

The Orange Hub

Professional Artist Leases

Recommendation

That Community and Public Services Committee recommend to City Council:

That the lease of space in The Orange Hub to professional artists and for-profit art organizations that meet the qualification criteria, as outlined in Attachment 1 of the October 14, 2020, Citizen Services report CR_7879, at the less than market rates, as outlined in Attachment 2 of the October 14, 2020, Citizen Services report CR_7879, be approved, and that the lease agreements be in form and content acceptable to the City Manager.

Executive Summary

In July 2019, City Council approved an exemption to the Non-Profit Leasing Guidelines to allow Administration to lease spaces in The Orange Hub to qualifying non-profit arts organizations (July 16, 2019, Citizen Services report CR_6897). Administration established a range of non-profit lease rates at The Orange Hub reflecting different space classifications and outlined the establishment of an artist subsidy program intended to make The Orange Hub more affordable for professional artists.

In order to proceed with leasing space in The Orange Hub to qualifying professional artists and for-profit arts organizations for less than market value, the proposed leases must be advertised in accordance with section 606 of the *Municipal Government Act*, followed by City Council approval once the 60 day petition period has expired. Administration is ensuring compliance with the *Municipal Government Act* and delegated authority under Bylaw 16620 - City Administration Bylaw.

Report

Administration has worked with professional artists and non-profit arts organizations to provide a range of lease rates at The Orange Hub. In order to comply with sections 70, 231(9) and 606 of the *Municipal Government Act*, the proposed leases to professional artists or for-profit organizations must be advertised, followed by approval of City Council once the 60 day petition period has expired.

A Notice of Intention to lease space for less than market value at The Orange Hub for qualifying professional artists and for-profit arts organizations was placed in the Edmonton Journal on January 7 and 14, 2020. No petitions were received during the

60 day petition period, ending on March 14, 2020, therefore the recommended motion may be passed.

Administration is seeking specific approval to lease space to qualifying professional artists and for-profit arts organizations at less than market value rates. The qualification criteria (Attachment 1) were established by Administration in 2019. Administration is proposing a 48 percent reduction in the market lease rates for qualifying professional artists and for-profit arts organizations (Attachment 2).

Corporate Outcomes and Performance Management

| Corporate Outcome: The City of Edmonton has sustainable and accessible infrastructure | | | |
|--|---|------------------|------------|
| Outcome | Measure | Result | Target |
| The Orange Hub is functioning efficiently as a community hub | Total occupancy rate of The Orange Hub | 2019: 75 percent | 90 percent |
| The subsidized rent allows for increased occupancy and diversity in the tenant mix | Percent of space rented or leased at subsidized rates to support professional artists | 2019: 10 percent | 20 percent |
| Corporate Outcome: Edmontonians are connected to the city in which they live, work and play | | | |
| The Orange Hub is a vibrant hub through the mix of tenants and services utilizing the space | Number of arts organizations utilizing The Orange Hub | 2019: 11 | N/A |

Risk Assessment

| Risk Element | Risk Description | Likelihood | Impact | Risk Score (with current mitigations) | Current Mitigations | Potential Future Mitigations |
|--|---|------------|------------|---------------------------------------|--|------------------------------|
| If recommendation is approved | | | | | | |
| Customers/ Citizens | Perception of setting precedent by leasing for less than market value to individuals or for-profit organizations. | 4 Likely | 2 Moderate | 8 Medium | Validation that this exception is one time and applies to The Orange Hub only. | |
| Financial | Reduced revenue and increased expenses required to operate the facility. | 4 Likely | 2 Moderate | 8 Medium | Increased occupancy and recoveries will result in reduced variance in 2020. | |
| If recommendation is not approved | | | | | | |

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|------------------------|--|----------|------------|----------|--------------------------------------|--|
| Financial | Insufficient affordable spaces available for professional artists. | 4 Likely | 2 Moderate | 8 Medium | | |
| Customers/ Citizens | Art spaces are not being utilized for their built purpose. | 4 Likely | 2 Moderate | 8 Medium | Continue to market space to artists. | |

Attachments

1. Qualification Criteria for Professional Art Spaces
2. The Orange Hub Lease Rates Summary

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- B. Andriachuk, City Solicitor