



## REPORT FOR ACTION

# Lease Agreement with Toronto Community Housing Corporation for a Closed Laneway at the Rear of 6 Henry Street

**Date:** February 21, 2020

**To:** General Government and Licensing Committee

**From:** Executive Director, Corporate Real Estate Management

**Wards:** Ward 11 – University Rosedale

## SUMMARY

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This report seeks authority to enter into a long term ground lease agreement with Toronto Community Housing Corporation for nominal consideration. Toronto Community Housing Corporation currently occupies the closed laneway pursuant to a licence agreement with the City, expiring on May 21, 2020. The proposed lease will allow Toronto Community Housing to continue to use the laneway for a children's playground, including an open landscaped area and walkway, for the benefit of Toronto Community Housing Corporation's residents in the adjacent buildings. The term of the lease will be 50 years less one day, for approximately 7,800 square feet of a closed laneway located at the rear of 6 Henry Street, as more particularly described in Appendix A, and shown on the location map in Appendix B (the "Property") in Ward 11, University- Rosedale.

## RECOMMENDATIONS

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The Executive Director, Corporate Real Estate Management, recommends that:

1. City Council authorize the City of Toronto (the "City"), as landlord, to enter into a nominal sum lease agreement with Toronto Community Housing Corporation, as tenant, for a term of 50 years less one day, substantially on the major terms and conditions set out in Appendix A, including such other terms and conditions as deemed appropriate by the Executive Director, Corporate Real Estate Management or their designate, and in a form acceptable to the City Solicitor.
2. City Council direct that the lease agreement shall include an easement reserved in favour of the City for the protection of Toronto Water services and utilities in the closed laneway, on terms and conditions deemed appropriate by the Executive Director,

Corporate Real Estate Management in consultation with the General Manager, Toronto Water, and in a form acceptable to the City Solicitor.

## **FINANCIAL IMPACT**

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Entering into the lease agreement will provide Toronto Community Housing Corporation with approximately 7,800 square feet of land for nominal consideration. All operating and maintenance costs related to the Property will be paid by Toronto Community Housing Corporation assuming compliance with the lease agreement.

The opportunity cost of entering into the lease agreement must be determined and reported to City Council. The opportunity cost of the lease is estimated at \$43,700 per year. Over a term of 50 years less one day, this figure equates to \$2,185,000 in today's dollars. As the lease agreement only permits use of the Property for a children's playground, including an open landscaped area and walkway, the City retains the opportunity to sell the Property if future redevelopment were to occur.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

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Clause Number 35 of the Executive Committee Report Number 30, adopted by former City Council at its meeting on July 25 and 27, 1977, and amended by Report Number 3 of the Committee of Public Works, adopted by Council on February 27, 1978 (the "Report"), authorized the Property to be closed as a public laneway and be leased to the City of Toronto Non-Profit Housing Corporation ("City Home") for nominal consideration, for use as an open landscaped area, subject to easements in favour of Bell Canada and Toronto Hydro for access to their existing infrastructure.

On October 11, 1977, the former City Council passed By-Law No. 623-77 to stop up and close the Property as a public laneway and authorized the City to enter into a lease agreement with City Home upon the terms set out in the Report.

<http://www.toronto.ca/legdocs/pre1998bylaws/toronto - former city of/1977-0623.pdf>

On February 27, 1978, the former City Council passed By-Law No. 126-78 to amend By-Law No. 623-77.

<http://www.toronto.ca/legdocs/pre1998bylaws/toronto - former city of/1978-0126.pdf>

On September 16, 2016, pursuant to Delegated Approval Form, Declared Surplus (No. 2016-217), the Property was declared surplus with the intended manner of disposal to be by way of a long-term lease to Toronto Community Housing Corporation (not exceeding 50 years less a day), subject to an easement reserved in favour of the City for Toronto Water and the granting of easements to Toronto Hydro and Bell Canada.

<https://www.toronto.ca/wp-content/uploads/2017/10/9836-2016-217-6-Henry-St-adj.pdf>

On March 16, 2017, pursuant to Delegated Approval Form (No. 2017-004), authority was granted to enter into a nominal sum temporary licence agreement with Toronto Community Housing Corporation, to permit Toronto Community Housing Corporation access to the Property for a period of one year (the "Licence"), to construct a children's playground, before the finalization of the long-term lease.

<https://www.toronto.ca/wp-content/uploads/2017/10/979a-2017-004-Baldwin-Street-and-Cecil-St.pdf>

On May 22, 23 and 24, 2018, City Council adopted MM41.10, authorizing an extension and amendment to the Licence for a further term of twenty-four months, amongst other matters as set out therein (the "Licence Extension Agreement").

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.MM41.10>

## COMMENTS

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The Property is a former public lane which was stopped up and closed on October 11, 1977 by the former City Council through By-Law No. 623-77. Through a lease agreement dated March 5, 1978 (the "Laneway Lease"), the former laneway was leased to City Home for use as a walkway and open area. The Laneway Lease provided that it would automatically terminate upon the termination of the Ontario Housing Corporation lease to City Home of the abutting housing complexes located on either side of the former laneway (the "Housing Lease").

In 1999, City Home became Toronto Housing Company Inc. by amalgamation. In 2002, Toronto Housing Company Inc. transferred all of its assets and liabilities to Toronto Community Housing Corporation, including the Laneway Lease. Subsequently, Ontario Housing Corporation transferred title to the abutting housing complexes to Toronto Community Housing Corporation in 2010. By reason of Toronto Community Housing Corporation becoming both the landlord and tenant of the Housing Lease, the Housing Lease simultaneously terminated in 2010. When the Housing Lease terminated, the Laneway Lease automatically terminated at the same time in accordance with the terms of the Laneway Lease. Toronto Community Housing Corporation and its predecessor housing companies have continuously used the Property since 1978 and are currently using the Property for the benefit of the residents in the abutting housing complexes, although the Laneway Lease was automatically terminated.

Toronto Community Housing Corporation originally installed playground equipment in 2011, which partially extended onto the Property without proper authorization. As the Laneway Lease was terminated, and in anticipation of upgrading the playground equipment, Toronto Community Housing Corporation requested authorization to continue its occupancy of the Property, along with permission to install updated playground equipment on the Property.

Through the Delegated Approval Form, Number 2016-217, the Property was declared surplus with the intended manner of disposal to be by way of a long-term lease to Toronto Community Housing Corporation. All requirements of Chapter 213 of the Municipal Code have been complied with, and the utility providers (Bell Canada,

Toronto Hydro and Toronto Water) have requested easements to protect their existing infrastructure located in the closed laneway.

In order to facilitate Toronto Community Housing Corporation's proposed construction schedule and to grant Toronto Community Housing Corporation access to the Property to construct the updated playground, a nominal sum Licence was granted to Toronto Community Housing Corporation in 2017, and further extended in 2018, pursuant to the Licence Extension Agreement, for an additional twenty-four months.

The authority requested here is to provide Toronto Community Housing Corporation with a new lease agreement for use of the Property to replace the terminated Laneway Lease, subject to the reservation of an easement in favour of Toronto Water, and Toronto Community Housing Corporation's leasehold interest will be subject to any nominal sum easements granted in favour of Bell Canada and Toronto Hydro, for the protection of the respective existing below-grade infrastructure located in the closed laneway.

The authority requested here will continue previous City Council authority to provide use of the Property for the benefit of Toronto Community Housing Corporation's residents. Toronto Community Housing Corporation's residents have used the Property for many years and City of Toronto staff are supportive of their continued enjoyment of the Property.

## **CONTACT**

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Nick Simos, Acting Director, Real Estate Services, Corporate Real Estate Management, 416-392-7223, [nick.simos@toronto.ca](mailto:nick.simos@toronto.ca)

## **SIGNATURE**

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Patrick Matozzo  
Executive Director, Corporate Real Estate Management

## **ATTACHMENTS**

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Appendix A – Major Terms and Conditions  
Appendix B – Location Map  
Appendix C – Playground Plan

## **APPENDIX A – MAJOR TERMS AND CONDITIONS**

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**Landlord:**

City of Toronto

**Tenant:**

Toronto Community Housing Corporation

**Leased Premises/Legal Description of Leased Premises:**

Approximately 7,800 square feet

All of PIN 21208-0097(LT)

Lane PL D95, Toronto, closed by CT283457, City of Toronto

**Term:**

Fifty (50) years less one day, commencing on the earlier of (i) the execution of the lease agreement or (ii) May 21, 2020.

