

# **Community Space Tenancy Lease Agreement and Municipal Capital Facility Designation for the Four Villages Community Health Centre at 209 Mavety Street**

**Date:** April 12, 2021

**To:** General Government and Licensing Committee

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

**Wards:** Ward Number 4 – Parkdale-High Park

## **SUMMARY**

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The Community Space Tenancy Policy provides a process for the City of Toronto to lease City-owned or City-managed space at below-market rent to not-for-profit organizations that deliver community and cultural services to residents to further the City's strategic objectives.

The purpose of this report is to obtain City Council authority to enter into a Community Space Tenancy lease with the Four Villages Community Health Centre for approximately 21,000 square feet of City-owned space located at 209 Mavety Street in Ward 4 – Parkdale High-Park. The Four Villages Community Health Centre is a not-for-profit organization that delivers a range of health services and health promotion programs to residents and families living in Toronto West such as the Roncesvalles, Swansea, Bloor West, and the Junction Area communities. Many services and programs offered by the organization focus on the needs of seniors, newcomers, families with children, and youth which aligns with a number of the City's strategic priorities.

This report also seeks City Council's authority for the adoption of the necessary by-law to designate the entire property as a Municipal Capital Facility, and to provide an exemption from municipal and education property taxes.

## **RECOMMENDATIONS**

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

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 Lease at 209 Mavety Street

Community Space Tenancy Policy with the Four Villages Community Health Centre (the Tenant") for a five (5) year term, with a conditional option to renew for a further fifteen (15) years, based substantially on the terms and conditions set out in the attached Appendix "A", with such revisions thereto and on such other or amended terms and conditions acceptable to the Deputy City Manager, Corporate Services, or her designate, 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 severally to execute the Lease, and any related documents on behalf of the City.

3. City Council authorize the Executive Director, Corporate Real Estate Management, or his/her designate, in consultation with the Executive Director, Social Development, Finance and Administration, to administer and manage the Lease including the provision of any amendments, consents, approvals, waivers, notices, and notices of termination, provided that the Executive Director, Corporate Real Estate Management may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

4. City Council authorize the Executive Director, Social Development, Finance and Administration to enter into, execute and administer a service agreement in respect of the tenancy at the Leased Premises, including the provision of any amendments, eligibility assessment, and annual reporting with the Tenant.

5. 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 Four Villages Community Health Centre for the Leased Premises, comprised of approximately 25,793 square feet of community space, for the purposes of providing a Municipal Capital Facility related to the provision of social and health services and ancillary parking; and

b. exempt the Leased Premises and ancillary parking, if any from taxation for municipal and school purposes, with the tax exemption being 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 is enacted.

6. City Council direct the City Clerk to give written notice of the 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**

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The Lease will provide the Tenant with an area of approximately 21,000 square feet of City-owned space at nominal rent.

In accordance with the Community Space Tenancy Policy, the Lease will be net to the City. The Tenant will be responsible for all realty taxes and operating costs associated with the Lease, currently estimated at \$114,000 plus HST for the first year, or \$5.40 per square foot, based on the City's historical data.

The opportunity cost of the Lease, expressed in net present value terms, for the initial five year lease period is approximately \$1,230,871. The opportunity cost, expressed in net present value terms, for the fifteen year extension period is approximately \$2,782,775, bringing the total opportunity cost for the full 20 year Lease period to \$4,013,646.

The Leased Premises are owned by the City of Toronto. Although properties owned by the City of Toronto are exempt from taxation, the Tenant may be deemed a taxable tenant and the Leased Premises would therefore be subject to taxation. The annual property taxes on the Leased Premises are estimated at approximately \$45,996, comprised of a municipal portion of \$26,187 and a provincial education portion of \$19,809, based on 2021 Current Value Assessment (CVA) and 2021 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 \$26,187, representing the municipal portion of taxes that could otherwise be payable that will no longer be payable 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 \$19,809 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 - 209 Mavety Street

Location	Municipal Taxes	Education Taxes	Total Property Taxes
209 Mavety Street 1904-01-3-890-00800	\$26,187	\$19,809	\$45,996
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$26,187
Reduction in Education Taxes Remitted			\$19,809

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

**EQUITY IMPACT STATEMENT**

The provision of accessible community space is a key component of building strong neighbourhoods. Community use of City-owned space at below-market rent is a form of collaboration and investment in community and cultural organizations.

