



**STAFF REPORT
ACTION REQUIRED**

**Below-Market Rent Sub-lease Extension and
Amendment Agreement with Dovercourt Boys' & Girls'
Club at 1379 Bloor Street West**

Date	September 22, 2016
To:	Government Management Committee
From:	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
Wards:	Ward 18 – Davenport
Reference Number:	P:\2016\Internal Services\RE\Gm16040re (AFS # 22196)

SUMMARY

The purpose of this report is to obtain City Council authority for the City to extend the Below-Market Rent (BMR) sub-lease agreement with Dovercourt Boys' And Girls' Club for an additional five (5) year term for approximately 2,652 square feet of space located at 1379 Bloor Street West (the "Premises").

RECOMMENDATIONS

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

1. City Council authorize an extension and amendment of the sub-lease agreement (the "Sub-lease") under the Below-Market Rent Policy with Dovercourt Boys' & Girls' Club ("Dovercourt B&GC") for an additional term of five (5) years, substantially based on the terms and conditions set out in Appendix "A", with such revisions and on such other terms and conditions acceptable to Chief Corporate Officer, or his or her designate and in a form acceptable to the City Solicitor.

2. City Council authorize the City Solicitor to complete the extension and amendment of the Sub-lease requested in Recommendation No. 1, and all related documentation as required, and to deliver any notices, pay expenses and amend the commencement, termination and other dates to such earlier or later date(s), on such terms and conditions, as the City Solicitor, or her designate, may from time to time, determine.
3. The Chief Corporate Officer and the Director of Real Estate Services be severally authorized to execute such documents required to complete the extension of the Sub-lease requested in Recommendation No. 1 and all related documentation as required.
4. City Council authorize the Chief Corporate Officer or her designate to administer and manage the Sub-lease, 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 considers the Sub-lease to be in the interests of the City.
6. City Council grants an exemption from the Return on Investment (ROI) requirement, under the Below Market Rent Policy, as this tool is under development with Social Development, Finance and Administration Division.

Financial Impact

The Sub-lease with Dovercourt B&GC involves an area of approximately 2,652 square feet at 1379 Bloor Street West for a nominal net rent consideration. All operating costs related to the building occupancy are currently estimated at \$4,608.00 per year based on a rate of \$1.74 per square foot, with cost to be paid by Dovercourt B&GC resulting in no operating costs to the City of Toronto assuming compliance with the Sub-lease.

In accordance with the City's Policy on City-Owned Space Provided at Below-Market Rent, the opportunity costs of entering into this Sub-lease extension must be determined and reported to City Council. Research indicates that the total opportunity of the Agreement cost over the five (5) year term is approximately \$311,500.00 plus HST.

Dovercourt B&GC total operating budget for 2016 year is \$ 2.3 million and for the BMR space at 1379 Bloor Street West the operating budget allocated for programing costs is \$184,300. For the five (5) year lease term, the organization will be investing an estimated \$921,500 into the community through their programs and services contingent on funding.

The Deputy City Manager & Chief Financial Officer have reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on July 12, 13 and 14 2011 Council adopted Item No. GM5.15, a report titled "New Below-Market Rent Leases at 1379 Bloor Street West, 201 Chester Le Boulevard and 3600 Kingston Road and New Head Lease at 201 Chester Le Boulevard" to grant a BMR Sub-lease agreement to Dovercourt Boys' & Girls' Club for a five (5) year term.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM5.15>

Through subsequent reports, Council has refined the BMR policy framework and has authorized the extension of existing BMR lease agreements. City Council adopted this report on November 19th and 20th 2007 titled "Providing City-Owned Space to Community Organizations at Below-Market Rent".

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-11-19-cc14-dd.pdf>

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>

ISSUE BACKGROUND

In 1992 the City entered into a lease agreement with 795243 Ontario Limited for the premises consisting of approximately 2,652 square feet of space upon the construction of a development by 795243 Ontario Limited. When the property owned by 795243 Ontario Limited was acquired by Lorbeth Development Corporation, the City entered into a Lease Amending Agreement dated November 19, 2009, with Lorbeth Development Corporation as the new Head Landlord. As a result of an assumption agreement dated August 31, 2011 between Lorbeth Development Corporation and Toronto Standard Condominium Corporation, the latter corporation is the current Head Landlord.

On November 1st 2011, the City entered into a Below Market Rent Sub-Lease Agreement (the "Sub-Lease ") with Dovercourt B&GC for a five (5) year term. The Sub-Lease was amended in November 23, 2011 to change the commencement date to November 17, 2011.

For the past five (5) years, Dovercourt B&GC has worked to deliver programs and services to meet the needs of children and youth from this location. The Sub-Lease with Dovercourt B&GC will expire on November 16, 2016 and Council consent is required to extend the Sub-lease.

Dovercourt B&GC has also requested to amend the Lease to have additional access to the property at 1379 Bloor Street on Saturdays, between 9:00am to noon for administrative use. The Head Landlord of the property has provided written consent for such additional access which will be the only amendment from the original Lease document made other than to extend the Term.

Since 2011 to 2015, Dovercourt B&GC has performed interior renovations and invested \$11,375 capital into the facility.

COMMENTS

An eligibility review by SDFA has deemed Dovercourt B&GC eligible under the BMR policy. The BMR eligibility criteria includes:

- 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 other levels of government
- demonstrated financial viability to maintain allocated space and operating costs for the duration of lease.

Dovercourt B&GC is a registered non-profit organization since 1957. The organization first opened its doors as an essential community resource, providing for neighborhood children and youth 7-17 years a positive alternative to anti-social activities, crime and substance abuse. Today, Dovercourt B&GC offers many recreational, literacy, mental health, safety and supportive programs to children and youth between ages 4 to 17 years old.

Since 2011, Dovercourt B&GC has been using the premises at 1379 Bloor Street West for the purpose of providing Safe Pick-Up Services, Homework, Education and Healthy Eating Habits programs.

Extending the Sub-lease for a further five (5) years will allow the organization to continue to use the space to ensure that the children and youth have access to the support and services available to them at the Premises.

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ATTACHMENTS

Appendix "A" – Major Terms and Conditions: 1379 Bloor Street West
Appendix "B" – Location Map: 1379 Bloor Street West

Appendix A:

Major Terms and Conditions:

Property Address:	1379 Bloor Street West, Toronto, Ontario.
Lands:	Approximately 2,652 Square Feet.
Tenant:	Dovercourt Boys' and Girls' Club
Lease Condition:	The Tenant continues to be eligible under the BMR Policy and retains its non-profit status.
Use:	Restricted to providing Safe Pick Up Services, Homework, Education and Health Eating Habit programs for children and youth aged 2 ½ to 17 which use will include access to the Premises Monday to Friday from 9:00 AM to 9:00 PM, and Saturday from 9:00 to noon.
Basic Rent:	The Tenant shall pay to the Landlord a basic rent of \$2.00 per annum payable at the Commencement Date of the Extension Agreement plus all applicable taxes.
Additional Rent:	The Sub-Tenant shall pay all operating costs related to the Premises as provided in the Sub-lease
Extended Sub-lease Term:	From November 17, 2016 to November 16, 2021.
Insurance:	The Tenant shall provide, prior to the extension of the Term and on an annual basis thereafter, proof of insurance in accordance with the City's insurance requirements outlined in the Sub-lease
Maintenance Reports:	The City shall have the right to request and review the Tenant's maintenance reports and logs pertaining to building operations and repairs at any time.

Appendix B:

Location Map – 1379 Bloor Street West



Image View – 1379 Bloor Street West

