



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: November 6, 2013
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VanRIMS No.: 08-2000-21
Meeting Date: December 3, 2013

TO: Vancouver City Council
FROM: General Manager of Real Estate and Facilities Management
SUBJECT: Lease of City-owned property at 123 East 6th Avenue to Church of God in Vancouver

IN CAMERA RATIONALE

This report is recommended for consideration by Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the City.

RECOMMENDATION

THAT Council authorize the Director of Real Estate Services to negotiate and execute a lease (the "Lease") with the Church of God in Vancouver (the "Tenant") for the City-owned premises situated at 123 East 6th Avenue, as shown on Appendix A, legally described as PID: 015-558-975; Lot C (Explanatory Plan 8505) Block 30 District Lot 200A Plan 197 (the "Subject Property"), on the following terms and conditions:

Term: Five (5) years commencing December 1, 2013.

Rentable Area: Approximately 12,670 sq. ft. plus surface parking (the "Premises").

Gross Rent: Rent, inclusive of an amount in lieu of property taxes as if levied, s.17(1) per annum (approximately s.17(1)), plus applicable GST.

Use: Church assembly.

Option to Renew: One - five (5) year option to renew on the same terms and conditions except rent, which is to be negotiated at the then current market rates.

Termination Clauses: The Landlord may terminate the Lease or any renewal upon providing the Tenant with a one (1) year written notice of termination.

The Tenant may terminate the Lease upon providing the Landlord with a six (6) month written notice of termination.

Other Terms

And

Conditions:

The Lease is to be provided on the City's current Standard Form of Lease for Commercial Tenants. Terms and conditions of the Lease are to be drawn to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that no legal rights or obligations shall be created and none shall arise until the Lease is fully executed by both parties.

All rents to be credited to the Property Endowment Fund (PEF).

REPORT SUMMARY

The purpose of this report is to seek Council approval to lease the premises at 123 East 6th Avenue to Church of God in Vancouver for a term of five (5) years commencing December 1, 2013, plus one - five (5) year renewal option.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The Directors of Finance and Real Estate Services can approve leases and lease renewals if:

- 1) the total value does not exceed the sum of \$250,000; and
 - 2) the term is no more than ten years (including renewal options).
- Larger or longer leases require Council approval.

The proposed lease exceeds the total value of \$250,000 which can be approved by the Directors of Finance and Real Estate Services and is therefore submitted to Council for approval.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate and Facilities Management recommends approval of the foregoing.

REPORT

Background/Context

The Subject Property was purchased by the City in August 1998 in order to preserve a future transportation corridor between Kingsway and Quebec Street. The property is zoned Light Industrial (I-1) and is approximately 29,718 square feet with a frontage of approximately 244 feet on East 6th Avenue and a depth of approximately 122 feet on Quebec Street. Church of God in Vancouver has been the tenant since 1998. They currently pay a rental of s.17(1) per annum, plus applicable GST.

Strategic Analysis

Following negotiations, Church of God in Vancouver has agreed to enter into a new five (5) year lease for the Premises commencing December 1, 2013. The total gross rental value for the five (5) year term is s.17(1) (approximately s.17(1)) inclusive of property taxes as if levied, plus applicable GST. The current market rental rate inclusive of property taxes of similar types of commercial space in the surrounding area ranges from s.17(1) gross per square foot per annum. The rent negotiated for the Premises is considered to be at fair market rental value.

Building Description /Maintenance

The Subject Property is improved with a 10,750 sq. ft. single storey wood frame building with basement constructed in the 1940s. In 1986, two 960 sq. ft. portable buildings were added to the site. The building and portables are in fair condition. The Tenant is responsible for all regular maintenance of the building, portables and parking areas. The building's asphalt shingle roof was replaced in 2011, and the building is presently undergoing a building condition assessment. The improvements on site are capable of providing a holding income in the short term prior to any City transportation or development initiatives.

Implications/Related Issues/Risk (if applicable)

Financial

Gross rent for the five (5) year lease term, effective December 1, 2013, will be s.17(1) inclusive of property taxes as if levied. Tenant is responsible for maintenance and operating costs.

The rent is to be credited to the PEF.

CONCLUSION

The General Manager of Real Estate and Facilities Management and the Director of Real Estate Services are of the opinion that the rent negotiated is representative of current market rental value for the type, location and age of the Premises.

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