

City Council

Notice of Motion

MM5.34	ACTION			Ward: 18
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Completion of City-owned site at 5200 Yonge Street to allow for successful launch of City-initiated Food Incubator Program - by Councillor Lily Cheng, seconded by Councillor Shelley Carroll

** Notice of this Motion has been given.*

** This Motion is subject to referral to North York Community Council. A two-thirds vote is required to waive referral.*

Recommendations

Councillor Lily Cheng, seconded by Councillor Shelley Carroll, recommends that:

1. City Council authorize the General Manager, Economic Development and Culture and the Executive Director, Corporate Real Estate Management to provide a 75 percent rent abatement for the rent payable from January 1, 2023 to March 30, 2023, a 50 percent rent abatement for the rent payable from April 1, 2023 to June 30, 2023 and a 25 percent rent abatement for the rent payable from July 1, 2023 to September 30, 2023 in the total amount of \$49,853.34 by the tenants, Da Endz Restaurant Inc., Chic Peas Vegan Cuisine Incorporated, Teta's Kitchen Inc., at 5200 Yonge Street on the condition that each tenant provide sales reports for the period of July 1, 2022 to March 31, 2023 to Corporate Real Estate Management.
2. City Council authorize the General Manager, Economic Development and Culture and the Executive Director, Corporate Real Estate Management to provide a 75 percent rent abatement for the rent payable from January 1, 2023 to March 30, 2023 in the total amount of \$8,811.03 by Bunhaus Eats Inc. at 5200 Yonge Street and permit Bunhaus Eats Inc to terminate the lease agreement, effective March 30, 2023.

Summary

Established during the pandemic, this food incubator is a rare opportunity for entrepreneurs from equity seeking groups to establish their food business ideas. Due to the pandemic, changeover during election and some surprise challenges, the current co-hort have experienced difficulties towards sustainability. This motion gives these business owners a small extension and opportunity to be successful.

The selection of a not-for-profit operator to lead the incubation activities at the City-initiated Food Incubator Program has experienced a delay. Before it is appropriate to charge the full rent for the space, the selection of a not-for-profit organization should occur in order that the food hall is optimally prepared to attract customers and poise the vendors, collectively known as FLIP Kitchens, for business success. The graduated rent abatement anticipates the selection of a not-for-profit operator during Q2-23 as well as an on-boarding period for the new operator to implement the program during Q3-23.

In compliance with existing lease obligations, the vendors will be required to provide sales reports to Corporate Real Estate Management to substantiate the level of financial impact to which the absence of a not-for-profit operator has contributed and in order to qualify for rent abatement.

Bunhaus Eats Inc abandoned the tenancy in March, 2023, citing an inability to service the rent obligations given the lack of business. The delay in completing the space, the termination of the previous not-for-profit operator and subsequent time it will take to select a new one are significant contributing factors to the failure of the tenant's business. As such, it is appropriate to extend rent abatement and permit the termination of the agreement.

Background Information (City Council)

Member Motion MM5.34