



**STAFF REPORT  
ACTION REQUIRED**

**Below-Market Rent Lease Agreement with  
The Gatehouse Child Abuse Investigation and Support  
Site, 3101 Lakeshore Blvd. West**

<b>Date:</b>	September 22, 2016
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer and Executive Director, Social Development, Finance and Administration
<b>Wards:</b>	Ward 6 Etobicoke Lakeshore
<b>Reference Number:</b>	P:\2016\Internal Services\RE\Gm16041re (AFS# 23579)

**SUMMARY**

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The purpose of this report is to obtain City Council authority to enter into a Below-Market Rent (BMR) lease agreement with The Gatehouse Child Abuse Investigation and Support Site, for the stand-alone building owned by Toronto Region Conservation Authority (TRCA) located at 3101 Lakeshore Boulevard West comprising approximately 3,067 square feet in Ward 6 Etobicoke-Lakeshore. TRCA has consented to the entering into of such lease.

**RECOMMENDATIONS**

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

1. City Council authorize a new Below-Market Rent (BMR) lease agreement (the Lease) with the The Gatehouse Child Abuse Investigation and Support Site (the Gatehouse) for a five (5) year term based substantially on the terms and conditions set out in Appendix "A", with such revisions or amendments and any 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 grant an exemption from the BMR Request for Expression of Interest (REOI) process and direct that space be made available for community use at below-market rent to the Gatehouse.

3. City Council grant an exemption from the Return on Investment (ROI) requirement, under the BMR Policy, as this tool is under development with SDFA.
4. City Council, pursuant to section 83(1) of the *City of Toronto Act, 2006*, deem that the grant of the Lease or any renewal thereof is in the interests of the City.
5. City Council authorize the City Solicitor to complete the Lease, deliver any notices, pay expenses and amend the commencement date and any other such dates provided for in the Lease on such terms and conditions as he or she may from time to time determine.
6. The Chief Corporate Officer and the Director of Real Estate Services be severally authorized to execute such documents required to complete the Lease and all related documentation, as required.
7. City Council authorize the Chief Corporate Officer or her designate to administer and manage the 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.

### **Financial Impact**

The Lease will provide the Gatehouse with 3,067 square feet of space for nominal rent consideration. All operating costs, maintenance fees and utilities related to the Premises (currently estimated at \$22,787.81 per year based on a rate of \$7.43 per square foot) will be paid solely by the Gatehouse, resulting in no cost to the City, provided the Gatehouse remains in compliance with the Lease.

In accordance with the City's Policy on City-Owned Space Provided at BMR, the opportunity costs of entering into the Lease must be determined and reported to City Council. It has been determined that the total opportunity cost of this Lease over the five year term is approximately \$272,770.

The Tenant's total operating budget for 2016 is \$390,629.00. For the proposed five year term, the organization will be investing an estimated \$1.9 million into the community through their programs and services contingent on funding.

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

### **DECISION HISTORY**

By adoption of Clause No. 14, of Report No. 6, the Executive Committee of the former Municipality of Metropolitan Toronto (Metro) and the Metropolitan Toronto and Region Conservation Authority (MTRCA) authorized acquisition of certain lands, including the Premises, comprising the former Lakeshore Psychiatric Hospital. Pursuant to a

Memorandum of Agreement between Metro and the MTRCA dated June 12, 1972 (MTRCA MOU), Metro assumed responsibility for the maintenance of the said lands.

At its meeting on October 8 and 9, 1997, the Corporate Administration Committee for Metro authorized the entering into of a ten (10) year lease agreement with Arthur Raymond Lockhart, in trust for the Gatehouse, for the Premises. The term of the said lease agreement expired on December 31, 2007 and the Gatehouse has been in overhold since then.

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. The BMR Policy establishes a framework for the leasing of City-owned space to non-profit community organizations at below-market rent where such organizations further the delivery of Council priorities. The original lease and proposed Lease are consistent with this framework. (<http://www.toronto.ca/legdocs/2002/agendas/council/cc021001/pof13rpt/cl001.pdf>) (the BMR Policy).

