



**STAFF REPORT
ACTION REQUIRED**

Lease– City Owned Property Situated at 4115 Sheppard Avenue East

Date:	October 22, 2007
To:	Government Management Committee
From:	Chief Corporate Officer, Director of Real Estate, Facilities and Real Estate Division
Wards:	Ward no. 41 (Scarborough – Rouge River)
Reference Number:	P:\2007\Internal Services\F&re\Gm07102F&re –(AFS 6213)

SUMMARY

The purpose of this Report is to obtain Council’s authority to enter into a six (6) year Lease Agreement with Mr. John Yuen Yam Ho (the ‘Tenant’) for the City-owned property situated at 4115 Sheppard Avenue East commencing on August 1, 2006. The proposed lease would be substantially on the terms and conditions outlined in Appendix “A” to this Report.

RECOMMENDATIONS

The Chief Corporate Officer recommends that City Council:

1. authorize the lease of the City owned property at 4115 Sheppard Avenue East, consisting of a 2-storey house and surrounding lot, to Mr. John Yuen Yam Ho (the “Tenant”), for a six (6) year period, commencing on August 1, 2006 and expiring on July 31, 2012, to carry on the business of car leasing and/or used car sales, subject to the rent and terms and conditions as set out in the attached Appendix “A”, and in a form acceptable to the City Solicitor; and,
2. authorize the Chief Corporate Officer to administer and manage the lease agreement including the provision of any consents, approvals, notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

Financial Impact

This lease will generate net revenue of approximately \$179,800.00 (plus GST), over the six year term, starting retroactively from August 1, 2006 as follows:

	Per Month	Per Year	Total
Year 1-3, Aug 1, 2006 to July 31, 2009	\$2,417	\$29,000	\$87,000
Year 4-5 Aug 1, 2009 to July 31, 2011	\$2,538	\$30,450	\$60,900
Year 6 Aug 1, 2011 to July 31, 2012	\$2,658	\$31,900	\$31,900
			\$179,800

The tenant is responsible for realty taxes and all utility costs.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact.

DECISION HISTORY

This property was originally acquired under Clause 16, Executive Committee Report No. 12, of the former Metro Council on April 17, 1973, for Sheppard Avenue East road widening. Transportation Services have advised that this property is required for the purpose of future grade separation crossing, which is part of their ten-year program. The property comprises of a 2-storey house of approximately 1,900 square feet with vacant land of approximately 29,000 square feet.

By Delegated Authority Form, Tracking No. 99-151, the Commissioner of Corporate Services approved the leasing of the upper floor of 1415 Sheppard Avenue East, containing an area of approximately 83.61 square metres (900 square feet), together with three parking spaces, for a one-year term commencing August 1, 1999 at the annual rental rate of \$9,000.00 per annum, net, subject to termination upon 60 days' advance written notice. Subsequently, the tenant requested to lease the remaining portion of the property, which had been vacant for some time.

By the Delegated Authority Form, Tracking No. 2001-071, the Commissioner of Corporate Services approved the leasing of the whole of the subject property for a five-year term commencing August 1, 2001.

The lease expired on July 31, 2006, and the Tenant has remained in an overholding position.

ISSUE BACKGROUND

As Transportation Services does not require the property in the immediate term, the City and the Tenant negotiated terms and conditions for a new agreement.

COMMENTS

The rent and other terms and conditions of the lease agreement reflect current market value according to market research and valuation conducted by F&RE staff. The tenant is up-to-date with all rental, taxes and utilities payments.

CONTACT

Joe Casali
Director, Real Estate Services
Tel: (416) 392-7202
Fax: (416) 392-1880
jcasali@toronto.ca

Chuck Donohue, P.Eng.
Executive Director, Facilities & Real Estate
(416) 397-5151
(416) 392-4828
cdonohue@toronto.ca

SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix “A” – Major terms and conditions
Appendix “B” – Location Map