



REPORT FOR ACTION

Lease Agreement with the Shining Through Centre at 305 Greenfield Avenue

Date: February 2, 2017
To: Government Management Committee
From: Chief Corporate Officer
Wards: 23

SUMMARY

The purpose of this report is to obtain City Council authority to enter into a new lease agreement for nominal consideration with The Shining Through Centre for Children with Autism at 305 Greenfield Avenue.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. City Council authorize a new lease agreement (the "Lease ") with The Shining Through Centre for Children with Autism ("Shining Through") for nominal consideration for a term of five (5) years, substantially based on the terms set out in Appendix "A", and on such other or amended terms and conditions acceptable to the Chief Corporate Officer (the "CCO"), or her designate, and in a form acceptable to the City Solicitor, and that this grant be deemed to be in the interest of the City.
2. 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 they may, from time to time, determine.
3. City Council authorize the CCO, or her designate, to administer and manage the Lease, including the provision of any consents, amendments, approvals, notices and notices of termination provided that the CCO may, at any time, refer consideration of such matters (including their content) for City Council for its determination and direction.

FINANCIAL IMPACT

The Lease will provide Shining Through with approximately 6,600 square feet of space (the "Leased Premises") for nominal rent consideration of \$2.00 per year. All operating costs related to the occupancy of the Leased Premises by Shining Through (currently estimated at \$34,014.00 per year based on a rate of \$5.15 per square foot), plus any property taxes assessed against the Leased Premises will be paid by Shining Through, resulting in no expected costs to the City of Toronto.

Research indicates the total opportunity cost of the Lease over the five (5) year term is approximately \$515,200.00 based on a market rate of \$15.00 per square foot and an annual appreciation rate of 2%.

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

DECISION HISTORY

On August 1, 2, 3 and 4, 2000, City Council adopted the recommendations of the Administration Committee Report No. 16 that authorized the entering into a lease between the City and The Learning Centre for Children with Autism part of 250 Beecroft Road:

<http://www.toronto.ca/legdocs/2000/agendas/council/cc/cc000801/adm16rpt/cl003.pdf>

COMMENTS

ISSUE BACKGROUND

In 2001, prior to the coming into effect of Social Development, Finance & Administration's ("SDFA") below market rent policy ("BMR Policy"), 250 Beecroft Road was leased to Beecroft Learning Centre (formerly The Learning Centre for Children with Autism) for nominal rent consideration. The subject lease was for a 10-year term and permitted the organization to use the facility to provide services for autistic children. Beecroft Learning Centre did not undergo any eligibility assessment under BMR but was nevertheless grandfathered into the portfolio once the BMR Policy came into effect. The intention of incorporating all non-profit organizations utilizing City space was to eventually assess them under the BMR Policy, and to standardize the rental/operating costs as well as the type of lease arrangement.

Prior to the expiration of the Beecroft Learning Centre lease, the City initiated negotiations for a new lease agreement. At that time, the City was advised that Beecroft Learning Centre had assigned the lease in 2008 without the approval of the City to Shining Through, an organization that provides similar services. Shining Through currently does not meet the City's BMR eligibility requirements primarily because their core service, alternative education, is not within the City's mandate.

In 2011, a short-term agreement with Shining Through was entered into by way of a Delegated Approval Form for a period of 3 months (December 1, 2011 – February 29, 2012) for a basic rent of \$2.00 (plus applicable taxes), pursuant to which Shining Through was responsible for all applicable costs related to the subject premises, with the exception of capital repairs and replacements. The intention of said agreement was to permit Shining Through to continue their use of the premises while Real Estate Services ("RES") and SDFa worked with Shining Through to determine whether it was feasible for Shining Through to continue to occupy the premises. However, since March 1, 2012, Shining Through has been occupying 250 Beecroft Road rent free.

