

Community Space Tenancy Lease Agreement with The Neighbourhood Group Community Services and Municipal Capital Facility Designation - 5220 Yonge Street

Date: June 27, 2025

To: General Government Committee

From: General Manager, Economic Development and Culture, Interim Executive Director, Social Development, and Executive Director, Corporate Real Estate Management

Wards: Ward 18 - Willowdale

SUMMARY

This report seeks authority for the City, as landlord, to enter into a five-year nominal lease agreement (the “Lease”) with The Neighbourhood Group Community Services (TNG), as a tenant, for approximately 3,494 square feet of space located at 5220 Yonge Street (the “Leased Premises”) for the purposes of providing non-profit social, cultural, and community support services.

TNG will deliver a community hub offering integrated social and cultural programs and services, including newcomer services, language classes, settlement services, employment, and peer support services. The space will also be activated by community programming partners (North York Arts, North York Women’s Centre, Toronto Fringe Festival, and North York Seniors) who will provide on-site programs, including arts and culture, seniors’ programs, and education and employment support services for women.

This report also seeks authority for the adoption of the necessary by-law to designate the Leased Premises owned by the City as a Municipal Capital Facility and to provide an exemption for municipal taxes and education taxes. The Municipal Capital Facility agreement authorized by the by-law will provide an exemption for the Leased Premises.

RECOMMENDATIONS

The General Manager, Economic Development and Culture, the Executive Director, Social Development, and the Executive Director, Corporate Real Estate Management, recommend that:

1. City Council authorize the City to enter into a lease agreement (the “Lease”) at below market rent with The Neighbourhood Group Community Services (“the Tenant”) for the City premises located at 5220 Yonge St, Toronto as outlined and illustrated in the attached Appendix A and Appendix B respectively (the “Leased Premises”) for a five-year term with an option to extend for further five-year period, in accordance with the City's Community Space Tenancy Policy and substantially on the terms and conditions set out in the attached Appendix C and on such other or amended terms and conditions acceptable to the Executive Director, Corporate Real Estate Management, 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 or required documents on behalf of the City to give effect to the Lease.

3. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the General Manager, Economic Development and Culture and the Executive Director, Social Development, 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, in consultation with the General Manager, Economic Development and Culture, to enter into, execute and administer a Service Level Agreement in respect of the tenancy at the Leased Premises, including the provision for any amendments, eligibility assessment, and annual reporting from 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 The Neighbourhood Group Community Services, the landlord, which will lease approximately 3,494 square feet of community space at 5220 Yonge Street (the “Leased Premises”), for the purposes of the provision of Municipal Capital Facility related to social and cultural services; and

b. exempt the Leased Premises 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;
- (3) and the date the Tax Exemption By-law is enacted.

6. City Council direct the City Clerk to give written notice of the Municipal Capital Facility 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

The Lease will provide the Tenant with a gross floor area of approximately 3,494 square feet of community space for nominal rent. In accordance with the terms of the Lease and the CST Policy, all operating costs, maintenance costs, and realty taxes for the Leased Premises will be the responsibility of the Tenant, resulting in no operating costs to the City.

The Lease will be provided at a nominal rate of \$2 plus HST per year. As a result, the total opportunity cost of the Lease over the five (5) year term is estimated to be \$991,743 plus HST. The total opportunity cost of the option to extend for a five (5) year term is approximately \$1,122,066 plus HST. This represents a total sum of \$2,113,809 plus HST over the potential 10-year term, with a Net Present Value of \$1,537,480 plus HST.

5220 Yonge Street is owned by the City of Toronto. Although properties owned by the City of Toronto are exempt from taxation, once tenanted the Leased Premises will become subject to taxation. As such, this report recommends that City Council approve a Municipal Capital Facility designation to exempt the Leased Premises from property tax. The annual property taxes on the Leased Premises is estimated at approximately \$54,224, comprised of a municipal portion of \$33,254 and a provincial education portion of \$20,970, based on an estimated 2025 Current Value Assessment and 2025 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 3,494 square feet at 5220 Yonge Street will result in a net annual reduction in property tax revenue to the City of approximately \$33,254, representing the municipal portion of taxes that will not be collected once the Leased Premises are designated as a Municipal Capital Facility. The provincial education portion of property taxes of \$20,970 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 - 5220 Yonge Street

| Location | Municipal Taxes | Education Taxes | Total Property Taxes |
|--|------------------------|------------------------|-----------------------------|
| 5220 Yonge Street 1908-07-2-245-00104 | \$33,254 | \$20,970 | \$54,224 |
| Total Amounts Payable if Exempt | \$0 | \$0 | \$0 |
| Reduction in Municipal Tax Revenues | | | \$33,254 |
| Reduction in Education Taxes Remitted | | | \$20,970 |

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

DECISION HISTORY

At its meeting on October 9 and 10, 2024, City Council authorized an amendment to the existing Section 37 Agreement related to the development at 5220 Yonge Street to amend the terms related to the social facility space, which would allow the City to approve the residential condominium (City File 23 196767 NNY 18 CD) for the development prior to complete finishing and fit up of the social facility space.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.MM22.37>

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 March 28 and 29, 2017, City Council authorized the provision of a minimum of 324.59 square metres of social facility space to the City, at the development at 5220 Yonge Street to be secured in a Section 37 Agreement pursuant to the *Planning Act*.

