

Updated Councillor Constituency Office Market Rents

Date: March 6, 2019

To: City Council

From: Director, Real Estate Services and the City Clerk

Wards: All

SUMMARY

This report recommends changes to the annual constituency office rent rates based on additional market analysis requested by City Council.

RECOMMENDATIONS

The Director, Real Estate Services and the City Clerk recommend that:

1. City Council amend the Parameters for Councillor Constituency Offices Policy to set the annual constituency office rent budget per Councillor at the range of market rents per ward in 2019 as outlined in Attachment 1 to the report (March 6, 2019) from the Director, Real Estate Services and the City Clerk.

FINANCIAL IMPACT

Adopting the new market rates in Attachment 1 would add an additional pressure of approximately \$60,000 annually to the City Council Operating Budget. The impact for 2019 could be absorbed in the 2019 City Council Operating Budget being considered, given that most leases will not be full year. The residual impact would be reflected in next year's budget as an annualization. Any additional increases to the rate schedule will require additional budget dollars.

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

DECISION HISTORY

At its December 5, 2018 meeting, City Council adopted changes to the Parameters for Councillor Constituency Offices Policy to set the annual constituency office rent budget per Councillor at the range of market rents per ward, and requested the Director, Real

Estate Services and the City Clerk to review the market rents and report any recommended changes through the 2019 budget process:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.1>

COMMENTS

Market rents had outpaced the annual CPI increase to the Constituency Office annual budget cap, making it very difficult to find constituency office space in some areas of the city. Because of this, Council amended the Parameters for Councillor Constituency Offices Policy to change from a flat annual cap of \$19,755.79 to ward-based market rents.

Market Rate Methodology

The methodology used to create the market rent ranges in Attachment 3 to the report (November 26, 2018) from the City Manager and the City Clerk on Recalibrating City Council's Governance System for 26 Members was based on a whole-ward office market analysis. This did not necessarily take into account probable locations for constituency offices.

As Real Estate Services staff have been working to locate suitable space for constituency offices, it has become clear that further changes to the market rate analysis was necessary given the large discrepancy in some wards between the rate schedule and the available offices in the ward.

The methodology in Attachment 1 to this report is based on available office spaces in the ward, in locations where constituency offices would likely be located. Because of this, it better represents true market rates, and will enable Real Estate staff to more easily find suitable constituency offices for Members. This report recommends adopting the average annual cost per 1000 square feet as opposed to the high end of the range. Using the high end of the range would require an additional budget increase of \$230,000 annually. Real Estate Services considers the average to be good value for money, while allowing them to find suitable space.

Office rents vs. retail rents

City Council also requested a review of the market actuals in areas where constituency offices would most likely be located. Retail spaces, generally store fronts on major arteries, create higher visibility for these constituency offices, but also come at a significantly higher price. Retail spaces average \$10 per square foot more than office spaces, and if used as the range for constituency office budgets, would require an additional \$170,000 annually in the City Council budget.

Councillors can use their Office Budget to supplement office rents

Councillors who would like to rent spaces that fall above the market rent schedule are permitted to use their constituency services and office budget to pay for the difference in rent.

Budget impacts are based on actuals

The projected budget impacts outlined in this report are based on the number of Councillors who have expressed interest in having a constituency office. If the number of constituency offices increases, so will the budget pressure.

CONTACT

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SIGNATURE

Nick Simos
Acting Director, Real Estate Services

Ulli S. Watkiss
City Clerk

ATTACHMENTS

Attachment 1 - Summary of Market Rents by Ward (March 2019)

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	Annual Cost (gross rent)
Ward 1	\$ 26,723.00
Ward 2	\$ 32,059.00
Ward 3	\$ 32,955.00
Ward 4	\$ 37,698.00
Ward 5	\$ 28,000.00
Ward 6	\$ 27,056.00
Ward 7	\$ 26,672.00
Ward 8	\$ 31,900.00
Ward 9	\$ 33,022.00
Ward 10	\$ 56,000.00
Ward 11	\$ 48,000.00
Ward 12	\$ 40,000.00
Ward 13	\$ 50,000.00
Ward 14	\$ 35,000.00
Ward 15	\$ 36,966.00
Ward 16	\$ 27,634.00
Ward 17	\$ 29,389.00
Ward 18	\$ 39,082.00
Ward 19	\$ 30,128.00
Ward 20	\$ 23,263.00
Ward 21	\$ 34,000.00
Ward 22	\$ 28,316.00
Ward 23	\$ 26,020.00
Ward 24	\$ 29,540.00
Ward 25	\$ 25,662.00