Through subsequent reports, Council has refined the BMR policy framework and has authorized the extension of existing BMR lease agreements. City Council adopted the report on November 19 and 20 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>)

## **ISSUE BACKGROUND**

In 1988, the MTRCA acquired title to the Premises. Pursuant to the terms of the MTRCA MOA, the City is responsible for the maintenance and leasing of the Premises. Metro entered into the original lease with Mr. Lockhart for the Premises, which lease expired on December 31, 2007. Since January 1, 2008, the Gatehouse has been in overhold.

In 2011, administration of the Tenant was transferred to SDFa due to strong alignment with the BMR Policy. In accordance with the BMR Policy, SDFa staff conducted a review of the Gatehouse's eligibility and determined that the Tenant met all the BMR eligibility criteria to continue to occupy the Premises at nominal rent. Before proceeding for authority in 2012, the Tenant was in discussions with Humber College for the latter to take over the Tenant's operations, as Humber College conducts similar educational programming. As a result of discussions, the BMR process was put on hold. The proposed agreement between Humber College and the Tenant was not finalized and the Tenant has since been in overhold without a binding lease agreement.

## **COMMENTS**

An eligibility review by SDFa has deemed the Gatehouse eligible under the BMR Policy. The BMR eligibility criteria include:

- 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.

The Gatehouse is a community-based registered charitable organization established in 1998. Over the past 18 years, the Gatehouse has provided services to over 20,000 persons at risk of and affected by childhood sexual abuse. The Gatehouse's programs aim to reduce social isolation, improve individual well-being and develop strengthened social networks. The Gatehouse offers peer support groups, one-on-one peer support, visual arts groups, meditation sessions to adult survivors of childhood sexual abuse, and has developed a healing and labyrinth garden on the Premises. The Gatehouse also works with Toronto Police Services and other child welfare agencies as an investigation space when interviewing children, youth and family members affected by abuse. Programs and services offered by the Gatehouse are in alignment with the City's Toronto Strong Neighbourhoods Strategy 2020 and Toronto Youth Equity Strategy.

The BMR Policy requires an REOI to determine a community agency for tenancy in a city-owned space designated for community use. This report recommends an exemption from the REOI requirement as the Tenant has recently incurred costs for upgrading the roof (in 2015), repairing from a flood caused by a sewer backup (2016) and developed the healing garden and labyrinth garden (2014) without a binding lease agreement.

## **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: 3101 Lakeshore Blvd. West

Appendix “B” – Location Map: 3101 Lakeshore Blvd. West

## **Appendix “A” – Major Terms and Conditions**

**Landlord:**

Toronto Regional Conservation Authority, managed by the City of Toronto

**Tenant:**

The Gatehouse Child Abuse Investigation & Support Site

**Premises:**

Approximately 3,067 square feet.

**Commencement Date:**

December 1, 2016, as may be amended by agreement between the Landlord and the Tenant.

**Lease Condition:**

The Tenant qualifies for the BMR Policy and retains its registered charity status.

**Term:**

Five (5) years from the Commencement Date.

**Basic Rent:**

Basic rent of \$2.00 per annum, plus all applicable taxes.

**Net Lease:**

The Lease shall be entirely net to the City. During the term or any extension thereafter, the Tenant shall be responsible for all applicable costs, taxes, charges, expenses and outlays of any nature whatsoever arising from or relating to its use and occupancy of the Premises, including all applicable operating costs.

**Use:**

The Premises shall be used for providing programs and services as set out in the Lease and the Tenant’s Service Agreement with the City. The Tenant will use the Premises for a child abuse investigation and support site and for no other purpose without the consent of the Landlord.

**Early Termination:**

The parties shall each have the right to terminate the Lease for any purpose at any time during the Term and any renewal/extension thereafter upon providing the other with sixty (60) days' prior written notice.

**Standard Lease Agreement:**

The City Solicitor shall draft the Lease, which shall contain such further terms and conditions as may be satisfactory to the Chief Corporate Officer, all in form acceptable to the City Solicitor.

**Insurance:**

The Tenant shall provide, prior to the Commencement Date, and on an annual basis, proof of insurance in accordance with the City's insurance requirements outlined in the Lease.

**Maintenance and Repair:**

The Tenant shall operate, repair, maintain and keep the Premises and all improvements (including all outside areas including landscaping, parking areas and walkways) neat and tidy, and in good condition and repair.

**Maintenance Reports:**

The Landlord shall, at any time, have the right to request and review the Tenant's maintenance reports and logs pertaining to building operations and repairs.

## Appendix “B” – Location Map

