately 655 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 \$11,979 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 1-year term at 1652 Keele Street is approximately \$7,860 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 The Hispanic Community Centre for The City of York/York Hispanic Centre 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; The Hispanic Community Centre for The City of York/York Hispanic Centre'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

The Hispanic Community Centre for The City of York/York Hispanic Centre (YHC) 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. YHC's current lease expires December 31, 2015.

YHC provides settlement and post-settlement services for Spanish-speaking individuals and families of all ages within the City of Toronto. Services include peer counselling, ESL, legal clinic, group support, educational, cultural, social and recreational programs in order to enhance the status of Spanish-speaking individuals and families and address their settlement and integration needs.

S DFA staff conducted an eligibility review under the Below Market Rent Policy criteria and have deemed YHC ineligible to renew the lease at 1652 Keele Street for a 5 year term. A one (1) year extension of the current lease will allow YHC to make arrangements to relocate their services or improve their financial status so that residents continue to receive the much needed service.

COMMENTS

YHC does not meet all BMR criteria for a 5 year lease 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

YHC is a member of the 1652 Keele Street Community Alliance and has been a tenant since 2003. In the past YHC has met eligibility criteria.

Social Development, Finance and Administration has conducted an eligibility assessment and determined that YHC is no longer eligible due to ongoing financial instability and low levels of service delivery.

YHC is solely supported by membership and service fees. YHC's current lease was conditional on securing stable funding. To date, no such funding has been secured. Given that YHC has not responded to challenges in their operating budget and is unable to provide adequate financial information, the organization does not meet the financial eligibility criteria.

During the five year term of the lease agreement, YHC was late in paying operating costs majority of the time, which deems the organization at a higher risk.

CONTACT

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

Costanza Allevato
Director, Community Resources
Social Development, Finance & Admin.
Tel: (416) 392-8608
callevat@toronto.ca

SIGNATURE

Josie Scioli
Chief Corporate Officer

Chris Brillinger
Executive Director
Social Development, Finance &
Administration

ATTACHMENTS

Appendix “A” – Major Terms and Conditions
Appendix “B” – Location Map