The provision of space to the Tenant will help the organization expand access to primary health care and health promotion services to residents in the Junction Area and Toronto West. Many of the Tenant's services address the needs of priority populations such as seniors, families with children (particularly newcomers), and youth. The Tenant applies an equity-lens to their programs, services, and organizational policies. This includes conducting outreach to priority populations such as seniors, newcomers, and families with children to adapt services to their needs, providing translation services, and engaging in partnerships to address clients' social determinants of health such as housing, income, mental health, legal, and community support services.

In addition, the Tenant supports an equity approach reflected in actions such as Board and staff training on anti-racism, and in particular Anti-Black and Anti-Indigenous racism. To better serve LGBT2SQ+ communities, staff from the Tenant also received training and a guide to caring for trans and gender-diverse patients from Rainbow Health Ontario.

## **DECISION HISTORY**

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At its meeting on November 7, 8 and 9, 2017, City Council adopted the Community Space Tenancy Policy. The Community Space Tenancy Policy came into effect on January 1, 2018.

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

At its meeting on July 23, 24, 25, 26, 27 and 30, 2018, City Council adopted MM 44.41 Support for a Community Healthcare Centre at 209 Mavety Street and requested City staff to continue to support the Four Villages Community Health Centre as the future anchor tenant of 209 Mavety Street, as they work towards creating a local community healthcare centre.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.MM44.41>

## **COMMENTS**

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The Leased Premises housed Toronto Police Services 11 Division until 2011. At that time, the Leased Premises was transferred to Corporate Real Estate Management's operational management. In 2012, the Leased Premises was declared surplus with the intended method of disposal to be a transfer to Build Toronto, however, this decision was rescinded. Since that time, the Leased Premises has been vacant and only used on a temporary basis by film studios and election polling stations.

In December 2020, Corporate Real Estate Management declared the Leased Premises surplus again and, following the review of a business case, recommended the Property be transferred to Social Development, Finance, and Administration for use under the Community Space Tenancy Policy. In January 2021, Social Development, Finance, and Administration obtained operational management of the Leased Premises.

In 2018, City Council directed staff to continue to support the Tenant in working towards creating a local community health centre at the Leased Premises. Notwithstanding this motion, and in order to adhere to the requirements of the Community Space Tenancy Policy, a Request for Expression of Interest process was required to provide a consistent, fair, and accountable approach to leasing Community Space. A Request for Expression of Interest process was initiated on February 5, 2021, to seek an eligible organization to occupy the Leased Premises. A total of 4 applications were received from interested community agencies as of the deadline of March 5, 2021. Two applications were excluded from consideration because mandatory documentation was not provided.

A review panel comprised of City staff from Social Development, Finance, and Administration, Economic Development and Culture, and Parks, Forestry, and Recreation met to review applications. The Review Panel made a unanimous decision to recommend the Tenant as an eligible organization to occupy the Leased Premises due to their financial and organizational capacity to undertake the lease, occupancy costs, and program the space.

The Tenant's vision is to expand access to inter-professional primary health care, support services, and health promotion services to residents in the Junction Area and Toronto West and in particular persons from priority communities who are facing social determinants of health, persons with chronic health conditions, and persons facing complex social and economic conditions. The Tenant undertook extensive research, including a Primary Care Needs Study to determine primary health care needs of current and future populations in the Junction Area and Toronto West. This Study concluded that there is community need for an additional 4 doctors, 2 nurse practitioners, and 10 allied health care providers and ancillary staff. With access to the Leased Premises, the Tenant will offer a range of programs and services on topics ranging from childbirth education, food and nutrition, mental health and wellness, and management of chronic health issues. The Tenant will also offer a monthly legal clinic service to provide pro-bono legal information and referrals on family, immigration, and employment matters.

The Tenant qualifies for a Community Space Tenancy lease with the City as they meet the mandatory eligibility criteria of the Community Space Tenancy Policy. The Lease will allow the Tenant to provide health and health promotion services to Toronto residents for the foreseeable future.

The Tenant is currently seeking funding of over \$16,000,000 through the Ontario Ministry of Health Capital Implementation Grant for leasehold improvements to the Leased Premises. 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. The Tenant will be offered a 5 year lease term with an option to extend for 15 years in recognition of the substantial capital investment required to fit-up the Leased Premises. A zoning by-law amendment will be required to allow the Property to be used to deliver social, health, or recreational services. This process will be initiated by the Tenant, in consultation with City Planning, Community Planning West Section, once the Lease and Service Level Agreement are executed.

Community Space Tenancy Lease at 209 Mavety Street

## **MUNICIPAL CAPITAL FACILITY DESIGNATION**

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The Community Space Tenancy Policy provides that when seeking City Council approval for any initial Community Space Tenancy, approval of a municipal capital facility designation will also be sought where appropriate. Designating the premises leased by the Four Villages Community Health Centre, a community-based service sector organization providing social and health services as described above, as a municipal capital facility and exempting the property 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**

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Alison Folosea, Director, Transactions Services, Corporate Real Estate Management  
(416) 338-2998, Alison.Folosea@toronto.ca

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

## **SIGNATURE**

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

Patrick Matozzo  
Executive Director, Corporate Real Estate Management

## **ATTACHMENTS**

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Appendix A – Major Terms and Conditions, Community Space Tenancy Leases  
Community Space Tenancy Lease at 209 Mavety Street

Appendix B – Location Map & Site View of Leased Premises

## APPENDIX A:

### Major Terms and Conditions

Landlord:	City of Toronto
Tenant:	Four Villages Community Health Centre
Premises:	Approximately 21,000 square feet of space within the building, and non-exclusive access to the parking lot for the Tenant's staff and employees, located on the property municipally known as 209 Mavety Street.
Permitted Use:	General office services of a community programming nature or as otherwise specified within the Service Level Agreement, and in accordance with all applicable laws, zoning bylaws, directions, rules and regulations of every governmental authority having jurisdiction
Commencement Date:	June 1, 2021
Initial Term:	Five (5) years (June 1, 2021 to May 31, 2026)
Option to Renew:	The Tenant shall have the option to renew the lease for one (1) fifteen year term (June 1, 2026 to May 31, 2041) on the same terms and conditions, subject to: the Tenant is not in default under the lease or the Service Agreement; and all Funding and Tenants Work conditions of the leasehold improvements described herein have been satisfied, amended or waived by the relevant City Division in consultation with the Executive Director, Corporate Real Estate Management, and in a form acceptable to the City solicitor.
Basic Rent:	\$2.00 per annum plus applicable taxes.
Standard Community Space Tenancy Net Lease:	The Lease shall be a Community Partner Tenant document. The Tenant shall have 90 days from the date of Council approval to execute the 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. 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.

<p>Operating Costs/Additional rent:</p>	<p>The Tenants responsibility includes the total of all costs and expenses attributable to the maintenance, repair, administration, management and operation of the Premises including, without limiting the generality of the foregoing: utilities, security, insurance, all taxes including applicable property taxes, landscaping, window cleaning, eaves trough cleaning, pest management, waste collection, disposal and recycling, snow removal, and other costs of maintenance and operation. As a community Partner Tenant, the Tenant will be responsible to have all applicable utility meter accounts changed into its own corporate name. Estimated costs are \$114,000 for the first year, and the account will be reconciled annually to ensure costs are not borne by the City.</p>
<p>Insurance:</p>	<p>The Tenant is to provide prior to the Commencement Date and on an annual basis, proof of insurance in accordance with the Landlord's insurance requirements outlined in the Lease Agreement.</p>
<p>Leasehold Improvements:</p>	<p>Any leasehold improvements undertaken by the Tenant shall be conditional on the Landlord's approval. All of the Tenant's leasehold improvements shall become the property of the Landlord at the Landlord's sole direction.</p>
<p>Funding &amp; Tenants Work:</p>	<p>In terms of the leasehold improvements and all other construction or renovation matters or other work at the Leased Premises ("Tenants Work"), the Lease will provide for the following terms:</p> <ul style="list-style-type: none"> <li>i. Prior to commencing any Tenants Work, the Tenant shall provide the Landlord with evidence satisfactory to the Executive Director, Corporate Real Estate Management, that the Tenant has raised sufficient funding and/or binding financing commitments to complete the Tenants Work</li> <li>ii. Prior to commencing any Tenants Work, the Tenant shall provide the Landlord a comprehensive concept plan and drawings for the approval of the Executive Director, Corporate Real Estate Management</li> <li>iii. Prior to the expiration of the Initial 5 year term, the Tenant shall complete the Tenants Work to the satisfaction of the Executive Director, Corporate Real Estate Management, in accordance with all applicable laws and requisite approval, including any rezoning, official plan amendments, site plan approvals, to permit construction and building permits (all to be obtained by the Tenant at its expense), and binding construction and architects' agreements therefor approved in writing by the City, and in a form acceptable to the City solicitor</li> <li>iv. The Tenant shall adhere to and comply with the City of Toronto's Fair Wage Policies and Labour Trades Contractual Obligations until completion of all Tenants Work. The Tenant will provide the City with satisfactory releases and indemnity relating to these issues; and</li> <li>v. The City will not provide any release and/or indemnity to the Tenant regarding any labour or employment issues.</li> </ul>

# APPENDIX B

## Location Map & Site View: 209 Mavety Street

