

Date: 2020-08-24

Subject: Rent Relief Report during COVID-19.

Secondary Title: Rent Relief Report: Recommendations to support the Non-Profit and Small For-Profit Tenants within City-Owned Buildings in Response to COVID-19

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Report Number: Community Services-2020-071

Recommendations:

1. THAT the report titled “**Rent Relief Report: Recommendations to support the Non-Profit and Small For-Profit Tenants within City-Owned Buildings in Response to COVID-19**” to the Committee meeting of October 21, 2020 be received; and
2. THAT the City of Brampton defer monthly rent payments for the Non-Profit and Small For-Profit Tenants within City-owned facilities for three (3) months (October to December 2020). All the rents that have been deferred in response to the COVID-19 pandemic will become due on January 01, 2021.

Overview:

- Due to the impact of COVID-19, in April 2020, as per the Consent Resolution C105-2020, Council approved waiving monthly rent payments for three (3) months (April to June 2020) for not-for-profit tenants in City-owned facilities and deferring monthly rent payments for small for-profit tenants within City owned facilities for three (3) months (April to June 2020).
- In June 2020, as per the Consent Resolution C228-2020, Council approved waiving monthly rent payments for another three (3) months (July to September 2020) for not-for-profit tenants in City-owned facilities and deferring monthly rent payments for small for-profit tenants within

City owned facilities also for three (3) more months (July to September 2020).

- **In June 2020, Council also approved that the annual Consumer Price Index (CPI)/rent increase for the period of April to December 2020 for not-for-profit tenants and for the period of July to December 2020 for small for-profit tenants in City-owned facilities be waived.**
- **As per this report, Staff recommend that the City of Brampton defer monthly rent payments for the Non-Profit and Small For-Profit Tenants within City owned facilities for three (3) additional months (October to December 2020), should these tenants wish to defer. All the rents that have been deferred in response to the COVID-19 pandemic will become due on January 01, 2021.**
- **Staff are working on a proposed Rent Forgiveness Program and options for recovering the deferred rent (April to September 2020) from the small for-profit tenants. This update will be provided in a future council report.**

Background:

In Ontario, a state of emergency due to COVID-19 was declared on March 17, 2020, which included, but was not limited to, the closing of non-essential businesses and the imposition of social distancing requirements. COVID-19 pandemic continues to cause significant economic impact to many residents, businesses and organizations within the Brampton community.

In April 2020, as per the Consent Resolution C105-2020, Council approved waiving monthly rent payments for three (3) months (April to June 2020) for not-for-profit tenants in City owned facilities and deferring monthly rent payments for small for-profit tenants within City owned facilities for three (3) months (April to June 2020).

In June 2020, as per the Consent Resolution C228-2020, Council approved waiving monthly rent payments for another three (3) months (July to September 2020) for not-for-profit tenants in City owned facilities and deferring monthly rent payments for small for-profit tenants within City owned facilities also for three (3) more months (July to September 2020).

Council also approved that the annual Consumer Price Index (CPI)/rent increase for the period of April to December 2020 for not-for-profit tenants and for the period of July to December 2020 for small for-profit tenants in City owned facilities be waived.

Current Situation:

The previously deferred rent (for April to September 2020) for the City's small for-profit tenants is payable in full on October 1, 2020. This affects 16 small for-profit tenants in City-owned facilities.

Following the six months of closures in response to COVID-19, City corporate facilities including City Hall reopened on September 9, 2020 to the public, by appointment only. Walk-ins are still not permitted.

However, based on the rising number of COVID-19 cases across the Province, health experts believe that there is a potential for the second wave of the pandemic.

In the current circumstances, Staff recommend that the City of Brampton defer monthly rent payments for the Non-Profit and Small For-Profit Tenants within City-owned facilities for three (3) additional months (October to December 2020).

The City of Brampton has a total of 80 tenants across 40 facilities, out of which 28 tenants are not-for-profit organizations and another 16 are small for-profit businesses.

A detailed breakdown of the City's tenants by organization type is given below:

Organization Type	Number of Tenants
Not-For-Profit	28
Small For-Profit	16
System Partner	12
Large For-Profit	24
TOTAL	80

Staff are also working on a proposed Rent Forgiveness Program and options for recovering the deferred rent (April to September 2020) from the small for-profit tenants. This proposal will be provided to Council for consideration in a future report. As municipalities are not covered under the Government sponsored rent relief programs; the Small For-Profit Tenants cannot obtain rent relief under the Government's Canada Emergency Commercial Rent Assistance (CECRA) for small businesses. The proposal to Council will use the CECRA program as a guiding post, and explore the rent forgiveness options that have been implemented by other municipalities.

Corporate Implications:

Financial Implications:

Currently, the City collects a monthly rent of \$316,551.52 (plus HST) from its tenants.

Organization Type	Number of Tenants	Monthly Rent	Rent Deferred			
			April- June	July- September	October- December	Total
Not-For-Profit	28	\$74,472.53	N/A	N/A	223,417.60	223,417.60
Small For-Profit	16	\$42,362.51	128,322.29	123,412.28	127,087.53	378,822.10
System Partner	12	\$167,098.13	N/A	N/A	N/A	N/A
Large For-Profit	24	\$32,618.34	N/A	N/A	N/A	N/A
TOTAL	80	\$316,551.52	\$128,322.29	\$123,412.28	\$350,505.13	\$602,239.70
TOTAL DEFERRED AMOUNT						\$602,239.70

The monthly rent calculation noted above includes basic rent, additional rent, cleaning, parking and capital reserves excluding the HST received under usual circumstances as per the lease terms by the City of Brampton. This amounts to a slightly revised figure from the report previously submitted in June.

The deferral of rent totaling \$602,239.70 will not have an impact on the City, except for minor cash-flow variations. The City is maintaining a ledger of all COVID-19 related financial costs and losses which it intends to submit to the Province as part of a request for reimbursement.

Other Implications:

Legislative Services – NA

Term of Council Priorities:

This report supports the Term of Council Priorities and the 2040 Vision.

Through stewardship of assets and services, and a focus on service excellence, this Report demonstrates that Brampton is a well-run City.

Conclusion:

Due to the COVID-19 pandemic, the past six months have been unprecedented and challenging times. The City of Brampton recognizes the economic impact felt by the non-profit and small for-profit tenants within city-owned facilities. These businesses play a crucial role in our community and the City is committed to ensuring they are protected during this time.

Staff recommend approval of this report.

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