<https://secure.toronto.ca/council/agenda-item.do?item=2017.MM27.47>

COMMENTS

The property at 5220 Yonge St was acquired in accordance with an agreement under Section 37 of the Planning Act between the City and the property developer. It was conveyed to the City as a "social facility unit" to satisfy a portion of the community benefits required under the agreement, with the intent of identifying a non-profit organization to lease the space.

The City's Community Space Tenancy (CST) Policy provides an equitable and transparent 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. To adhere to the requirements of the policy, a Request for Expression of Interest (REOI) process was issued to provide a consistent, fair, and accountable approach to leasing the new community space at 5220 Yonge Street. The REOI process was initiated in October 2024. Two information sessions were held to walk prospective applicants through the REOI Guidelines and answer any questions they had. Two site tours were held to show the space and help applicants envision how they would program the space. REOI applications were due on February 11, 2025, and were subsequently assessed by an evaluation committee comprised of City staff from Economic Development and Culture, Social Development, and Corporate Real Estate Management, based on eligibility, the requirements of the CST Policy, organizational strength, financial capacity, community impact, and proposed service delivery. The committee unanimously recommended The Neighbourhood Group Community Services (TNG) to be the Tenant of the Leased Premises.

TNG is a multiservice social agency that supports over 40,000 low-income individuals and families annually through various programs aimed at alleviating social and economic challenges these groups encounter. TNG is an amalgamation of Central Neighbourhood House (founded in 1911), Neighbourhood Link Support Services (founded in 1975) and St. Stephen's Community House (founded in 1962). TNG has over 100 staff across 35 locations within the City of Toronto, including in other City-owned hubs.

TNG's proposal involves a unique interdisciplinary collaboration with the following community programming partners: North York Arts, North York Women's Centre, Toronto Fringe Festival, and North York Seniors. Through this partnership, TNG proposes to integrate social and cultural services focused on settlement support services to help individuals and families meet basic needs and improve their quality of life as further described below. The programming partners will not be formal sub-tenants, but rather will have regular access to the space for community activations through agreements executed with TNG. TNG and the four (4) partnering organizations came together during the REOI site tours, where prospective applicants were introduced to each other and encouraged to collaborate on local programming. The four (4) partnering organizations and TNG are also participating in the current University of Toronto Infrastructure Institute/School of Cities' Social Purpose Real Estate (SPRE) Accelerator Program to support this collaborative undertaking. TNG will provide hub management, and support partner agencies in developing and implementing integrated community services and programs.

TNG's Community Programming Partners:

- **North York Arts:** will provide programming supporting artists and arts programming for the local North York community.
- **North York Women's Centre:** will offer skill-building and employment services, group support and peer support services with a focus on social isolation and gender-based violence.
- **Toronto Fringe Festival:** will provide education and capacity-building programs for theatre artists.
- **North York Seniors:** will continue to partner with North York Arts and TNG to offer social, educational, health, and arts-based programming to local seniors.

Municipal Capital Facility Designation

The City's Community Space Tenancy Policy states that, City Council approval is sought for an initial Community Space Tenancy, a Municipal Capital Facility designation will also be requested, where appropriate. Designating the Leased Premises as a Municipal Capital Facility and exempting it from property taxes will assist TNG, a multi-service social agency as described above, in providing services to the public that 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 Municipal Capital Facility.

Ontario Regulation 598/06 prescribes facilities providing social and cultural services as eligible Municipal Capital Facilities for the purpose of Section 252.

