



## STAFF REPORT ACTION REQUIRED

### Renewal of Below Market Rent Lease Agreement with Community Social Planning Council of Toronto at 1652 Keele Street

<b>Date:</b>	October 23, 2015
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
<b>Wards:</b>	Ward 12 –York South-Weston
<b>Reference Number:</b>	P:\2015\Internal Services\RE\Gm15041re (AFS 21538)

#### SUMMARY

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The purpose of this report is to obtain City Council authority to renew the Below-Market Rent (BMR) lease agreement with Community Social Planning Council for a further five (5) years for approximately 261 square feet of space located at 1652 Keele Street in Ward 12 York South-Weston.

#### RECOMMENDATIONS

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

1. City Council authorize the renewal of the Below Market Rent lease agreement with Community Social Planning Council of Toronto 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 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 Community Social Planning Council of Toronto (CSPC) with approximately 261 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 \$4,773 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 \$16,299 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 Community Social Planning 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; Community Social Planning Council of Toronto 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**

CSPC 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. CSPC 's current lease expires December 31, 2015.

CSPC continues to serve residents and organizations in Toronto by undertaking independent social planning tasks. Activities are focused on social policy analysis, research, community education, advocacy, community capacity building and social reporting. CSPC has established programs in satellite offices that are project based across Toronto. Services include The Keele Alliance, York Youth, The Metro Campaign, child care research and Rupert Hotel Coalition.

CSPC receives funding from a number of grants under Community Services Partnership through SDFA to the total of \$384,015 in 2015. This has resulted in greater stability for the organization, demonstrated in CSPC financial plan.

## **COMMENTS**

CSPC 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, CSPC was late in paying operating costs majority of the time, which deems organization at a higher risk.

CSPC is a member of the 1652 Keele Street Community Alliance. 1652 Keele Street Community Alliance has received funding through SDFAs 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 CSPC the ability to adequately plan so that they remain in compliance with the BMR policy.

Annual operating support to the organization provided through SDFAs Community Services Partnership grant has been increased to the total of \$384,015 issued in 2015.

An eligibility review by Social Development, Finance and Administration has deemed the organization eligible under the Below Market Rent Policy. Real Estate has performed a financial assessment and concluded that CSPC is in good standing with the City. Their programs and services align with City priorities and continue to be compatible with the service priorities of the property.

## **CONTACT**

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## **SIGNATURE**

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Josie Scioli  
Chief Corporate Officer

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Chris Brillinger  
Executive Director  
Social Development, Finance &  
Administration

## **ATTACHMENTS**

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