



**Canadian
Network of
Community
Land Trusts**

Acquiring a Mixed-Use Property Under Threat:

A Case Study of the Kensington
Market Community Land Trust

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Project at a glance

Location: 54-56 Kensington Ave, Toronto, Ontario

Year of acquisition: 2021

Units: 12 residential units (studios, 1 and 2 bedrooms),
5 commercial units

Sale price: \$6,254,721

Total acquisition cost: \$6,268, 721

Closing period: 90 days

Previous owner: Private developer (*recent purchase from legacy owner*)

Operating model: Property management company

Rent levels: Currently 75% CMHC's Average Market Rent (AMR);
capped at 80% AMR



Image: The building at 54-56 Kensington Avenue in Kensington Market. It is know by the community as the “Mona Lisa building.” Photo credit: Sandro Pehar

Funding Stack

Municipal forgivable loan (Section 37 funds, zero interest, forgiven at 1% per year over 99 year term): **\$3,000,000**

Mortgage: **\$3,200,000**

KMCLT member zero interest long-term loan: **\$300,000**

Vendor take-back mortgage: **\$250,000**

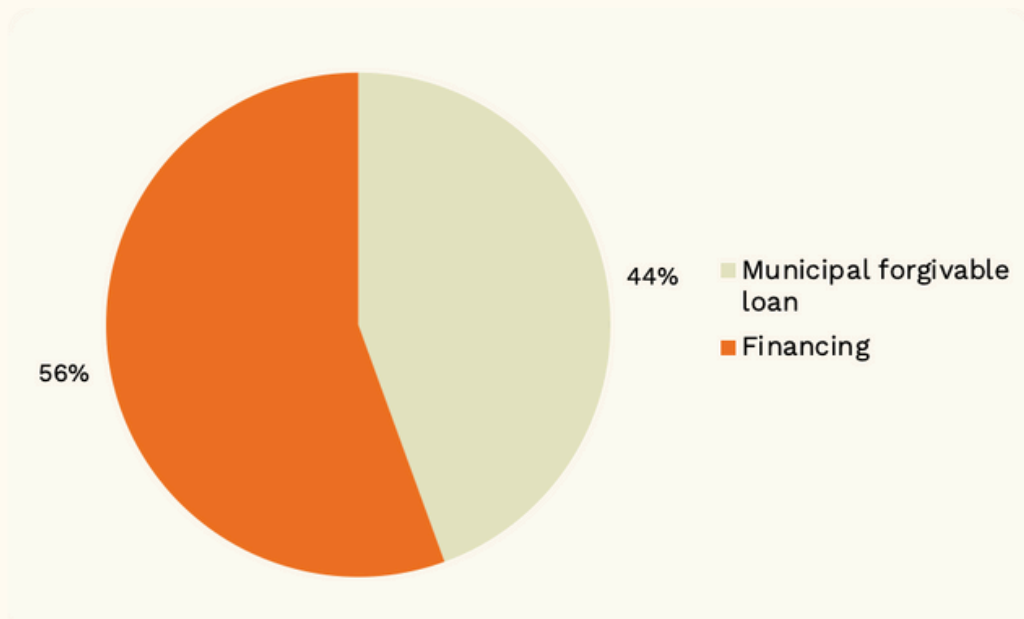


Figure 1: The above chart demonstrates the funding structure used to acquire the building at 54-56 Kensington Avenue in Toronto, Ontario.

