



REPORT FOR ACTION

Community Space Tenancy Lease Agreements and Municipal Capital Facility Designations for Seven Tenant Agencies in the Rexdale Community Hub - 21 Panorama Court

Date: February 21, 2020

To: General Government and Licensing Committee

From: Executive Director, Social Development, Finance and Administration, and Executive Director, Corporate Real Estate Management

Wards: Ward Number 1 – Etobicoke North

SUMMARY

The Rexdale Community Hub located at 21 Panorama Court plays an important role in developing solutions to the complex issues in the North Etobicoke community by creating opportunities for engagement, and equipping local residents and stakeholders with the supports and services necessary to restore the health of the community.

The purpose of this report is to obtain City Council authority to enter into Community Space Tenancy lease agreements with seven local community agencies collectively occupying 66,331 square feet within the Rexdale Community Hub facility located at 21 Panorama Court, Toronto, and to have each of the respective leased premises designated as a Municipal Capital Facility.

This report is being brought forward separately from the "Amendments to the Community Space Tenancy Policy Renewal Process for Current Below Market Rent Tenants" because this report is seeking City Council authority to enter into a new lease agreement with a new tenant at the Rexdale Community Hub as well as to enter into Community Space Tenancy agreements with six existing Below Market Rent tenant agencies.

RECOMMENDATIONS

The Executive Director, Social Development, Finance and Administration, and the Executive Director, Corporate Real Estate Management, recommend that:

1. City Council authorize the City of Toronto to enter into Community Space Tenancy leases (the "Leases") with the seven tenant agencies set out in Appendix "A" hereto for

certain premises situated in the Rexdale Community Hub located at 21 Panorama Court, Toronto, substantially on the terms and conditions set out in Appendix "A" hereto, and on such other terms and conditions as may be acceptable to the Deputy City Manager, Corporate Services, and in a form acceptable to the City Solicitor.

2. City Council authorize each of the Deputy City Manager, Corporate Services, and the Executive Director, Corporate Real Estate Management, or their designate, to execute the Community Space Tenancy leases with the seven tenant agencies set out in Appendix "A" hereto and any related documents on behalf of the City of Toronto, as required.

3. City Council authorize the Deputy City Manager, Corporate Services, or their designate, to administer and manage the Community Space Tenancy leases with the seven tenant agencies set out in Appendix "A", including the provision of any amendments, consents, approvals, waivers, notices, and notices of termination, provided that the Deputy City Manager, Corporate Services may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

4. City Council pass a By-law pursuant to Section 252 of the City of Toronto Act, 2006, providing authority to:

a. enter into a Municipal Capital Facility Agreement with each of the seven tenant agencies set out in Appendix "A" in respect of each of their respective leased premises for the provision of social and health services and ancillary parking; and

b. exempt each of the respective leased premises of the seven tenant agencies set out in Appendix "A" from taxation for municipal and school purposes, with the tax exemption to be effective from the latest of: (1) the commencement date of the Lease, (2) the date the Municipal Capital Facility Agreement is entered into, and (3) the date the Tax Exemption By-law, which will include each of the leased premises, is enacted.

5. City Council direct the City Clerk to give written notice of the amended By-law to the Minister of Finance, the Municipal Property Assessment Corporation, the Toronto District School Board, the Toronto Catholic District School Board, le Conseil scolaire Viamonde, and le Conseil scolaire catholique MonAvenir.

FINANCIAL IMPACT

The City obtained authority to acquire the property situated at 21 Panorama Court, Toronto from the Toronto Catholic District School Board in 2009 for consideration of \$5,110,000, which consideration was to be payable in annual instalments of \$255,500 over a 20 year period. The City recovers the annual instalment from the tenants occupying the premises of Rexdale Community Hub, at a rate of \$3.24 per square foot as basic rent.

As per the Community Space Tenancy Policy, the seven tenant agencies set out in Appendix "A" will be responsible for their proportionate share of property taxes and operating costs, currently estimated at \$9.11 per square foot.

The opportunity cost, expressed in net present value terms, for the initial five year lease period is approximately \$2,210,554. The opportunity cost, expressed in net present value terms, for the five year extension period is approximately \$1,912,298. The opportunity cost for the full ten year lease period is \$4,122,852.

The space leased and occupied by the seven tenants known as the Rexdale Community Hub located at 21 Panorama Court is owned by the City of Toronto. Although properties owned by the City of Toronto are exempt from taxation, the seven tenants may be taxable tenants and the Leased Premises may therefore be subject to taxation. The combined annual property taxes on the Leased Premises occupied by the seven tenants are estimated at approximately \$79,621, comprised of a municipal portion of \$41,254 and a provincial education portion of \$38,367, based on an estimated 2020 Current Value Assessment and 2019 tax rates.

