

City Council

Notice of Motion

MM16.6	ACTION			Ward: 12
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Relocation of Existing Community Space Tenant to Accommodate Affordable Housing Re-Development at 140 Merton Street - 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 to enter into a lease agreement with a term of five years, and with two options to renew of one year each, for certain premises situated at 1 Eglinton Avenue East on terms and conditions as may be acceptable to the Deputy City Manager, Corporate Services or designate and in a form satisfactory to the City Solicitor.
2. City Council authorize the City to enter into a new Community Space Tenancy sublease with Senior Peoples' Resources in North Toronto Incorporated, based on substantially the same terms and conditions as their current Community Space Tenancy lease at 140 Merton Street or amended terms and conditions as may be acceptable to the Deputy City Manager, Corporate Services or designate, and in a form satisfactory to the City Solicitor, to facilitate the temporary relocation of Senior Peoples' Resources in North Toronto Incorporated's operations at 140 Merton Street to 1 Eglinton Avenue East as part of the redevelopment of the City-owned property at 140 Merton Street, consistent with Council's previous decision on Item EX1.1 "Implementing the "Housing Now" Initiative."
3. City Council direct the Executive Director, Corporate Real Estate Management and the Executive Director, Housing Secretariat to ensure that any additional costs incurred as a result of this relocation of Senior Peoples' Resources in North Toronto Incorporated are not to be allocated back to Senior Peoples' Resources in North Toronto Incorporated and should be funded through the "Housing Now" initiative initial allocation of \$20,000,000 from the City Building Reserve Fund (XR1730) to the Capital Revolving Reserve Fund for Affordable Housing (XR1058) overseen and used by the Executive Director, Housing Secretariat to fund pre-development work for the first 11 sites.
4. City Council authorize the Deputy City Manager, Corporate Services and the Executive Director, Corporate Real Estate Management to execute such documents required to complete

the relevant lease agreements.

5. City Council direct the Chief Financial Officer and Treasurer, in consultation with the Executive Director, Corporate Real Estate Management, to report back on the designation of the subject leased premises at 1 Eglinton Avenue East as a municipal capital facility.

Summary

In January 2019, the City-owned property at 140 Merton Street was identified as one of eleven "Housing Now" sites to be re-developed into mixed-income market and affordable housing and community use space. To facilitate the re-development of this site the Director, Real Estate Services and the Director, Affordable Housing Office were requested to work with Senior Peoples' Resources in North Toronto Incorporated to expedite the identification and securing of a suitable location and facility for the temporary relocation of the Senior Peoples' Resources in North Toronto Incorporated facility at 140 Merton Street, which has been in operation since 1998.

As directed by Council an extensive search was conducted to find a suitable temporary relocation space for Senior Peoples' Resources in North Toronto Incorporated. Following a survey of all City-owned assets in the vicinity of 140 Merton Street, it was determined that there were no suitable spaces that met the required timelines, location and area required. This was followed up by a search for suitable third-party space and as a result, and following initial negotiations, 1 Eglinton Avenue East was identified as the most suitable and cost effective relocation option in the area.

This Motion seeks City Council's authority to enter into a lease at this location on terms and conditions that are satisfactory to the City Solicitor, and seeks authority to enter into a Community Space Tenancy sublease with Senior Peoples' Resources in North Toronto Incorporated to allow for the temporary relocation of their operations to 1 Eglinton Avenue East, all consistent with Council's previous decision on item EX1.1 - Implementing the "Housing Now" Initiative.

Approval of the recommendations in this Motion will allow Senior Peoples' Resources in North Toronto Incorporated to continue to operate in the North Toronto area throughout the duration of the redevelopment of 140 Merton Street. Following completion of construction at 140 Merton Street, Senior Peoples' Resources in North Toronto Incorporated will relocate back into the newly constructed community space at 140 Merton Street.

The total estimated cost to the City of Toronto for the 5-year term of the lease, inclusive of basic rent, additional rent (with utilities), realty taxes, parking, fit-up and re-location costs and net of Senior Peoples' Resources in North Toronto Incorporated's additional rent payments as per the existing Community Space Tenancy lease, will be \$2,688,476 before Harmonized Sales Tax. These funds are being allocated by the Housing Secretariat as part of the "Housing Now" initiative.

Basic rent is \$16.00 per square foot for the five-year term. This is significantly less than the average asking office rent of \$25.24 in the Midtown area, per the Greater Toronto Area Office Market Report from the fourth quarter of 2019 by Colliers Canada. Additional rent, inclusive of utilities, is \$13.45 per square foot with an estimated annual increase of 3 percent. Realty taxes are estimated to be \$6.45 per square foot. Total cost of basic rent, additional rent and realty taxes is estimated to be \$2,280,137 over the five-year term.

Parking will consist of six spaces to be secured at 1 Eglinton Avenue East. Additionally, 10 spaces will be secured internally at the North Toronto Memorial Community Centre. Parking will be at a rate of \$175 per space per month for a total cost of \$178,387.

Costs will be incurred for office fit-out and moving. It is estimated that the total cost to fit out the space will be \$40 per square foot, plus moving costs estimated at \$20,000 in year one and year five, for a total of \$578,400. This is to be funded as follows: \$215,360 credit from the Landlord as a Leasehold Improvement Allowance, \$150,000 to be funded by Senior Peoples' Resources In North Toronto Incorporated Senior Care, and \$213,040 to be funded by the City of Toronto as part of the "Housing Now" initiative.

With an estimated lease start date of September 1, 2020 (not including the initial six month fixturing period), the annual cost to the City of Toronto is estimated to be as follows: \$484,000 in 2020, \$478,000 in 2021, \$487,000 in 2022, \$496,000 in 2023, \$526,000 in 2024, \$217,000 in 2025.

Background Information (City Council)

Member Motion MM16.6