

Lease Extension and Amending Agreement for Toronto Employment and Social Services - 700 Lawrence Avenue West

Date: June 27, 2025

To: General Government Committee

From: Executive Director, Corporate Real Estate Management and General Manager, Toronto Employment and Social Services

Wards: 8 - Eglinton-Lawrence

SUMMARY

The purpose of this report is to obtain City Council authority for the City, as tenant, to enter into a lease extension and amending agreement (the "Lease Extension") with RioCan Holdings Inc. (the "Landlord"), with respect to approximately 43,681 square feet of office space located at Lawrence Allen Centre, 700 Lawrence Avenue West, Unit 330 (the "Leased Premises") operated by Toronto Employment and Social Services (TESS), as Lawrence Square Employment and Social Services, for TESS's client-based program administration.

TESS has operated at the Lawrence Allen Centre since 2009, providing services to approximately 6,700 Ontario Works cases through the support of 125 staff. This location serves the Lawrence - Allen neighbourhood by providing financial supports, social supports, and referrals to employment supports for people receiving Ontario Works in Toronto. The existing lease for the Leased Premises is set to expire in the fall of 2025. Following a comprehensive review of the City-owned properties within TESS's catchment area completed by Corporate Real Estate Management (CREM) and CreateTO, in consultation with TESS, staff have determined there is no suitable City-owned property that meets TESS's operational requirements. The Lease Extension will allow continuity in TESS's service delivery while also providing a sufficient term length to rationalize significant planned capital investments in the Leased Premises.

The rent and other terms and conditions of the Lease Extension reflect current market value according to market research and valuation conducted by Corporate Real Estate Management staff. The Leased Premises will continue to be designated as a Municipal Capital Facility and exempt from realty taxation for municipal and school purposes.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management and General Manager, Toronto Employment and Social Services, recommend that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, on behalf of the City, as tenant, to enter into a lease extension and amending agreement (the "Lease Extension") with RioCan Holdings Inc., as landlord, for a further term of 10 years (the "Extended Term") with an option to extend for a further five years in respect of certain premises located at 700 Lawrence Avenue West, Unit 330 (the "Leased Premises"), more particularly as shown in Appendix B and Appendix C hereto, substantially on the terms and conditions set out in Appendix A of this report, and on such other or amended terms and conditions that are acceptable to the Executive Director, Corporate Real Estate Management, or their designate, and in a form satisfactory to the City Solicitor.
2. City Council authorize severally each of the Executive Director, Corporate Real Estate Management, and the Director, Real Estate Services, to negotiate and execute the Lease Extension, and any related documents on behalf of the City.

FINANCIAL IMPACT

The estimated total cost of the Lease Extension over the 10-year term, along with the additional five-year extension option, is approximately \$30,063,919 based on a market base rental rate of \$15.75 per square feet, with annual inflation of three percent.

The City will be responsible for the payment of the basic rent, proportionate share of operating costs, and utilities related to the Leased Premises. Based on the City's proportionate share of usable square footage, common area operating costs including utilities costs are, estimated at \$20.75 per square foot based on an area of 43,681 square feet. The Leased Premises will continue to be designated as a Municipal Capital Facility and exempt from realty taxation for municipal and school purposes.

Currently, lease costs are eligible for 50 percent funding from the Province. It is anticipated that the Province of Ontario will continue to cost share a portion of the leasing costs incurred by Toronto Employment and Social Services in providing its programming. Funding is available in the 2025 Operating Budget for Toronto Employment and Social Services (TESS) under cost centre C01212 and future expenditures will be included in future years Operating Budget submissions for Council consideration.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Authorized by Delegated Authority Form 2021-082, signed on June 10, 2021, the term of the lease was further extended for another five years pursuant to a lease extension

agreement dated March 5, 2020, commencing on October 1, 2020 and expiring on September 30, 2025.

<https://www.toronto.ca/wp-content/uploads/2021/06/8f38-2021-082700-Lawrence-Av-W.pdf>

At its meeting on November 30, December 1, 2, 4 and 7, 2009, City Council adopted report GM26.29 “Leased Space to Meet Toronto Employment and Social Services Recession Plan Requirement” to enter into lease agreements for space at seven locations to accommodate an expansion of service capacity for Toronto Employment and Social Services, including the location at 700 Lawrence Avenue West, Unit 330. The additional space will enable Toronto Employment and Social Services to accommodate the required new case workers needed to support the increased demand for Ontario Works, with a leased premises comprising of approximately 43,681 square feet and a term of ten years and 11 days, expiring September 30, 2020, with an option to extend for the additional five year term, from October 1, 2020 to September 20, 2025.