Providing a property tax exemption for the Leased Premises will result in a net annual reduction in property tax revenue to the City of approximately \$41,254, representing the municipal portion of taxes that are currently payable that will no longer be collected once the Leased Premises are designated as a municipal capital facility, as shown in Table 1 below. The provincial education portion of property taxes of \$38,367 will not be required to be remitted to the Province once the exemption for the Leased Premises takes effect, with no net impact to the City.

Table 1: Financial Implication of Property Tax Exemption - Rexdale Community Hub

	Municipal Taxes	Education Taxes	Total Property Taxes
1. Albion Neighbourhood Services	\$9,214	\$8,569	\$17,783
2. Delta Family Resource Centre	\$2,382	\$2,214	\$4,596
3. Rexdale Community Health Centre	\$9,513	\$8,848	\$18,361
4. Rexdale Community Legal Clinic	\$4,430	\$4,120	\$8,550
5. Rexdale Women's Centre	\$8,550	\$7,951	\$16,501
6. Rexdale Community Hub	\$5,338	\$4,965	\$10,303
7. Toronto Community Benefits Network	\$1,827	\$1,700	\$3,527
Total Combined Amounts Payable if Taxable (annual)	\$41,254	\$38,367	\$79,621
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$41,254
Reduction in Education Taxes Remitted			\$38,367

Given that Municipal Capital Facility exemptions are not retroactive and six of the seven tenants that make up the Rexdale Community Hub have been tenants for 8 years, in the event that the Municipal Property Assessment Corporation determines that the tenants have been in taxable occupation of these premises, Municipal Property Assessment

Corporation may issue supplementary/omitted assessment notices for the current year and the prior two years. Should Municipal Property Assessment Corporation issue this additional taxable assessment, this would result in an unfunded estimated potential financial impact of \$146,469 for the 2018 and 2019 taxation years combined, and an unfunded amount of \$79,621 for the current budget year. If a tax bill is issued to the seven Rexdale Community Hub tenant agencies, at that point the City will work with the tenants to address the cost.

In 2018, the six active tenant agencies operating from the Rexdale Community Hub invested \$9.6 million in programs and services. In 2020, Toronto Community Benefits Network (the new and seventh Rexdale Community Hub Tenant Agency) plans to invest an estimated \$553,937.00 in programs and services in the Lease Premises once approval is obtained from Council. Over the five year term of the Lease, it is estimated that all the seven Rexdale Community Hub tenants will invest \$48.8 million in programs and services offered at the facility.

The Chief Financial Officer and Treasurer has been provided 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.

<https://www.toronto.ca/legdocs/2002/agendas/council/cc021001/pof13rpt/cl001.pdf>

At the December 11, 12 & 13, 2007 meeting of City Council, staff was directed to prioritize discussions with the Toronto Catholic District School Board about securing the former Father Henry Carr Catholic School site for a community health centre/community hub as part of larger interest based discussions with the Board to review and assess possible property partnerships.

<https://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-9011.pdf>

In the 2008 Capital Budget process, City Council designated \$1.0 million in capital funding for the creation of a multi-service community hub in Rexdale through the Partnership Opportunities Legacy Fund. These funds reside within the Social Development, Finance and Administration envelope of Facilities and Real Estate's capital budget.

http://www.toronto.ca/budget2008/pdf/bn_cap_commitment_to_priority_neighbourhoods.pdf

At its meeting on November 7, 8 and 9, 2017, City Council adopted the "Community Space Tenancy Policy", replacing the Below-Market Rent Policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.8>

In the 2008 Capital Budget process, City Council designated \$1.0 million in capital funding for the creation of the multiservice hub through a Partnership Opportunities

Legacy Fund. These funds resided within the Social Development, Finance and Administration envelope of Facilities & Real Estate's capital budget:

http://www.toronto.ca/budget2008/pdf/bn_cap_commitment_to_priority_neighbourhoods.pdf

At its meeting on August 5 and 6 2009, City Council authorized the acquisition of the property at 21 Panorama Court from the Toronto Catholic District School Board for the purposes of establishing the Hub, and approved leases between the City and eleven community agencies to be situated in the Hub:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.CC38.9>

At its meeting on October 2, 3, and 4 2017, City Council directed the Executive Director, Social Development, Finance and Administration to include in the 2018 budget, the submission of an additional \$450,000 to Community Services Partnership Budget to support ongoing partnership development, for consideration in the 2018 budget process.

