



The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2023-W-30
Date: June 7, 2023

Subject:

Lease Agreement with the Town of Whitby for Space Located at 312 Colborne Street West, in the Town of Whitby, for the Social Services Department, Income, Employment and Homelessness Support Division

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That the Lease Agreement with the Town of Whitby for the premises located at 312 Colborne Street West, in the Town of Whitby, be approved with the following terms and conditions:
- i) The lease term for the facility is for a period of five (5) years commencing July 1, 2023, and ending on June 30, 2028;
 - ii) The annual rent for the first year of the lease term, including utilities, will be two dollars (\$2.00*), payable in advance;
 - iii) The annual rent for the second year of the lease term, commencing July 1, 2024, and ending June 30, 2025, will be Twenty-Five Thousand Dollars (\$25,000.00*), payable in advance;
 - iv) For each successive year of the lease term, the annual rent will be increased by the percentage increase in the All-Item Consumer Price Index;
 - v) The Regional Municipality of Durham will have the option to renew the lease for an additional two (2) terms of two (2) years subject to the terms and conditions agreed upon at the time of renewal;

- vi) The Region will be responsible for all maintenance and repair to the leased space, property taxes (if applicable), and all costs associated with emergency calls and repairs made because of the negligence or misconduct of the Tenant or the Occupants;
 - vii) The Landlord will be responsible for making all improvements, repairs, renovations, and alterations to the exterior of the building and property, as well as all systems servicing the leased space (e.g., HVAC (Heating, Ventilation and Air Conditioning)) unless required because of the Tenant's or the Occupants' negligence or misconduct; and
- B) That the Regional Chair and Clerk be authorized to execute all documents associated with the Lease Renewal.
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Report:**1. Purpose**

- 1.1 The purpose of this report is to obtain approval to execute the lease with the Town of Whitby as per the terms and conditions outlined herein.
- 1.2 Amounts followed by an asterisk (*) are exclusive of applicable taxes.

2. Background

- 2.1 Real Estate staff received a request from the Social Services Department to negotiate a lease agreement with the Town of Whitby to use space located at 312 Colborne Street West, in the Town of Whitby. The space is to be used as a transitional home for displaced families.
- 2.2 Homelessness continues to rise in the Region with approximately 300 people experiencing homelessness and 180 being homeless for more than six months. There is a lack of supportive and affordable housing and shelter space in the Region which contributes to the growing waitlist for community housing. As a result, the need for additional shelter space and housing is a priority.

3. Terms of Lease

- 3.1 The proposed Lease Agreement is for five (5) years commencing July 1, 2023, and ending June 30, 2028. The Region will have the option to renew for a further two (2) terms of two (2) years subject to the terms and conditions agreed upon at the time of renewal.

3.2 The proposed annual rental rates, inclusive of utilities, during the Term of the Lease are as follows:

- a) The rent for the first year of the lease term, including utilities, will be Two Dollars (\$2.00*), payable in advance;
- b) The annual rent for the second year of the lease term, commencing July 1, 2024, and ending June 30, 2025, will be Twenty-Five Thousand Dollars (\$25,000.00*), payable in advance; and
- c) For each successive year of the Term, the annual rent will be increased by the percentage increase in the All-Item Consumer Price Index.

3.3 The Region will be responsible for the completion of all leasehold improvements required to convert the leased space from commercial use to residential. The amount of \$500,000 has been approved in the 2023 budget (G2313) for the upfitting of the space.

3.4 The Region will be responsible for the removal of all leasehold improvements and to restore the leased space to the condition and use existing prior to the execution of the Lease, upon termination or expiration of the said Lease.

3.5 The Region will also be responsible for all maintenance and repair to the leased spaces, property taxes (if applicable), and all costs associated with emergency calls and repairs made because of the negligence or misconduct of the Tenant or the Occupants.

3.6 The Landlord will be responsible for making all improvements, repairs, renovations, and alterations to the exterior of the building and property, as well as all systems servicing the leased space (e.g., HVAC) unless required because of the Tenant's or the Occupants' negligence or misconduct.

4. Financial Implications

4.1 Financing for the lease will be provided from within Social Services Business Plans and Budget for this facility.

4.2 Since the approval of this lease requires a long-term financial obligation for which payment is required beyond the term for which council was elected, the Regional Treasurer has updated the Region's financial debt obligation and obligation limit. In accordance with Section 4 of the Ontario Regulation 403/02, the Region's Treasurer has calculated an updated long-term debt/financial limit and has determined that the

limit has not been exceeded. Therefore, this lease extension does not require the approval of the Local Planning Appeal Tribunal.

5. Relationship to Strategic Plan

5.1 This report aligns with the following strategic goals and priorities in the Durham Region Strategic Plan:

- a) Goal 2.3: Enhance community safety and well-being;
- b) Goal 2.3: Influence the social determinants of health to improve outcomes for vulnerable populations;
- c) Goal 2.4: Support a high quality of life for all through human services delivery;
- d) Goal 2.5: Build a healthy, inclusive, age-friendly community where everyone feels a sense of belonging;
- e) Goal 4.4: Expand access to existing life stabilization programs; and
- f) Goal 5.1: Optimize resources and partnerships to deliver exceptional quality services and values.

6. Conclusion

6.1 Social Services Department has advised that they wish to lease the space located at 312 Colborne Street West, in the Town of Whitby to operate a transitional home for displaced families. It is recommended that the Lease Agreement be approved based on the above-noted terms and conditions.

6.2 This report has been reviewed by the Finance Department.

6.3 For additional information, please contact Christine Dunkley, Manager, Financial Services and Corporate Real Estate, at 905-668-7711, extension 3475.

Respectfully submitted,

Original signed by:

Ramesh Jagannathan
MBA, M.Eng., P.Eng., PTOE
Acting Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer