

Lease Renewal – Ground Floor Space – 111 Wellesley Street East

Date:	March 17, 2008
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	Ward No. 27 – Toronto Centre-Rosedale
Reference Number:	P:\2008\Internal Services\F&re\Gm08031F&re – (AFS 7386)

SUMMARY

The purpose of this Report is to obtain Council's authority to renew the existing commercial lease with Mr. Yang Sun Kim for approximately 1,200 square feet of ground floor space at 111 Wellesley Street for the purposes of a convenience store.

Yang Sun Kim has exercised his right to renew the existing lease for a further term of five (5) years, effective April 1, 2008.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Council authorize the proposed renewal lease for the ground floor space at 111 Wellesley Street with Yang Sun Kim commencing on April 1, 2008, for a period of five (5) years at a rental of \$2,651.00 net per month (\$31,812.00 per annum) for the term, consisting of an area of approximately 1,200 square feet, and based substantially on the terms and conditions as set out in the attached Appendix "A" and in a form acceptable to the City Solicitor; and
2. the Chief Corporate Officer be authorized 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 \$31,812.00 per year, for a total of \$159,060.00 for the five (5) year term of the lease, commencing on April 1, 2008. This represents an annual increase of \$3,780.00 (\$2,835.00 in 2008), for a total of \$18,900.00 over the five year term of the lease. The realty taxes are paid directly by the lessee to TCHC.

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

DECISION HISTORY

In 1993, Metro Toronto (now the City of Toronto) acquired the commercial portion of the subject property, comprising 4 floors of a 14 floor building from the Metropolitan Toronto Housing Company Limited (now Toronto Community Housing Corporation). A portion of the ground floor is occupied by commercial tenants – the remainder of the ground floor and floors 2-4 are occupied by a welfare office of Social Services. The remainder of the floors in the building are owned by TCHC and occupied by its tenants.

The City subsequently entered into a lease with 1133708 Ontario Limited o/a Sunnyside Food Mart for the commercial space on the main floor of the building (Unit No. 2) for a convenience store operation. The lease has been renewed on several occasions since that time. The current term expires on March 31, 2008.

In 2006, the existing lease was subsequently assigned from 1133708 Ontario Limited to Mr. Yang Sun Kim via delegated authority (DAF #2005-152). All other terms and conditions of the existing lease remained the same.

ISSUE BACKGROUND

Mr. Yang Sun Kim has exercised his right of renewal under the existing lease, which permits an additional 5-year term with the rental amount to be negotiated.

COMMENTS

Staff have concluded negotiations with Mr. Yang Sun Kim for the renewal of the existing lease for a further five (5) year term. The lessee shall have the option to renew the subject lease for a further five (5) year term at a rental rate to be negotiated at such time subject to a termination clause of one (1) year to be served by the City in writing to the lessee. Rental values were established based on market valuation of comparative rental properties.

CONTACT

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SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix "A"
Appendix "B" Location Map