<http://app.toronto.ca/tmmis/viewagendaitemhistory.do?item=2017.cd22.6>

On October 2, 2017, City Council approved a motion from the Community Development and Recreation Committee on Board Governance at the Rexdale Community Hub, which directed staff to consult with Rexdale Community Hub Board and tenants to review and identify an appropriate City governance model for the RCH and required resources, and report back at the October 23, 2017 meeting of the Community Development and Recreation Committee.

<http://app.toronto.ca/tmmis/viewagendaitemhistory.do?item=2017.cd22.13>

COMMENTS

In June 2007, the City of Toronto and United Way Toronto worked with eleven community-based organizations, led by Albion Neighbourhood Services and Rexdale Community Health Centre to develop a business case and secure funding to create a multi-service hub in North Etobicoke based on identified community needs. The former Father Henry Carr Catholic School was determined to be the most cost effective and available opportunity. The City acquired the school from the Toronto Catholic District School Board in March of 2010 for over a twenty year period, and contributed \$4,790,000 in capital costs. The City's contribution leveraged an additional \$8,900,000 in external funding to transform the old school into a renovated, improved community facility to house community agencies that provided a wide range community and health services for North Etobicoke residents.

The Rexdale Community Hub was opened in March 2012. Since its opening, the Rexdale Community Hub has become an important community gathering place and a shared space for organizations to provide a range of health and social services. In order to respond to the organizational and operational needs of the space, the Rexdale Community Hub agency was incorporated in January 2013 as a not-for-profit corporation and received its charitable status in March 2014. To effectively respond to the needs of residents of the former North Etobicoke, on October 6, 2017, City Council

authorized the Executive Director, Social Development, Finance and Administration to negotiate and execute on behalf of the City, an agreement with the Rexdale Community Hub agency for a 10 year term with respect to the management of the Rexdale Community Hub.

In September 2019, the City and the Rexdale Community Hub agency signed the Rexdale Community Hub Management Agreement. The agreement is for Rexdale Community Hub agency, on behalf of the City, to manage the Rexdale Community Hub for a term of 10 years commencing September 13, 2019 and ending September 13, 2029. The agreement sets out the responsibilities and roles of the City and the Rexdale Community Hub. However, Rexdale Community Hub, through the agreement, has committed to operationalizing the vision and mission of the Rexdale Community Hub including: coordinating collaborative planning of services and programs for Etobicoke North residents and providing Community Space administration services to tenants. The Tenants have agreed to form a governance structure under the Rexdale Community Hub.

The Rexdale Community Hub provides a safe and organized shared space for the Rexdale Community Hub tenant agencies to drive the provision of a range of health and social services through the tenant agencies that specifically respond to the needs identified by the residents living in a socio-economically deprived community in Etobicoke North. Currently, Rexdale Community Hub houses six tenant agencies. The six tenant agencies are: Albion Neighbourhood Services, Delta Family Resource Centre, Rexdale Community Health Centre, Rexdale Community Legal Clinic, Rexdale Women's Centre and Rexdale Community Hub. The current six Rexdale Community Hub tenant agencies leases expired in February 2017. All the six Rexdale Community Hub tenant agencies have expressed interest in entering into new Community Space Tenancy leases for their respective premises.

Although Rexdale Community Hub currently houses six tenant agencies, a vacant space became available in September 2019. The Rexdale Community Hub and City issued a Request for Expression of Interest notice to select an additional (seventh) non-profit organization to occupy a total rentable area of 2,025 square feet. As per the Rexdale Community Hub Management Agreement, recommendation was made by the Rexdale Community Hub for the selection of the seventh tenant. Toronto Community Benefits Network was recommended to the City as the seventh tenant. City staff conducted a further assessment of the tenant agency to ensure that the tenant agency meets the Community Space Tenancy Policy eligibility criteria. Based on the assessment conducted, City staff is now seeking Council's authorization to enter into a lease agreement with Toronto Community Benefits Network as the seventh tenant agency at the Rexdale Community Hub.

An eligibility review conducted by staff from Social Development, Finance and Administration, have determined that all seven Rexdale Community Hub tenant agencies listed in Appendix "A" satisfy the requirements of and are eligible under the Community Space Tenancy Policy. In addition, all seven Rexdale Community Hub tenant agencies have demonstrated the requisite financial viability to pay their basic rent and their proportionate share of the operating costs for their respective leased

premises. Under the Community Space Tenancy Policy, the Tenants will be considered as a Community Hub Tenant.

Since opening, from 2012 to 2018, the Rexdale Community Hub had a total visit of 869,776. The Tenants collectively serve a total of 26,160 individuals with 231 full-time staff, 165 part-time staff and 1,592 volunteers in 2019. The Rexdale Community Hub tenant agencies programs and services includes; settlement services for newcomers, legal support and education, employment partnerships including apprenticeships opportunities, recreational and social programs for children and youth, primary care and health promotion, housing supports, resident engagement and leadership group activities.

