For Immediate Release

City Repeatedly Broke Promises to Tenants

Toronto – March 27th, 2013

The City of Toronto Ombudsman, Fiona Crean, says two City divisions failed to provide proper service to a group of six community agencies.

Crean today released *"Promises Made, Promises Broken,"* the report of an investigation into the application of the City of Toronto's Below-Market-Rent (BMR) program. The policy allows non-profit community groups to lease space from the City at a below market rate, as long as the City's costs are covered. In return, these agencies deliver important programs to Toronto residents at a lower cost than the City could provide.

"These non-profit agencies were treated very badly," says Crean. "Staff from the City's Real Estate and Facilities divisions gave them widely varying estimates of pending rate hikes, never provided the increases in writing, failed to explain or justify the increases, and invoked harsher terms than those given to other agencies."

"The six community agencies were met with a litany of failures by City employees," says the Ombudsman. "Staff repeatedly broke their promises and commitments to the agencies."

- Staff gave the agencies four different occupancy rates, starting at $9.00 per square foot and ending at $17.74. The final figure amounted to an increase of over 550% from the $3.20 per square foot rate they had paid for the previous five years.
- The tenants were told the final increase of 36% was to pay the Harmonized Sales Tax. That rate is only 13%.
- City staff made the increase retroactive, causing the agencies to be more than $85,000 in arrears. Staff then insisted they apply to Council for a grant, even though the same demands were not made to other non-profits in a similar situation.
- Staff repeatedly promised a breakdown of the property's operating costs, including utilities, repairs and security. One set of costs was provided eight months late, while in another instance, 18 months passed without the promised documents. Instead of fixing their problems, staff described the agencies as "high maintenance" and their requests for information as "burdensome."
- One of the agencies was mistakenly forced to pay property tax, even though none was actually charged for that building. Four years after the error was discovered in 2008, it still had not been fixed, and the money continued to be collected into 2012, at which time the City owed the agency over $20,000.

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- City staff misrepresented the situation in a report to a council committee and left the errors on the public record.

"The City Manager has concluded that my investigation is comprehensive" says Crean "and has agreed to implement all 22 of my recommendations."

These include:

- That the City, together with the agencies, draft a list of outstanding promises, and fulfill the commitments by May 31, 2013.
- That the City provide written notice for all BMR tenants regarding changes to occupancy rates, including a minimum notice period.
- That the City refund the agency that was mistakenly told to pay property tax and apologize for the delay and the original mistake.
- That all BMR tenants be given a package, setting out all tenancy information, including the provision of adequate notice for rate increases.
- That Council and staff develop clear criteria and a transparent rationale for any differential treatment of tenants under the BMR policy.
- That the City Manager apologize to the complainants for the way they were treated.

For more information or to arrange interviews, contact:

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Toronto's Ombudsman is an impartial and independent officer of City Council, providing an appeal of last resort for people who feel they have been adversely affected by a decision, act or omission of City Administration. The Ombudsman also undertakes investigations into systemic problems that cause equitable, substantial and procedural unfairness in City administration.

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