Upon the passing of the by-law authorizing the Municipal Capital Facility Agreement and the municipal and school tax exemptions, the City Clerk, pursuant to the *City of Toronto Act, 2006*, 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

Aderonke Akande, Director, Arts and Culture Services, Economic Development and Culture, 416-397-5257, Aderonke.Akande@toronto.ca

Zenia Wadhwani, Director, Community Resources, Social Development, 416-392-8614 Zenia.Wadhwani@toronto.ca

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

SIGNATURE

Patrick Tobin
General Manager, Economic Development and Culture

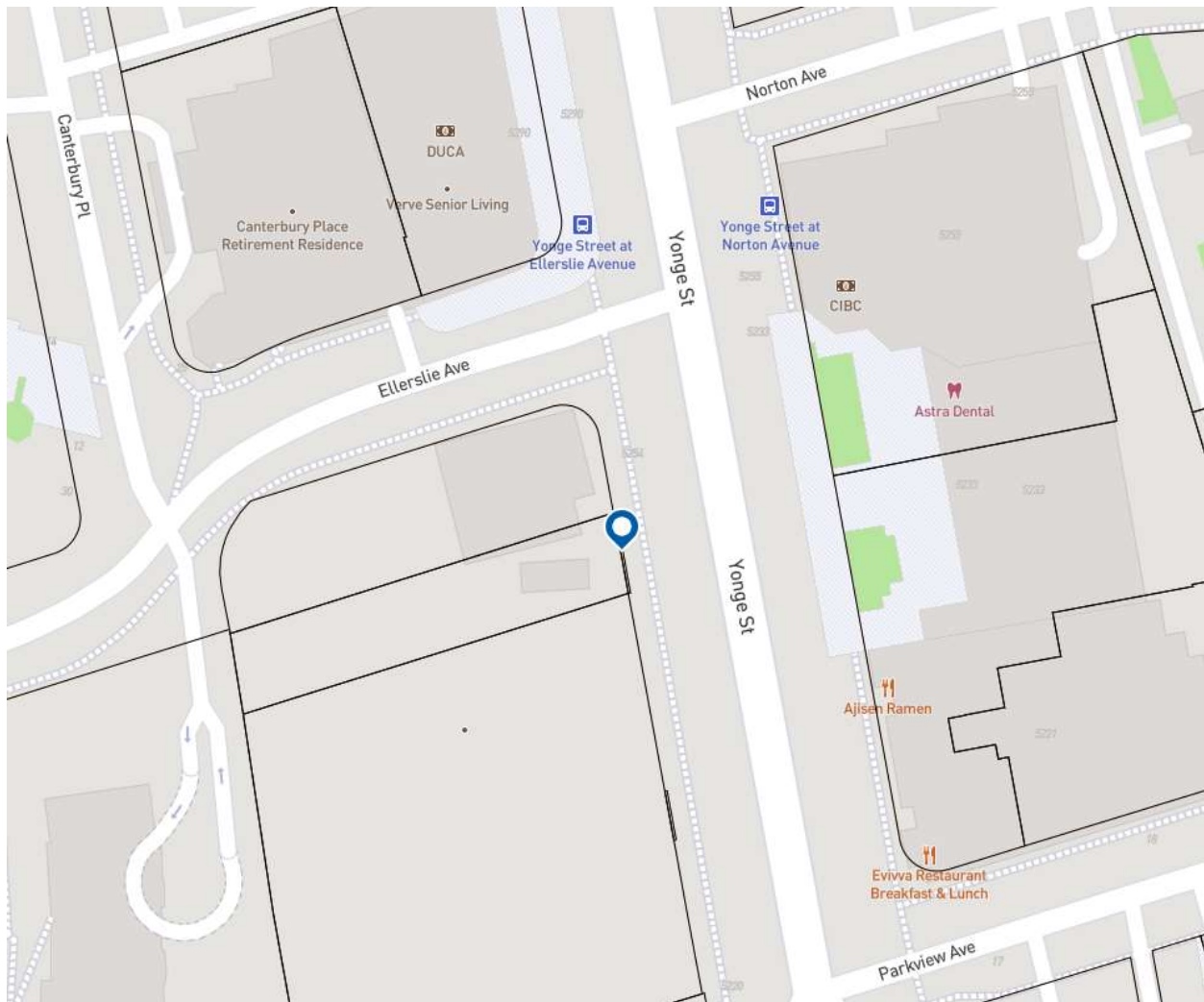
Mohamed Shuriye
Interim Executive Director, Social Development

Patrick Matozzo
Executive Director, Corporate Real Estate Management

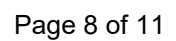
ATTACHMENTS

Appendix A - Location Map of the Leased Premises
Appendix B - Floor Plan of Leased Premises
Appendix C - Major Terms and Conditions of Lease

Appendix A – Location Map of the Leased Premises



CST Lease and MCF designation - 5220 Yonge St.



