

**Authority for One-Time Grant to Cover Deficit in Operating Costs
of Existing Below-Market Rent Tenants of 1652 Keele Street**

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| Date: | September 27, 2011 |
| To: | Government Management Committee |
| From: | City Council |
| Wards: | Ward: 12 |

City Council Decision

City Council on September 21 and 22, 2011, referred Motion MM11.8 to the Government Management Committee.

Recommendations

Councillor Frank Di Giorgio, seconded by Councillor Frances Nunziata, recommends that:

1. City Council, pursuant to the provisions of Section 83 of the City of Toronto Act, 2006, authorize, on a one-time only basis, a grant in the amount of approximately \$85,758.54 towards the 2011 operating costs of 1652 Keele Street from the 2011 Approved Facilities Management Operating Budget.
2. City Council, pursuant to the provisions of Section 83 of the City of Toronto Act, 2006, authorize that the amount of approximately \$40,580.00 which has accumulated in the Community Partnership and Investment Program account (NP0072) and that such sum be continued to be utilized as funding for property taxes that may be levied up at 1652 Keele Street for the years 2009 to 2015.

Summary

By the adoption of Executive Committee Item 13.3 at its meeting on November 19 and 20, 2007, City Council authorized new below-market rent (BMR) leases for seven (7) existing below market tenants at 1652 Keele Street provided that they continued to meet the City's eligibility criteria.

Pursuant to this authority and upon successful eligibility review by City staff, new BMR leases with Community Action Resource Centre in Toronto, Somali Immigrant Aid Organization, The Community Social Planning Council of Toronto, Women Abuse Council of Toronto and The Hispanic Community Centre for the City of York commenced

on January 1, 2011. The lease with For Youth Initiative, scheduled to expire in November, 2010, was extended by Council (Motion MM27.13 adopted on December 1, 2 and 3, 2008) to November 14, 2018. Somali Immigrant Women Association, a seventh (7th) BMR tenant within 1652 Keele Street, is currently overholding. The BMR leases require these tenants to be in full compliance with the BMR policy including the provision that BMR tenants pay their proportionate share of all operating costs so that the City incurs no out-of pocket expenses.

When these seven BMR tenants were relocated to 1652 Keele Street in 2005 from a former City facility at 2696 Eglinton Avenue West, the operating costs were estimated at \$3.20 per square foot. These organizations have continued to pay operating costs based on that original estimated rate throughout their lease term. In their new lease term at 1652 Keele Street, the estimated operating cost for the year 2011 is \$17.74 per square foot (including HST).

As a result, these seven BMR tenants have advised, and (SFDA) staff review of their financials concur, that they are financially unable to fully contribute toward the 2011 operating costs, which will result in a shortfall to the City of \$85,758.54. These seven BMR tenants are requesting relief for the year 2011, which will provide them the opportunity to budget for the increase in costs to maintain affordability for effective service delivery to Weston-Mount Dennis residents. The six eligible BMR tenants are budgeting for full payment of their respective share of operating costs starting January 1, 2012.

Currently, the spaces occupied by the BMR tenants at 1652 Keele Street have not been assessed by the Municipal Property Assessment Corporation for property taxes. However, at its meeting held on May 12, 13 and 14, 2005, Council adopted Clause 13 of Report No. 3 of the Administration Committee which provided that funding for such property taxes for years 2006 to 2010 be included in the respective year's Community Partnership and Investment Program Budget submission. As a result, the sum of approximately \$40,580.00 has been accumulated in the Community Partnership and Investment Program Budget for 1652 Keele Street. Municipal Property Assessment Corporation can assess property taxes and retroact the payment requirements by 2 years (that is, back to 2009).

The provision of City-owned space at below-market rent is a form of municipal investment in community organizations which assist the City to achieve its goals for residents and complement City programs and services. As a result, there is a benefit to the City in providing short-term assistance to these tenants within the 1652 Keele Street facility and these tenants are not entities for whom a grant from the City is prohibited under Section 82 of the *City of Toronto Act, 2006*.

(Submitted to City Council on September 21 and 22, 2011 as MM11.8)