**Early Termination:**

In the event that the tenant ceases to be the owner of the abutting lands, the City shall have the right to terminate this lease agreement, without further notice to the tenant; and,

At any time during the Term and any renewal thereof, the City shall have the right (but not the obligation) to terminate the lease agreement, at its sole and absolute discretion, upon giving no less than one (1) years' prior written notice of such termination to the tenant.

**Basic Rent:**

One Dollar (\$1.00) for the Term.

**Net Lease:**

The lease agreement shall be entirely "Net" to the City. During the Term, Toronto Community Housing Corporation shall be responsible for all applicable costs, taxes, charges, expenses and outlays of any nature whatsoever arising from or relating to their use and occupancy of the Property, including all applicable operating costs.

**Use:**

The Property shall be used for a children's playground, including an open landscaped area and walkway for the benefit of the residents of the abutting Toronto Community Housing Corporation buildings, and for no other purpose whatsoever without the prior written consent of the City, which consent may be unreasonably withheld, conditioned or delayed.

**Easements:**

The Tenant's leasehold interest shall be subject to the easement reserved in favour of Toronto Water, and any easements granted in favour of Toronto Hydro and Bell Canada, which shall be nominal sum easements provided only for their existing below grade infrastructure.

**Standard Lease Agreement:**

The City's solicitor shall draft the lease agreement form which shall contain such further and other terms and conditions as may be satisfactory to the Executive Director, Corporate Real Estate Management, and all in a form acceptable to the City Solicitor.

**Insurance:**

Toronto Community Housing Corporation shall provide, prior to the commencement of the Term, and on an annual basis, proof of insurance in accordance with the City's insurance requirements outlined in the lease agreement.