Appendix C – Major Terms and Conditions of Lease

| | |
|-----------------------------|---|
| Property: | 5220 Yonge Street, Toronto ON M2N 5P6 |
| Landlord: | City of Toronto (the “City”) |
| Tenant: | The Neighbourhood Group Community Services |
| Leased Premises: | Gross floor area of approximately 3,494 square feet on the ground floor of the Property, as shown in Appendix C |
| Shared Facilities Agreement | Means the Easement and Cost-Sharing Agreement between the City of Toronto and G Group 5220 Yonge Ltd. dated December 6, 2024, which affects the Leased Premises. |
| Commencement Date: | On or about September 1, 2025, or other such date as determined by the Executive Director, Corporate Real Estate Management |
| Term: | Five years beginning on the Commencement Date |
| Option to Extend: | Provided the Tenant retains its not-for-profit status (or is a public institution), and is not in default under the Lease, the Tenant has the option to extend the Lease Term for one five-year term, on the same terms and conditions as the Lease, save and except for any further right of extension. |
| Use: | The Leased Premises shall be used and be continually operated by the Tenant throughout the Term for the purpose of non-profit social, cultural, and community support services. |
| Basic Rent: | \$10.00 plus HST payable up front in advance, at a rate of \$2.00 (two dollars CAD) per annum, which shall be deemed to have been paid on the Commencement Date of the Lease agreement. |
| Additional Rent: | Proportionate share of Shared Facilities Costs based on 1.18% of such costs as more particularly described in the Shared Facilities Agreement. Additional Rent is subject to an annual reconciliation and budget adjustments, and the Tenant shall be responsible for the actual operating costs of the shared facilities and services. The Tenant will be provided with an annual budget outlining the projected Shared Facilities Costs, and any adjustments will be made based on actual expenses incurred, all as set out in the Shared Facilities Agreement. |

| | |
|------------------------------|--|
| Net Lease: | The Lease shall be absolutely net to the City. During the Term or any extension or renewal thereof, 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, operation and occupancy of the Leased Premises, including their proportionate share of the Shared Facilities Costs as outlined in the Shared Facilities Agreement. Any obligation which is not stated to be that of the City shall be the Tenant's responsibility. |
| Capital Improvements: | Capital improvements, as defined under general accounting principles in accordance with Canada Revenue Agency's standards, shall be the responsibility of the City. |
| Service Level Agreement: | The Lease is subject to the Tenant entering into and remaining compliant with a Service Level Agreement with the City. The Service Level Agreement shall be administered by Social Development and periodically monitored for compliance and updated as required under the Community Space Tenancy Policy. The Service Level Agreement must also comply with the terms and conditions set forth in the Shared Facilities Agreement. |
| Standard CST Lease Template: | The Lease shall be drafted on the City's standard Community Space Tenancy Lease template, which shall contain such further revisions and other terms and conditions as may be satisfactory to the Executive Director, Corporate Real Estate Management, and in a form acceptable to the City Solicitor. |
| Early Termination: | The City shall have the right to terminate the Lease for any purpose at any time during the Term and any renewal/extension thereof upon providing the Tenant with sixty (60) day's prior written notice. |
| Insurance: | Prior to the commencement of the Term and on an annual basis, the Tenant shall provide proof of insurance in accordance with the City's insurance requirements outlined in the Lease. This includes, but is not limited to, comprehensive general liability insurance with limits of not less than Ten Million Dollars (\$10,000,000.00) per occurrence, and any other insurance as required by the Shared Facilities Agreement. |
| Indemnity by Tenant: | The Tenant shall fully indemnify and save harmless the City, its respective employees, agents, and those for whom it is at law responsible, from and against all claims whatsoever. The Tenant agrees that it will not pursue any claim against a third party which may result in any claim by such third party against the City. This indemnity shall include any claims arising from the use of Shared Facilities as outlined in the Shared Facilities Agreement. |

| | |
|--|---|
| Assignment and Sub-leasing: | The Tenant shall not sell, assign or otherwise dispose of its rights and obligations under the Lease or permit any other person or organization to occupy or use the Leased Premises, or any part thereof, or sublet the Lease Premises, or any part thereof, to a third party or in any way charge, encumber or pledge the Lease or its interest therein without the prior written consent of the City. Any assignment or sub-leasing must be upon the City's written consent, at its sole and absolute discretion, and must comply with the provisions of the Shared Facilities Agreement, particularly regarding the assumption of responsibilities and liabilities. |
| Condition of Leased Premises: | The Tenant shall accept the Leased Premises in an "as is" condition, including the current state of the Shared Facilities as outlined in the Shared Facilities Agreement. |
| Leasehold Improvements: | Any leasehold improvements undertaken by the Tenant shall be conditional on the City's approval. All of the Tenant's leasehold improvements shall become the property of the City at the City's sole direction. Any leasehold improvements related to Shared Facilities are subject to the terms and conditions of the Shared Facilities Agreement. |
| Compliance with Shared Facilities Agreement: | The Lease must comply with all terms and conditions of the Shared Facilities Agreement. |