<https://secure.toronto.ca/council/agenda-item.do?item=2009.GM26.29>

COMMENTS

Background

TESS operates Lawrence Square Employment and Social Services at the Leased Premises by providing financial supports, social supports, and referrals to employment supports for people receiving Ontario Works in Toronto. TESS staff help eligible residents access financial benefits available through the Ontario Works program, connect to health, housing, childcare and other social services, find a job or the training needed to find work and referrals to education, training and employment supports. This location has operated since 2009 and provides services to approximately 6,700 Ontario Works cases through the support of 125 staff.

This office is a critical site in supporting TESS operations. It houses TESS' divisional training centre, which provides training and facilitation for TESS staff across a wide variety of training types and training methods, and TESS' Information Technology Depot, which supports TESS' technology needs for its 2,000 staff.

The Lawrence - Allen neighbourhood is the catchment area for TESS related services delivered at the Leased Premises, which serves the community that falls within the postal codes beginning with M3K, M3L, M3M, M6A, M6B, M6E, and M6L.

The Leased Premises forms 43,681 square feet of office space within the Lawrence Allen Centre. It is well served by public transit with plenty of free parking and is in an area identified as high need by TESS. See Appendix B for location maps of the Leased Premises.

Rationale for Lease Extension and Amending Agreement

The existing lease for the Leased Premises is set to expire in the fall of 2025. Following a comprehensive review of the City-owned properties within TESS's catchment area

completed by CREM and CreateTO, in consultation with TESS, staff have determined there is no suitable City-owned property that meets TESS's operational requirements. The Lease Extension will allow continuity in TESS's service delivery while also providing a sufficient term length to rationalize significant planned capital investments in the Leased Premises.

The Lease Extension is for a term of 10-years (the "Extended Term") with an option to extend for a further five years. The rent and other terms and conditions of the Lease Extension reflect current market value according to market research and valuation conducted by Corporate Real Estate Management staff. See Appendix A for details on the major terms and conditions of the Lease Extension.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

Sutha Balasingham
General Manager, Toronto Employment and Social Services

ATTACHMENTS

Appendix A - Major Terms and Conditions of Lease Extension
Appendix B - Location Maps of the Leased Premises
Appendix C - Exterior Signage

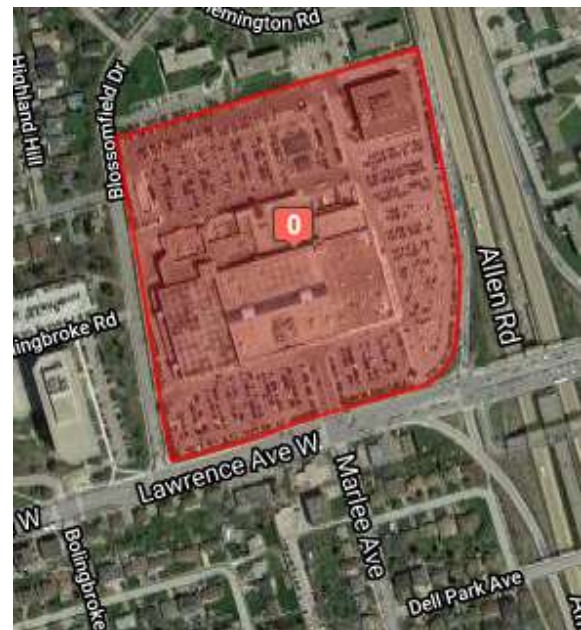
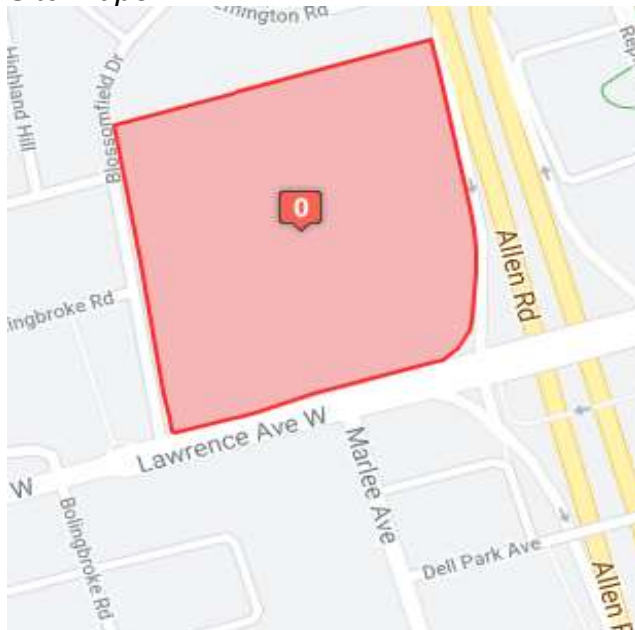
Appendix A – Major Terms and Conditions of Lease Extension

