

City Council

Notice of Motion

MM16.3	ACTION			Ward: 12
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Amendment to Below-Market Rent Lease Agreement with Nia Centre For the Arts Incorporated at 524 Oakwood Avenue, by Councillor Josh Matlow, seconded by Councillor Mike Colle

** Notice of this Motion has been given.
 * This Motion is subject to referral to the General Government and Licensing Committee. A two-thirds vote is required to waive referral.*

Recommendations

Councillor Josh Matlow, seconded by Councillor Mike Colle, recommends that:

1. City Council authorize the City of Toronto to enter into a Below Market Rent Lease Amending Agreement with Nia Centre For the Arts Incorporated, pursuant to the Below Market Rent Policy, substantially on the major terms and conditions set out in Appendix A to this Motion as provided by the Executive Director, Social Development, Finance and Administration and the Executive Director, Corporate Real Estate Management, and including such other terms as deemed appropriate by the Executive Director, Social Development, Finance and Administration, and the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor.
2. City Council individually authorize each of the Deputy City Manager, Corporate Services, and the Executive Director, Corporate Real Estate Management, or their designate, to execute the Below Market Rent Lease Amending Agreement referenced in Recommendation 1 above and any related documents on behalf of the City of Toronto, as required.

Summary

Nia Centre for the Arts Incorporated is a Below Market Rent tenant of a City-owned building located at 524 Oakwood Avenue in Ward 12. In May, 2014, Nia Centre entered into a 10-year Below Market Rent lease agreement for approximately half of the building.

Nia Centre has requested that the Agreement be amended to increase the square footage of its leased premises by approximately 7,069 square feet, for a total of area of approximately 14,139 square feet. As of November, 2016, Nia Centre began occupying and providing services from the entire building. A lease amending agreement has not yet been executed to reflect this change.

Securing authority for this lease amending agreement is time-sensitive by virtue of substantial

funding which has been secured by Nia Centre to complete leasehold improvements. This funding is contingent upon renovation work beginning promptly, and so Nia Centre plans to begin its renovation work as early as March, 2020.

Nia Centre will complete leasehold improvements to the entire building, valued at a minimum of \$3,050,000, by the end of the existing lease term (April 30, 2024). These leasehold improvements will help support programming objectives of Nia Centre and improved service delivery to the Oakwood-Vaughan community. Nia Centre has provided the City with documentation confirming the availability of this funding, and Corporate Real Estate Management is working collaboratively with Nia Centre to ensure the coordination of the leasehold improvements with State of Good Repair work for the building that the City will complete as part of its current 10-year State of Good Repair plan. The timeline for completion of the leasehold improvements and the financial value thereof has changed since the Agreement was executed in 2014 (\$2.2 million dollars by the end of the lease term), and when authority was previously sought for this lease amending agreement in 2016 (\$3.6 million dollars by December 31, 2018).

Nia Centre will also be required to participate in a repayment plan satisfactory to the Executive Director, Corporate Real Estate Management and the Controller, Finance and Treasury Services to reconcile operating expenses in the amount of approximately \$46,000 that were incurred by the City since the time when the Agreement was executed (May, 2014) as a result of clerical omissions on the part of the City. Nia Centre will be responsible for operating expenses for the entire building for the remainder of the lease term.

Though authority was previously granted by City Council in 2016 for a similar lease amending agreement with Nia Centre, new authority is needed by virtue of the revised leasehold improvement requirement (a minimum of \$3,050,000 by April 30, 2024) and the repayment plan.

On November 7, 8 and 9, 2017, City Council adopted the report titled Community Space Tenancy Policy. The Community Space Tenancy Policy provides that existing Below Market Rent lease agreements will be updated within five years of the Community Space Tenancy Policy coming into effect on January 1, 2018, or as they expire or come up for renewal. Accordingly, following expiry of the existing lease term on April 30, 2024, any further below market rent lease agreements with Nia Centre would be considered under the Community Space Tenancy Policy.

Background Information (City Council)

Member Motion MM16.3

<http://www.toronto.ca/legdocs/mmis/2020/mm/bgrd/backgroundfile-146297.pdf>

Appendix A - Major Terms and Conditions

<http://www.toronto.ca/legdocs/mmis/2020/mm/bgrd/backgroundfile-146498.pdf>