**Restoration:**

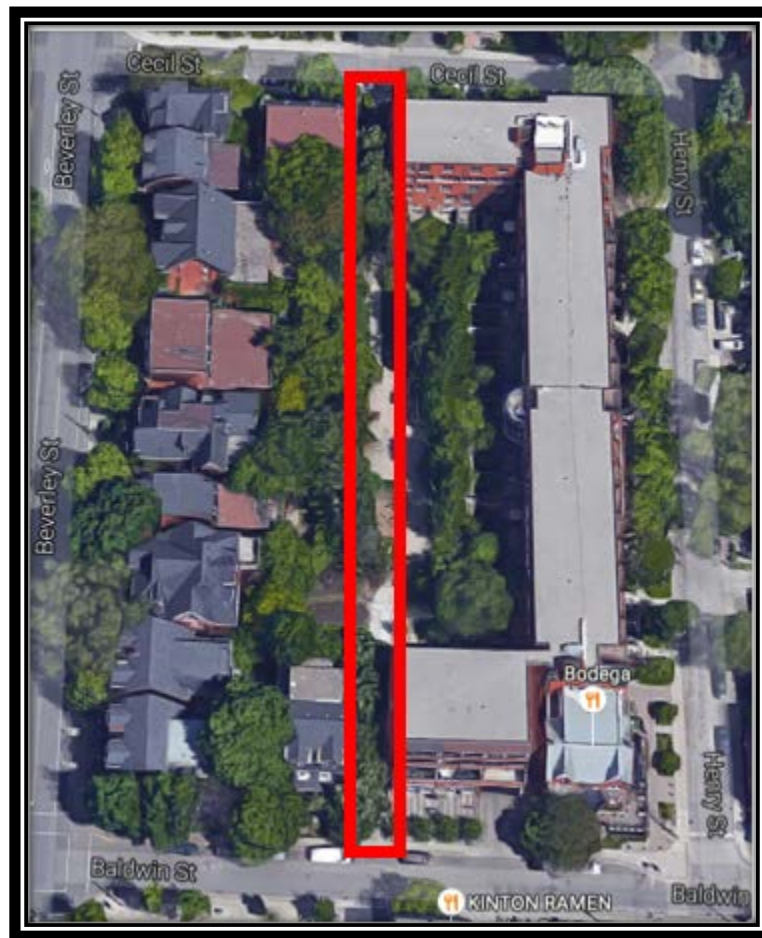
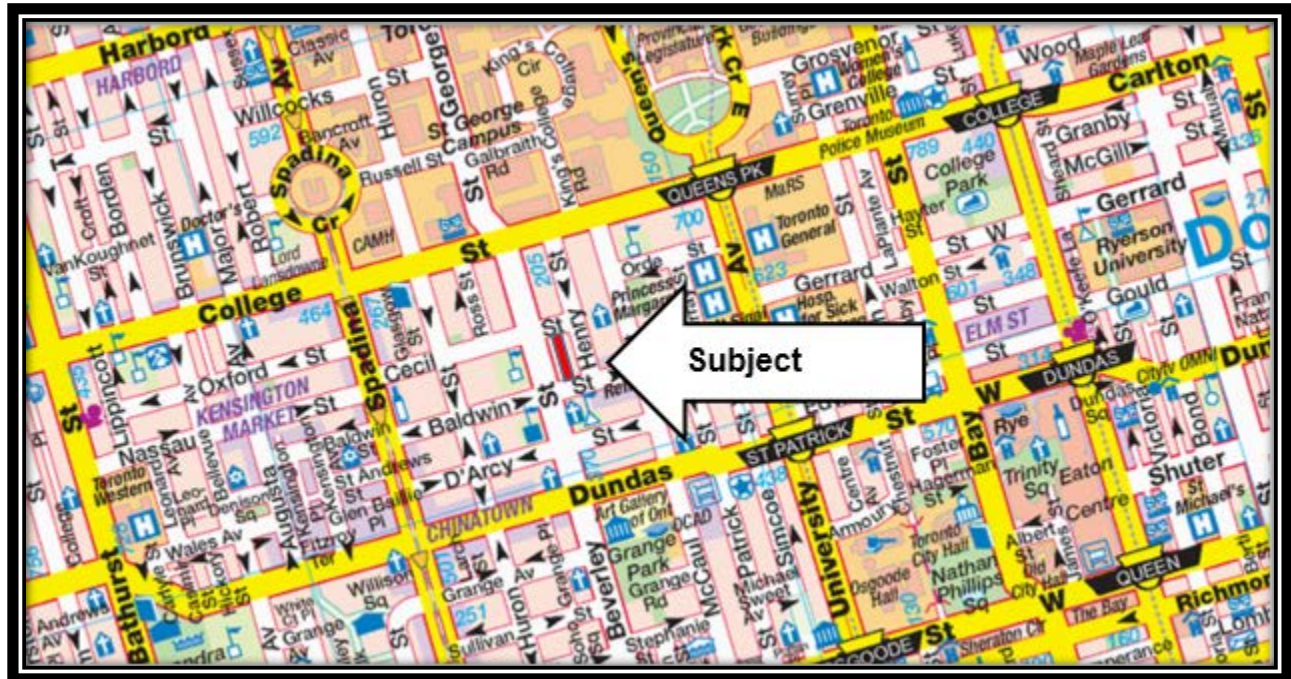
Upon expiry or earlier termination of the lease agreement, Toronto Community Housing Corporation shall repair, at its sole expense, any damage or disturbance to the Property arising out of, or relating to its use, dispose of any soils and debris generated from Toronto Community Housing Corporation's use of the Property, and restore the Property to its prior condition and meet any Ministry of Environment, Conservation and Parks requirements.

**Indemnity:**

Toronto Community Housing Corporation shall indemnify and save the City harmless from and against all losses, actions and claims brought against the City or its Property in respect of loss, damage or injury arising out of Toronto Community Housing Corporation's lease of the Property.



## APPENDIX B – LOCATION MAP



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