Leased Premises:	Unit 330, 700 Lawrence Avenue West, Toronto, M6A 3B4, comprising approximately 43,681 square feet, as shown in Appendix B.
Landlord:	RioCan Holdings Inc.
Tenant:	City of Toronto (the "City")
Basic Rent:	Basic rent of \$15.75 per square foot for the first year of the renewal term. Minimum Rent for the second and each subsequent year (being a year commencing on the applicable anniversary of the Commencement Date) shall be subject to an annual increase equal to (i) Three percent; and (ii) the percentage increase in CPI, on each applicable anniversary of the Commencement Date on a cumulative basis over the immediately preceding 12-month period plus applicable taxes.
Extended Term:	Ten years from October 1, 2025 to September 30, 2035.
Common Area Operating Cost and Utilities:	The Tenant will be responsible for Common Area Operating Costs and utilities, based on their proportionate share of usable square footage at \$20.75 per square foot
Option to Extend:	Provided the tenant is not in default, the tenant shall have the option to extend the Lease for one additional period of five years, subject to the Tenant providing written notice to the Landlord at least 12 months prior to the expiry of the Agreement. The extension shall be on the same terms and conditions as contained in the Lease, save for the basic rent, which shall be determined in accordance with the Lease.

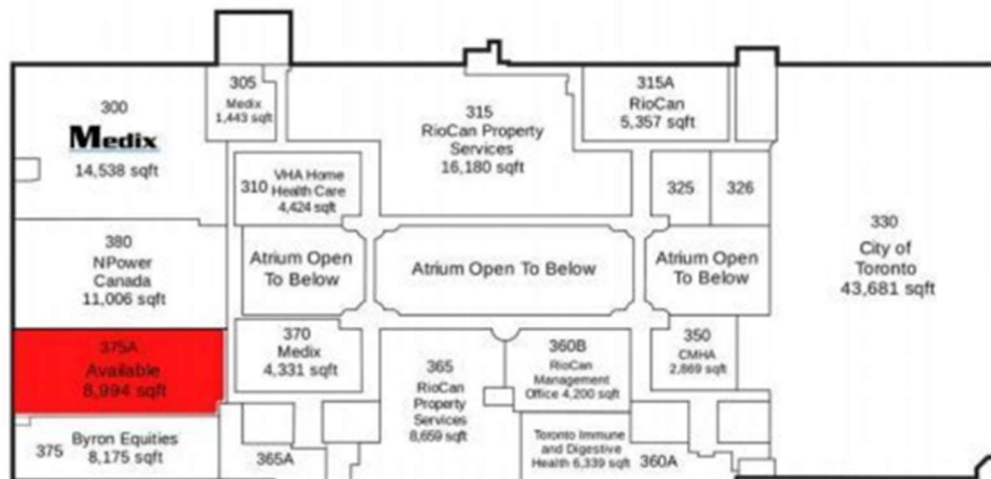
Leased Premises:	Unit 330, 700 Lawrence Avenue West, Toronto, M6A 3B4, comprising approximately 43,681 square feet, as shown in Appendix B.
Other:	<p>The City will renovate the Leased Premises and the Landlord will allow a partial allowance for renovation work of up to \$7.00 per square foot as reimbursement.</p> <p>The City shall comply with the Landlord's sustainability initiatives and provide proof of compliance when requested by the Landlord.</p> <p>Monthly cleaning fees shall be in the amount of approximately \$2,055.00 to be included as additional rent.</p> <p>The Landlord will allow the City to install an exterior signage on one of the two proposed locations of the Shopping Centre building.</p> <p>All other terms and conditions remain the same as set out in the lease.</p>

Appendix B - Location Maps of Leased Premises

Site Maps



Floor Plan



Street View



Appendix C - Exterior Signage

