

Proposed Land Lease with the Community Music Schools of Toronto at 1785 Finch Avenue West

Date: November 26, 2024

To: Executive Committee

From: Executive Director, Corporate Real Estate Management

Wards: 7 - Humber River-Black Creek

SUMMARY

This report seeks authority for the City, as landlord, to enter into a nominal lease agreement (the "Land Lease") with Community Music Schools of Toronto (the "Tenant") in respect of a portion of the property at 1785 Finch Avenue West (the "Leased Premises"), to design, build, finance, and operate a new not-for-profit music school. The Leased Premises is a portion of the current parking surface, along with an unused loading dock area, of the site of Toronto Public Library's ("TPL") York Woods Branch ("York Woods Library").

With City Council endorsement and direction to explore the feasibility of building a music school next to York Woods Library, City staff now recommend advancing this site for the proposed new music school which will serve the Jane Finch community. The TPL Board supports the proposed Land Lease to the Tenant. Social Development, Finance, and Administration and Economic Development and Culture have advised on the community consultation process, by engaging with a third-party consultant and the Tenant. Additionally, the proposed development of the music school in the Jane Finch community aligns with Action 1.13 of the Jane Finch Community Development Plan ([EC10.1](#)); a short-term action aimed at ensuring artists and organizations have access to local spaces to practice, create, exhibit, and operate their organizations.

The Tenant is a charitable organization founded in 1999 with a mission to help Toronto youth access high-quality music education. The Tenant's music programs are geared towards students ages three to 18 and are heavily subsidized to provide families who would not usually have access to music education due to their financial situation. Students participating in the Tenant's music programs can access instruments, music education, mentorship, and performance opportunities in a safe, supportive, and creative environment.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, recommends that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Social Development and Finance Administration, and City Librarian, Toronto Public Library to negotiate a nominal land lease (the "Land Lease") between the City (as landlord), and Community Music Schools of Toronto (the "Tenant"), for the part of the property municipally known as 1785 Finch Avenue West, as outlined on Appendix C (the "Leased Premises"), substantially on the major terms and conditions set out in Appendix A, and on such other or amended terms and conditions as may be deemed appropriate by the Executive Director, Corporate Real Estate Management, or their designate, and in a form satisfactory to the City Solicitor.
2. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the City Librarian, Toronto Public Library to negotiate a licence agreement (the "Licence Agreement") with the Tenant, for nominal consideration, in relation to the Leased Premises for the purposes of construction staging, and any other purposes deemed appropriate by the Executive Director, Corporate Real Estate Management, and on such terms and conditions as deemed appropriate by the Executive Director, Corporate Real Estate Management, or their designate, and in a form satisfactory to the City Solicitor.
3. City Council authorize each of the Executive Director, Corporate Real Estate Management and the Director of Real Estate Services severally to execute and deliver the Land Lease, the Licence Agreement and any related documents contemplated thereunder on behalf of the City.
4. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, to administer and manage the Land Lease and the Licence Agreement, including the provision of any 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 to City Council for its determination and direction.
5. City Council consent to the Toronto Public Library Board's decision dated June 19, 2023 to transfer the property known municipally as 1785 Finch Avenue West (the "Property") to the City and direct staff to take all steps necessary to comply with the City's real estate disposal process set out in Chapter 213, Sale of Real Property of the City of Toronto Municipal Code.
6. City Council forward the report (November 26, 2024) from the Executive Director, Corporate Real Estate Management to the Toronto Public Library Board for information.

FINANCIAL IMPACT

The Land Lease will be provided to the Tenant for a nominal sum of \$10 plus Harmonized Sales Tax ("HST") for the term of the Land Lease, and will be cost neutral to the City as outlined in Appendix A. The opportunity cost of the Land Lease, expressed in net present value terms, for the 49-year and 364 days lease period, which consists of an initial term of 30 years and two options to extend, being one option to extend for a further 10-year period and a second option to extend for a further period of nine years and 364 days, is approximately \$4,565,357.

The Tenant will be responsible for all costs related to the project, both capital and operating, as well as state of good repair, substantially on the major terms and conditions set out in Appendix A.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with this report to be considered along with other priorities in future budget processes.

