

Economic Development Committee  
10th floor, West Tower, City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

November 21, 2015

**Subject: Deputation for Nov. 24, 2015 Meeting, Agenda Item – ED8.5: Redesigning the Vacant Commercial and Industrial Tax Relief Program - Activity Update (Ward All)**

Dear Economic Development Committee Members,

We are writing as owners of 1799 – 1805 Danforth Avenue, a mixed commercial-residential property. The property has two large storefronts of 1,800 sq. ft. (approx.) each, plus similar sized basement units. Since purchasing it in June, 2011, we have yet to be able to attract any long-term tenants (with the exception of one of the basement units).

Thanks to the wonderful, creative and enthusiastic people at the Danforth East Community Association and its Pop-Up program, we have been able to have some limited occupancy in these spaces. Though these have been at far reduced rent, we believe the program is very beneficial both to us and to the neighbourhood for many reasons. During this period, we have hosted about ten pop-ups of various types and duration. We have also, without charge, hosted community events, such as Danforth Dreams and the Repair Café, as contributions to the community.

We are very pleased to note that two of the pop-ups we hosted (LEN and The Handwork Department) have rented long-term (but smaller) spaces in the area as a direct result of the incubation opportunity. That is, two more vacant storefronts around this area of Danforth Avenue have become occupied and contributed to the revitalization of the neighbourhood.

We have dutifully reported these short tenancies in our vacant unit property tax rebate applications knowing that for each one, we will lose a portion of our rebate. Of course, this has a financial impact on our operation.

The loss of the rebate, as well as the 90-day qualifying period, do act as deterrents for these types of rental. For us, we would be willing to entertain shorter-term pop-ups, lasting one or two months, if we knew that there would be no impact on the rebate (we have attempted to have somewhat longer duration pop-ups, in the range of 3 – 6 months, to minimize the administration involved). We know of other landlords who simply prefer to obtain the rebate rather than bother with shorter-term rentals of any duration.

DECA's very successful pop-up program brings in businesses which are interested in a 'try and buy' proposition. They aren't quite ready to commit to a longer-term, full rent lease, but would like to make a start and assess the viability of their business. This means limited risk for them. At the same time, it gives us as landlords, and the neighbourhood as a whole, much-needed exposure and vitality, in turn attracting additional businesses to consider the area – a virtuous, economic development circle.

This virtuous circle is very difficult to kick-start though, with the present regulations. We believe strongly that if the rebate regulations were altered or waived such that there would be no loss of rebate, as well as no 90-day qualifying period in relation to having pop-ups or other short-term rentals (say, up to six months in duration), more landlords would come forward to participate and more often. This would pave the way for faster lease-up of vacant storefronts than would otherwise be the case. It would mean stronger, more vibrant streetscapes sooner in areas like Danforth East. Also, administratively, reporting for rebate applications by landlords would be simplified and processing effort by city staff would be reduced.

Lastly and as a general comment, based on our experience with showings of our vacant commercial spaces to dozens of parties over the last four years, we believe that the high level of commercial property taxation has been the primary deterrent for many otherwise viable businesses. It makes it especially difficult for start-ups or younger ventures to commit to a lease. Ultimately, this results in vacant storefronts, slows economic development, limits the generation of jobs and affects the health of communities.

Sincerely,

Haig Baronikian and David Wong, per

*1853475 Ontario Inc.*