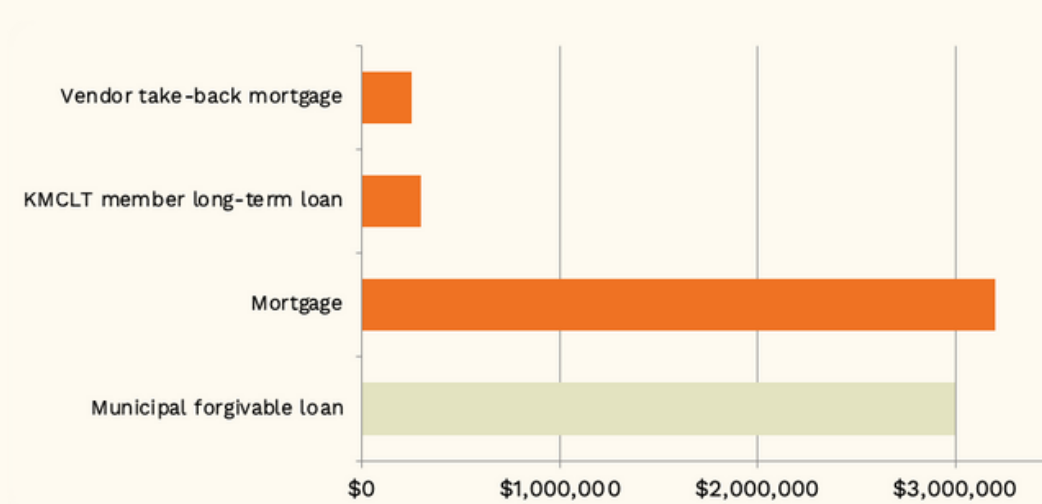


Figure 2: The above chart demonstrates the breakdown of the funding structure used to acquire the building at 54-56 Kensington Avenue in Toronto, Ontario

Background & Context

Kensington Market Community Land Trust (KMCLT) was formed in 2016 in response to gentrification and displacement pressures in the neighbourhood. The mixed commercial/residential property at 54-56 Kensington is key to the identity of Kensington Market, and had been the site of a prolonged battle to keep the tenants in their homes. The owners - developers who were reputedly seeking to turn the building into a “cannabis hotel” - had been attempting to evict the tenants. Thanks to active support from the community, including Friends of Kensington Market, the local City Councillor Mike Layton, and Kensington-Bellwoods Community Legal Services, most of the tenants resisted the illegal evictions and the developers’ plan fell through.

In 2021, KMCLT discovered that the building was on the market. Using a mix of funds, including an initial loan from a community member for the deposit and municipal Section 37 funds (discretionary funding from the local councillor), KMCLT put in an offer and acquired the building, keeping the tenants in their homes and the stores in the neighbourhood.

Challenges

As a relatively new organization, KMCLT’s volunteer board needed to suddenly find staff to go through due diligence and complete the purchase. KMCLT was able to draw on partnerships with the University of Toronto to fill that need with a contract position. Board members, particularly the board’s co-chairs, had to make time to oversee the acquisition; they also had to quickly fill gaps in their knowledge of the legal and financial aspects of real estate transactions.

The mixed-use nature of the building posed an additional challenge, as the municipal forgivable loan could not be used to purchase the five commercial units. However, the larger residential component (12 units) provided enough capital to secure a mortgage against the rest of the property.

Factors for Success

The KMCLT was able to capitalize on the relationships it had developed over the years, within the community and beyond, in order to pull in the resources needed to purchase the building. A community member loaned the initial funds for a deposit to secure an agreement of purchase and sale. The Affordable Housing Challenge Project at the University of Toronto offered funding to hire a project manager to oversee the acquisition process.

The Community Housing Transformation Centre provided a grant to cover due diligence and staff costs. The nearby Parkdale Neighbourhood Land Trust had acquired a building as part of the pilot project that led to the MURA Program; they offered moral and material support in the form of model pro formas and a list of contacts for due diligence and closing activities.

“The acquisition of our first building was a success because it was rooted in years of community organizing and relationship building. When the opportunity to buy the building appeared, our strong connections (in the community, at the University, at City Hall and beyond) enabled us to move quickly enough to close a deal in a cut-throat real estate market.”

Kevin Barrett, Co-chair KMCLT

[Learn more about KMCLT’s work here!](#)

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