DECISION HISTORY

At its meeting of June 26, 2024, City Council adopted Item EC10.1 "Jane Finch Community Development Plan 2024-2034" and directed staff to take necessary action to implement the plan including community engagement, formation of community partnerships and securing funding and resources through the 2025 Budget process. <https://secure.toronto.ca/council/agenda-item.do?item=2024.EC10.1>

On December 8, 2023, by way of DAF 2023-318, authority was granted to the Toronto Public Library Board to submit an application to convert the Property from the Registry System to the Land Titles system, including indemnification of the Land Titles Assurance Fund required in the conversion process, and to transfer title to the Property from the Toronto Public Library Board to the City.

At its meeting of June 19, 2023, the Toronto Public Library Board approved the transfer of the ownership of the property municipally known as 1785 Finch Avenue West, to the City of Toronto which has the authority to enter into land lease with the Community Music School of Toronto (CMST) to build a music school. The transfer is in response to Council's endorsement for building of a music school at the site of the York Woods Branch.

<https://torontopubliclibrary.typepad.com/board-meetings/2023-06-19/15-york-woods-branch-property-transfer-of-ownership-to-city-of-toronto.pdf>

At the meeting of February 2 - 3, 2022, City Council considered Member Motion MM39.16 Establishing a Music School at York Woods Library, and adopted recommendations which: endorsed the building of a music school on the site of York Woods Library; directed the City Manager to perform a feasibility review with stakeholders; and directed the Executive Director, Social Development, Finance and Administration to commence community consultation for the project.

COMMENTS

Background

Community Music Schools of Toronto ("CMST") is a charitable organization founded in 1999 with a mission to help Toronto youth access high-quality music education. CMST music programs are geared towards students ages three to 18 and are heavily subsidized to provide families who would not usually have access to music education due to their financial situation. Students participating in CMST programs can access instruments, music education, mentorship, and performance opportunities in a safe, supportive, and creative environment.

CMST expressed interest in building a music school to serve the Jane Finch community. In the summer of 2019, the local Councillor approached TPL with a proposal for the Regent Park School of Music (renamed to Community Music Schools of Toronto) to locate a music school in the Jane Finch community as a part of expanding its community reach and serving the residents in this community. CMST considered various sites throughout the community and proposed that the site of the York Woods Library be most appropriate.

CMST engaged the community from July to December 2022. A total of 166 community members participated, including 21 representatives from local organizations and 43 youth under 18 years old, who shared ideas and perspectives. Engagement strategies included Community Animators (94 participants), a Virtual Community Meeting (30 participants), Pop-up Engagement (20 participants), and a Survey (22 participants).

In April 2021, CMST notified City staff that a substantial portion of the required fundraising had been complete. Fulsome negotiations detailing the planning, construction and operations of the future music school commenced in the spring of 2021 among CMST, the local Councillor, and various City Divisions and Agencies including Social Development, Finance and Administration, Economic Development and Culture, Corporate Real Estate Management, Legal Services, City Planning and CreateTO.

Land Lease with CMST

With City Council endorsement and direction to explore the feasibility of building a music school at the Property, City staff recommend advancing this site for the proposed new music school by entering into the Land Lease with CMST for the Leased Premises to design, build, finance, and operate a new not-for-profit music school. City staff have negotiated key terms and conditions of the Land Lease with CMST for a total term of 50 years less a day (including two options to extend). See Appendix A for all key terms and conditions of the Land Lease.

TPL supports the proposed Land Lease to CMST for the construction of a new music school on the Leased Premises. Social Development, Finance, and Administration and

Economic Development and Culture have advised on the community consultation process, by engaging with a third-party consultant and the Tenant. Additionally, the proposed development of a new site for CMST in the Jane Finch community aligns with Action 1.13 of the Jane Finch Community Development Plan ([EC10.1](#)); a short-term action aimed at ensuring artists and organizations have access to local spaces to practice, create, exhibit, and operate their organizations.

The terms of the Land Lease require that CMST's music school design and site plans are subject to review by the City Librarian, in consultation with relevant City Divisions and Agencies. Any application for development or municipal approval on the Leased Premises will be subject to the typical development review or permit/approval process led by City Planning and/or Toronto Building.

