

# Current Leasing Status of The Orange Hub

## Recommendation

That the January 30, 2019, Citizen Services report CR\_6391, be received for information.

## Previous Council/Committee Action

At the September 4/5, 2018, City Council meeting, the following motion was passed:

That Administration return to the appropriate Committee with a report on the current leasing status of the Orange Hub complete with a list of tenants and prospective tenants and how that lines up with the original objectives for the Orange Hub.

## Executive Summary

The Orange Hub is currently at an occupancy rate of 69 percent of leasable space, with a mix of nonprofit and commercial organizations providing services and programs in the arts, recreation, wellness, and learning pillars. While revenues were less than expected in 2018 due to delays with tenant procurement, cost recovery for operating expenditures is projected to be 98 percent for 2019.

## Report

In 2012, City Council approved the purchase of The Orange Hub (formerly MacEwan West). In September 2017, the City of Edmonton assumed ownership and operations of the facility. The repurposed site serves as an intercultural, inter-agency community hub for arts, recreation, wellness, and learning.

### Current Leasing Status

As of December 20, 2018, 19 organizations have signed leases for space in The Orange Hub (Attachment 1). In addition to the signed tenants, Administration is in active discussions regarding five additional proposals.

### Occupancy Rates and Balance of Tenants

The current 19 tenants occupy 69 percent of the approximate 105,000 square feet of leasable space and another six organizations are tentatively approved for an additional 17 percent or 18,000 square feet of leasable space.

The remaining leasable space, less than 15,000 square feet (14 percent), is mostly purpose-built for the arts. Administration will lease purpose-built arts spaces to specific organizations whose planned use aligns directly with the space purpose.

Leasable space excludes common areas, theatre, Black Box performance space, kitchen, administration offices, capital rehabilitation staging areas, and existing tenant reserved optional spaces. This excluded space accounts for approximately 145,000 square feet.

While the tenancy model had envisioned up to 70 percent of leasable space for two or three anchor tenants, currently Yellowhead Tribal College is the sole anchor tenant and occupies 35 percent of the total leasable space. Edmonton Digital Arts College and Jasper Place Child and Family Resource Centre each occupy 7,000 square feet.

One of the guiding principles of the business plan was that tenants support one or more of the program pillars - Arts/Heritage, Learning, Recreation, and Wellness. The arts/heritage and learning pillars are the most represented in the number of organizations and the total amount of space allocated. All the pillars and objectives established for the facility are represented by current tenants who collectively serve a diverse range of age groups, abilities, cultures, and socioeconomic demographics (Attachment 1). While three of the tenants don't primarily align with one of the program pillars, they have proven a welcome complement to the diverse mix of service providers operating in the complex by supporting the local business community, providing in-house information technology support, and delivering humanitarian programs.

Many tenants have embraced the “co-share” principle of the community hub and are seeking opportunities to share each other's spaces, which serves to maximize use, increase program activity, and support tenant sustainability.

### Bookings and Rentals

Since opening, The Orange Hub bookings have included a weekly summer farmer's market, art workshops and shows, local film premieres and festivals, podcast recordings, classroom-based education programs, drop-in fitness programs, seminars, recitals, concerts, conferences, recreation activities, and meetings. In 2018, there were more than 1,100 bookings attracting 20,000 visitors. Eighty-two of these bookings were hosted in the main theatre and Black Box.

### Meeting Budget Expectations

The business plan states that the facility's annual operating costs are to be entirely offset by revenue. Delays associated with tenant procurement, tenant improvement processes, and adjusted tenant move-in dates contributed to a \$600,000 unfavourable variance in 2018. It is expected that the facility's cost recovery goal will be met in 2019.

## Public Engagement

Formal public consultation occurred in 2017 regarding the rezoning of The Orange Hub. Citizens were invited to The Orange Hub Open House on November 8, 2018, to learn more about current and future plans, meet the confirmed tenants, and have an opportunity to provide project feedback informally. No future public engagement activities are planned as the facility shifts into full operation mode.

## Corporate Outcomes and Performance Management

Corporate Outcome: Edmontonians use facilities and services that promote healthy living			
Outcome	Measure	Result 2018	Target
Use of the facility is maximized	Occupancy rate of available space for lease	2018: 69 percent	86 percent

  

Corporate Outcome: The City of Edmonton has sustainable and accessible infrastructure			
Outcome	Measure	Result	Target
Accessible and affordable spaces for the non-profit sector are provided	Percentage of tenants are non-profit organizations	2018: 79 percent (15/19 tenants are nonprofit organizations)	75 percent

## Attachment

1. The Orange Hub Leaseholders and Program Pillars

## Others Reviewing this Report

- T. Burge, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services