In 2015, RES determined that 250 Beecroft Road was not a suitable location for Shining Through as said location has been earmarked for a proposal to create a North York cultural centre, in keeping with the connection that the building had in the early development of its locale. Built in 1860, by Joseph Sheppard II, the building was constructed as a general store and originally included the Sheppard family's residence. In 1866, a post office was added. The post office, and subsequently the immediate surrounding community, was called "Lansing". Situated at the crossroads of Yonge Street and Sheppard Avenue, the store served as a depot for the coach from Yorkville to Richmond Hill. It then became the milk depot for local farmers and was the main source of all manufactured goods in the vicinity. In 1888, Benjamin R. Brown took over the operation of the store. He purchased it in 1904 and sold it to George and William Dempsey in 1923. From that time, the building operated as the well-known Dempsey Brothers Hardware store and was owned by a member of the Dempsey family until the late 1980s.

As a result, RES conducted a portfolio scan of prospective properties within the City's portfolio that were aligned with Shining Through's location and space requirements. After a lengthy negotiation process, it was determined that the Leased Premises at 305 Greenfield was appropriate.

COMMENTS

Shining Through offers therapy, education, research, and awareness to children with autism and their families. Through their work, they provide intensive, comprehensive, and individualized therapeutic and educational programs to their children.

On October 12, 2011, SDFa sent a letter to Shining Through advising them that they had been deemed ineligible under various criteria of the BMR Policy. Most importantly, their core service, alternative education, was not within the City's mandate, as it is the sole responsibility of the Provincial government.

SDFa's 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 senior levels of government;

Demonstrated financial viability to maintain allocated space and operating costs for the duration of the lease.

Authority is being sought from City Council to enter into the Lease Agreement pursuant to Section 83(1) of the City of Toronto Act, 2006, which allows City Council to provide grants to non-profit corporations for any purpose that Council considers to be in the interests of the City. City staff consider the Lease Agreement to be in the City's interests as it allows Shining Through to continue providing much needed high quality child care services in the local community. Furthermore, there is precedent for allowing organizations that provide provincially mandated services to continue to occupy City-owned spaces at below market rent as evidenced by the November 19-20, 2007, Council adopted report titled Providing City-Owned Space to Community Organizations at Below-Market Rent (see <http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7803.pdf> for further information).

With regards to the Leased Premises at 305 Greenfield, Shelter, Support & Housing Administration ("SSHA") currently occupies the building. SSHA has agreed to move their staff that currently occupy the said premises to their other operations at 625 Church Street in Q2 2017, and the Real Estate Services has agreed to fund the relocation out of its budget.

CONTACT

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SIGNATURE

Josie Scioli
Chief Corporate Officer

ATTACHMENTS

Appendix "A" – Proposed Leased Terms and Conditions
Appendix "B" – 305 Greenfield Property Sketch

Appendix "A" - Proposed Lease Terms and Conditions

Property Address:
305 Greenfield Avenue, Toronto, Ontario

Premises:
Approximately 6,600 square feet

Tenant:
The Shining Through Centre for Children with Autism

Lease Condition:
The Tenant qualifies retains its non-profit status throughout the Term.

Use:
The Tenant shall use the Premises solely for the purposes of providing therapy, education, research, and awareness to children with Autism and their families, and for no other purpose.

Basic Rent:
The Tenant shall pay to the Landlord a basic rent of \$2.00 per annum (\$10.00 in total for the 5-year term) payable on the Commencement Date, plus all applicable taxes

Estimated Additional Rent:
The Tenant shall be responsible for all realty taxes, insurance, utilities, operating costs and maintenance fees related to the Premises.

Lease Term:
Five (5) years from the Commencement Date

Commencement Date:
At the discretion of the City's Chief Corporate Officer

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.

Late Payment Charges:
For any late amount by the Tenant, interest on the amount outstanding from time to time 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.

Early Termination:

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

Maintenance Reports:

The Landlord 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" - 305 Greenfield Property Sketch