The TPL Board is the current registered owner of the property located at 1785 Finch Avenue West (the "Property"). Given that the scope of the proposed Land Lease is beyond the TPL Board's mandate, it is recommended that title to this Property be transferred to the City to enable the City to enter into the proposed Land Lease. The TPL Board approved the transfer of the Property to the City in June 2023. The Property will continue to be jurisdictionally managed by TPL for York Woods Library operations.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Appendix A - Major Terms and Conditions of the Land Lease with CMST
Appendix B - Location Map of the Property
Appendix C - Sketch of Leased Premises

Appendix A - Major Terms and Conditions of the Land Lease with CMST

Landlord:	City of Toronto
Tenant:	Community Music Schools of Toronto
Leased Lands/ "As is Condition":	Approximately 750 square meters on a portion of the lands municipally known as 1785 Finch Avenue West, shown outlined in red on Appendix C of this report. The Leased Premises are leased to the Tenant in an "as is" condition, including environmental condition, with no representations or warranties by the City as to its existing conditions.
Permitted Use:	<p>To construct and operate a not-for-profit, community music school for children, including other necessary and complimentary uses, including a recording studio, and for no other uses or purposes whatsoever without the prior written consent of the City.</p> <p>The Tenant's music school program will be made available to families who meet at least one of the following criteria:</p> <ol style="list-style-type: none"> 1. Resident of one of Toronto's Neighbourhood Improvement Areas; 2. Current recipient of support from Toronto Community Housing, Ontario Works, Ontario Disability Support Program, a City of Toronto Community Partner, or a United Way Agency; 3. Self-identified financial need; or 4. A belief that the Tenant's program centred on anti-Black racism and anti-oppression provides greater benefit than other music training programs.
Commencement Date:	The first day of the month immediately following the execution of the Lease.
Term and Option to Extend:	An initial term of 30 years with an option to extend for 10 years and another option to extend for 9 years and 364 days.
Landlord's Reserved Easements/Easements to be Granted by the Tenant:	The City has the right to grant easements in, on, under or above the Leased Premises for public utilities serving all or part of the Property, or for any purpose that does not materially interfere with the Tenant's use of the Leased Premises.
Basic Rent:	Basic Rent for the Term is Ten Dollars (\$10.00) plus applicable taxes.

Landlord:	City of Toronto
Additional Rent:	Any payments of any nature required to be made by the Tenant under the Lease, including taxes, utility costs, the Tenant's proportionate share of any costs shared with the City and all other costs associated with the use or occupancy of the Leased Premises.
Net and Carefree Lease:	The Lease shall be completely net and carefree to the City, with the Tenant responsible for all taxes and all ongoing costs relating to the Leased Premises throughout the Term and any extension thereof.

Ownership of Building/Surrender:	The building on the Leased Premises will be the property of the Tenant during the Term, and any extension thereof, provided that at the expiry of the Term, as may be extended from time to time, the building will automatically become the property of the City. Prior to the expiry of the Term, the Tenant shall provide the City with a copy of the latest Designated Substance Survey and an updated Phase I Environmental Site Assessment. The Tenant shall be responsible to maintain and leave the Leased Premises in a good condition.
Insurance and Indemnity:	<p>The Tenant shall obtain adequate insurance of all types in amounts and form satisfactory to the City's Insurance & Risk Management Division.</p> <p>The Tenant shall release and indemnify the City for any injury, loss, damage, claims, costs, and other proceedings whatsoever against claims in respect of the possession of the Leased Premises.</p>
Construction Security:	Prior to commencing construction and upon issuance of any building permit, the Tenant shall provide a security deposit in an amount equal to 50% of the budgeted value/cost of the construction.
Assignment / Transfer / sublet:	The Tenant shall not assign, transfer, or sublet ("Transfer") the Leased Premises, or any part thereof, without the City's prior written consent, which may not be unreasonably withheld.
Sale or Transfer by Landlord:	In the event of a sale or transfer of the Leased Premises by the City, the City shall obtain from the transferee an agreement to assume and to be bound by the covenants and obligations of the City under the Lease.
Environmental:	The Tenant shall comply with all environmental laws. The Tenant will be responsible for any hazardous materials in, on or under the Leased Premises which were released or otherwise produced by the Tenant or those for whom the Tenant is responsible. The City will remain responsible for third party claims and government order arising out of the pre-existing environmental conditions.

Appendix B - Location Map of the Property



Appendix C – Sketch of Leased Premises