These programs and services align with City strategies and policies including: Toronto Action Plan to Confront Anti-Black Racism, Toronto Youth Equity, Toronto Newcomer Strategy, Toronto Strong Neighbourhoods Strategy 2020, Toronto Poverty Reduction Strategy, Toronto Seniors Strategy and Community Benefits Framework.

Municipal Capital Facility Designation

The Community Space Tenancy Policy provides that when seeking City Council's approval for any initial Community Space Tenancy of a municipal capital facility, designation will also be sought where appropriate. Designating the premises leased by the Rexdale Community Hub tenant agencies, community-based service sector organizations providing social and health services as described above, as municipal capital facilities and exempting each leased premises from taxes, will assist in providing services to the public which are in line with services provided by the City.

Section 252 of the City of Toronto Act, 2006 allows City Council to exempt from taxation for municipal and school purposes land or a portion of land on which a municipal capital facility is or will be located once the City enters into an agreement with the landlord or tenant for the provision of the municipal capital facility.

Ontario Regulation 598/06 prescribes facilities providing social and health services as eligible municipal capital facilities for the purpose of section 252.

Upon the passing of the by-law authorizing the agreement and the tax exemption, the City Clerk must give written notice of the by-law to the Minister of Finance, the Municipal Property Assessment Corporation and the Secretary of any affected school board(s).

CONTACT

Nick Simos, Acting Director, Real Estate Services, (416) 392-7223,
Nick.Simos@toronto.ca

Aina-Nia Ayo'dele Grant, Director, Community Resources, Social Development, Finance and Administration (416) 392-8608, Aina-nia.Grant@toronto.ca

SIGNATURE

Denise Andrea Campbell
Executive Director, Social Development, Finance & Administration

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Appendix A – Major Terms and Conditions, Community Space Tenancy Leases at 21
Panorama Court
Appendix B – Location Map & Site View of Leased Premises

APPENDIX A:

Major Terms and Conditions Community Space Tenancy Leases at 21 Panorama Court

Landlord:	City of Toronto				
Tenant:	Tenancies specific to this report	Occupant Area (sf)	Share of Common Area (sf)	Total Rentable Area (sf)	Share of Facility (%)
	Albion Neighbourhood Services	7,450	5,537	12,987	16.5%
	Rexdale Community Hub	4,356	3,238	7,594	9.6%
	Delta Family Resource Centre	1,961	1,458	3,419	4.3%
	Rexdale Community Health Centre	9,910	7,366	17,276	21.9%
	Rexdale Community Legal Clinic	3,694	2,746	6,440	8.2%
	Rexdale Women's Centre	9,517	7,074	16,591	21.0%
	Toronto Community Benefits Network	1,162	863	2,025	2.6%
	Total Community Space Tenancy area specific to this report	38,049	28,281	66,331	84.1%
Commencement Date:	April 1, 2020				
Term:	Five year, with a five year option to renew.				
Basic Rent:	\$3.24 per annum plus all applicable taxes.				

Standard Community Space Tenancy Net Lease:	The Lease shall be a standard Community Space template document with no allowance for additions or deletions save for changes of a technical nature preapproved by the Director of Real Estate Services or if additions or deletions are preapproved by Council. The Tenant shall have 90 days from the date of Council approval to execute the Community Space Lease. The Tenant shall have up to 60 days from the date of Council approval to advise the Landlord of any unforeseen circumstances that may impact executing the Lease within the 90 days. Extensions to execute the Lease require Council approval. The Lease shall be absolutely net to the Landlord. 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 the use and occupancy of the Leased Premises. Any obligation which is not stated to be that of the Landlord shall be the Tenant's responsibility.
Operating Costs/Additional rent:	The tenants shall pay a proportionate share of all realty taxes and operating costs related to the Property. "Operating Costs/Additional Rent" means the total of all costs and expenses attributable to the maintenance, repair, administration, management and operation of their respective leased premises including, without limiting the generality of the foregoing: utilities, security, insurance, all taxes including applicable property taxes, supervision, landscaping, window cleaning, eavestrough cleaning, pest management, waste collection, disposal and recycling, snow removal, and other costs of maintenance and operation.
Operating Cost Rate:	Operating costs are currently estimated at \$9.11/sq.ft.
Permitted Use:	General office services of a community programming nature or as otherwise specified within the Service Level Agreement.

APPENDIX B:

Location Map & Site View: 21 Panorama Court Community Space Tenancy Leases at 21 Panorama Court

