TORONTO

REPORT FOR ACTION

Supplemental Report - 209 Mavety Street - Community Space Tenancy Lease Agreement and Municipal Capital Facility Designation for the Four Villages Community Health Centre

Date: June 7, 2021
To: City Council
From: Executive Director, Social Development, Finance and Administration, and Executive Director, Corporate Real Estate Management
Wards: 4 – Parkdale-High Park

SUMMARY

This report is supplementary to GL22.8 "209 Mavety Street - Community Space Tenancy Lease Agreement and Municipal Capital Facility Designation for the Four Villages Community Health Centre" which was adopted by the General Government and Licensing Committee on April 26, 2021. It presents a revision to the key terms of the recommended Community Space Tenancy lease agreement with the Four Villages Community Health Centre (the "Tenant") at 209 Mavety Street (the "Leased Premises").

The key term being revised includes increasing the length of the initial term from five (5) years to ten (10) years, and decreasing the length of the renewal option from 15 years to ten (10) years. Execution of the lease will be subject to confirmation that the Tenant has secured the necessary funding to activate the Leased Premises. As such, this report seeks City Council authorization to delete Recommendation 1 put forth by GL22.8, and replace it with the recommendation outlined in this supplementary report.

RECOMMENDATIONS

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

1. City Council delete Recommendation 1 from the General Government and Licensing Committee and replace it with the following:

1. City Council authorize the City to enter into a lease (the "Lease") of the property known as 209 Mavety Street, Toronto (the "Leased Premises") pursuant to the Community Space Tenancy Policy with the Four Villages Community Health Centre (the "Tenant") for a ten (10) year term, with a conditional option to renew for a further ten (10) years, based substantially on the terms and conditions set out in the attached Appendix A, with such revisions and on such other or amended terms and conditions acceptable to the Deputy City Manager, Corporate Services, or their designate, and in a form acceptable to the City Solicitor.

FINANCIAL IMPACT

With the adoption of the recommendation in this supplemental report, the opportunity cost for the initial term increases from approximately $1,230,871 to $2,295,667, while the opportunity cost of the 15 year extension period decreases from approximately $2,782,775 to $1,717,978 in net present value terms. The total overall opportunity cost remains unchanged at $4,013,646.

There are no other financial impacts resulting from the adoption of the recommendation in this supplemental report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.

DECISION HISTORY

At its meeting of April 26, 2021, the General Government and Licensing Committee considered GL22.8 "209 Mavety Street - Community Space Tenancy Lease Agreement and Municipal Capital Facility Designation for the Four Villages Community Health Centre" and adopted the recommendations in the report authorizing a lease agreement on certain terms and conditions, a service agreement and the municipal capital facility agreement
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.GL22.8

COMMENTS

The Leased Premises has been vacant for approximately ten (10) years since the Toronto Police Service vacated the building in 2011. In order to activate the Leased Premises, the Tenant will have to invest significant funds to make the necessary capital and leasehold improvements to the facility due to its current condition.

The Tenant is currently seeking funding of over approximately $16,000,000, through the Ontario Ministry of Health Capital Implementation Grant for leasehold improvements to the Leased Premises. In order to secure funding of this magnitude, the Province of

Ontario requires confirmation that the City will authorize a lease with a minimum initial term of ten (10) years.

In cases where Community Space tenants are contributing significant capital dollars, the Community Space Tenancy Policy provides flexibility for longer lease terms if the organization can demonstrate to the City's satisfaction a need based on capital requirements. As such, City staff recommend revising the initial term to ten (10) years, while reducing the extension period from 15 years to ten (10) years, maintaining an overall total lease term of 20 years.

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