



STAFF REPORT ACTION REQUIRED

Below Market Rent Lease Extension Agreement with Regent Park Focus Youth Media Arts Centre at 38-40 Regent Street

Date:	December 14, 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:\2016\Internal Services\RE\Gm16001re (AFS #22171)

SUMMARY

The purpose of this report is to obtain City Council authority to enter into a Below-Market Rent (BMR) lease extension agreement with Regent Park Focus Youth Media Arts Centre for approximately 3,729 square feet of space within the basement of the property municipally known as 38-40 Regent Street in Ward 28 Toronto Centre-Rosedale for a further (5) year period. Regent Park Focus Youth Media Arts Centre will extend its lease to January 6, 2021 commencing upon the expiry of the existing BMR lease.

RECOMMENDATIONS

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

1. City Council authorize the Extension Agreement of the Below Market Rent lease agreement with Regent Park Focus Youth Media Arts 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.

FINANCIAL IMPACT

The proposed Extension Agreement will provide Regent Park Focus Youth Media Arts Centre (the "Tenant") with approximately 3,729 square feet of community space for nominal basic rent of \$2/year. The Tenant is responsible for its proportionate share of all operating costs and property 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 \$38,889 per year based on a rate of \$10.43 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 \$363,204 based on a market rate of \$19.48 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, 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", which included a recommendation to allow existing BMR tenants to occupy City-owned spaces.
<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 November 27, 2012, City Council directed the Executive Director, Social Development, Finance and Administration (SDFA), 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>

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>

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 Community Health Centre, were relocated to 38-40 Regent Street to maintain existing community services in the area.

The Tenant is a leading grassroots youth organization in Toronto that engages young people through participation in media arts activities such as live radio broadcast, storytelling, poetry and music, high quality arts instruction and gallery exhibitions, music recording, photography, and other arts activities. It has been providing services to residents in the Regent Park area for 20 years.

In 2014, the organization served over 210 individuals living in Toronto with the help of 22 volunteers and 5 full-time equivalent employees.

The Tenant received City of Toronto funding of \$85,448 and Toronto Arts Council funding of \$30,000 in 2014.

The Tenant wants to enter into the Extension Agreement to extend the existing BMR lease upon its expiry on January 6, 2016.

COMMENTS

Applicants must meet the following eligibility requirements to be considered for space under the 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 SDFFA indicates that the Tenant continues to demonstrate a fit with all BMR criteria. Programs offered from this location align well with the City's priorities, particularly the Toronto Youth Equity Strategy and the Regent Park Social Development Plan.

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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 3,729 square feet on the second floor of the building
Tenant:	Regent Park Focus Youth Media Arts 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 to deliver arts programming to youth. This includes use of the premises as a video production studio, dark room, exhibition/gallery space for a variety of completed art forms, computer room, and a music recording room.
Basic Rent:	Basic rent of \$2.00 per annum (\$10.00 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 \$10.43 per square foot in 2016, and shall also be responsible for any other applicable additional costs related to the premises.
Property Tax:	The Tenant shall be responsible for any property taxes levied on 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 7, 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

