



Update on Lease Renewal for 35 Carl Hall Road (Unit 1, 3 & 4)

Item 2H

February 26, 2021

Board of Directors

Report: TCHC:2021-13

To: Board of Directors (the “Board”)

From: Vice President, Facilities Management

Date: February 19, 2021

PURPOSE:

The purpose of this report is to seek the Board’s approval on the proposed revisions for the renewal of TCHC’s existing lease agreement for 35 Carl Hall Road, units 1, 3 and 4.

RECOMMENDATIONS:

It is recommended that the Board:

1. Approve the revised terms of the lease renewal agreement for 35 Carl Hall Road, units 1, 3 and 4 with Downsview Park Inc. for a term of three years (plus two one-year renewal options) with a total rent amount of \$1,831,527.00 (exclusive of taxes); and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

REASONS FOR RECOMMENDATIONS:

35 Carl Hall Road is the main office for approximately 400 permanent and mobile staff from various TCHC divisions including Strategic Procurement, Facilities Management, Finance, and Operations (Maintenance Dispatch

and Client Care). Approximately 300 staff have permanent workstations at this location.

At its July 30, 2020 meeting, the Board approved the authorization to renew the lease agreement for 35 Carl Hall Road, units 1, 3 and 4 (47,180 sq.ft.) with Downsview Park Inc. (“Landlord”) for a term of five years with rent in the total amount of \$2,038,815.00 (exclusive of taxes) (TCHC:2020-53).

Since Board approval, the ModernTO planning team has notified TCHC that it has identified January 2024 as the optimal date for Carl Hall staff to migrate to City-run facilities. ModernTO is a City of Toronto led initiative that seeks to consolidate and modernize the City’s administrative spaces for improved efficiency and effectiveness. This initiative includes City corporations and agencies, such as TCHC and the Toronto Transit Commission.

TCHC has renegotiated the terms of the lease with the Landlord to align with the ModernTO timeline. The term of the lease has been amended from five to three years, with two one-year renewal options. These amendments will ensure TCHC avoids incurring an early termination penalty of approximately \$750,000.00, as stipulated in the original terms of the lease.

Table 1 provides the revised rent breakdown. Note, with the updated terms of the renewal, additional rent has been added and covers estimated annual operating costs.

Table 1: Revised Rent Breakdown (exclusive of taxes)

Term	Basic Rent	Additional Rent*	Annual Rent
2021	\$393,953	\$216,556	\$610,509.00
2022	\$393,953	\$216,556	\$610,509.00
2023	\$393,953	\$216,556	\$610,509.00
Total	\$1,181,859	\$649,668	\$1,831,527.00

* Additional Rent is estimated each fiscal year based on the square footage of Rentable Area. The figures above are based on estimated operating costs at \$3.93/s.f. and taxes at \$0.66/s.f.

IMPLICATIONS AND RISKS:

Implementation of ModernTO and consolidation of Carl Hall is planned for the next three years. The expiry of the 35 Carl Hall Road lease, as amended on the basis of the recommendations in this report, will align with the City of Toronto's ModernTO timeline, which will absorb applicable TCHC departments within the new office optimization plan.

The ModernTO initiative will not include space for trade, technician and shop staff (approximately 70 staff). TCHC will be responsible for finding new workspace for these staff.

SIGNATURE:

"Allen Murray"

Allen Murray
Vice President, Facilities Management

STAFF CONTACTS:

Allen Murray, Vice President, Facilities Management
416-981- 6955
Allen.Murray@torontohousing.ca