

ITEM	6
MANAGER'S REPORT NO.	10
COUNCIL MEETING	94/02/21

TO: CITY MANAGER **DATE:** FEBRUARY 15, 1994

FROM: CITY SOLICITOR

SUBJECT: RENEWAL OF LEASES AT 6732/6734 JUBILEE AVENUE
LOT 57, D.L. 152, GROUP 1, N.W.D., PLAN 25684

PURPOSE: TO OBTAIN COUNCIL'S AUTHORITY TO RENEW THE
LEASES ON 6732 AND 6734 JUBILEE AVENUE FOR A
FURTHER PERIOD OF THREE YEARS AND AUTHORIZE
THE TRANSFER OF THE LEASEHOLD INTEREST ON
6734 JUBILEE AVENUE

RECOMMENDATION:

1. **THAT** the lease on 6732 and 6734 Jubilee Avenue be renewed for a further period of three years on the terms as set out in this Report.
2. **THAT** a transfer of the leasehold interest be authorized.

REPORT

The subject property was purchased in July of 1991 for the expansion of Bonsor Park. The acquisition was subject to the existing tenancies. Each tenant held an option to renew for a further period of three years.

Based upon our lease appraisal dated December 1, 1993 (copy attached) we have negotiated the renewal of the two remaining leases on the following terms.

1. 6732 Jubilee Avenue - Ngor Ming Wong (Hairdresser)

1994 January 1 - December 31	\$554.00 per month
1995 January 1 - December 31	\$581.70 per month
1996 January 1 - December 31	\$610.78 per month

2. 6734 Jubilee Avenue - Kelly Villeneuve (Barber and Hair Stylist)

1994 February 1 - 1995 January 31	\$543.00 per month
1995 February 1 - 1996 January 31	\$570.00 per month
1996 February 1 - 1997 January 31	\$599.00 per month

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There are no further options to renew. All other terms and conditions will remain unchanged.

Transfer of Leasehold Interest

The Lessee of 6734 Jubilee Avenue, Mr. Frank Kirby, wishes to transfer his leasehold interest to a former employee, Ms. Kelly Villeneau. Ms. Villeneau has agreed to the lease terms and conditions. Staff has no objection to the transfer of the leasehold interest.

Conclusion

Supported by our in-house lease appraisal we would recommend acceptance of the lease terms, and transfer of the leasehold interest from Kirby to Villeneau.


Patricia W. Flieger
City Solicitor

FAE:bi
Attach.

- c.c. Director Administrative & Community Services
- Director Planning
- Director Finance

**LEASE APPRAISAL - DECEMBER 1, 1993
6730 JUBILEE AVENUE
LOT 57 OF DL 152, GP 1, PLAN 25680**

DESCRIPTION OF LEASED PREMISES:

Lot area 20.29m x 12.92m = 249.52 m² (or 2,686 sq.ft.). The property is improved with a single storey wood frame building having a total rental area of 1,632 sq.ft. This area is divided into three store front shops fronting onto Jubilee Avenue. The area of each store and as a percentage of the total building area is as follows:

- 1. Lessee: Sunny Helen Lim (Restaurant)
Leased area: 553 sq.ft.
Percentage of total building: 0.33885%
- 2. Lessee: Ngor-Ming Wong (Hairdresser)
Leased area: 545.30 sq.ft.
Percentage of total building: 0.333946%
- 3. Lessee: Frank Kirby (Barber)
Leased area: 534.63 sq.ft.
Percentage of total building: 0.327206%

1993 ASSESSED VALUE

Land:	\$107,000.00
Improvements:	<u>\$ 12,300.00</u>
	\$119,300.00

1993 TAXES

\$2,760.31

APPORTIONMENT OF TAXES

1.	0.33885% of \$2,760.31	=	\$ 935.33
2.	0.333946% of \$2,760.31	=	\$ 921.79
3.	0.327206% of \$2,760.31	=	<u>\$ 903.19</u>
			\$2760.31

ACQUISITION COST

The subject property was purchased in June of 1991, subject to the existing tenancies, for the sum of \$245,000.00.

YIELD ON EQUITY

Commercial property sales indicate a rate of return ranging from a low of 4.5% to a high of 10.5%, for a median of around 8%. Allowing for the age and location of the subject property a yield rate of 7% would be consistent with the market.

Lease No. 1	0.33885% of \$245,000.00 =	\$ 83,018.00 @ 7%	\$ 5,811.00
Lease No. 2	0.333946% of \$245,000.00 =	\$ 81,817.00 @ 7%	\$ 5,727.00
Lease No. 3	0.327206% of \$245,000.00 =	<u>\$ 80,165.00 @ 7%</u>	<u>\$ 5,612.00</u>
		\$245,000.00	\$17,149.55

PROPOSED LEASE RATES - 1ST YEAR

	BASE RENT	TAXES	ANNUAL RENT	PER MONTH
Lease No. 1 (Restaurant)	\$5,811.00	+ \$935.33	\$6,746.33	\$562.19
Lease No. 2 (Hairdresser)	\$5,727.00	+ \$921.79	\$6,648.79	\$554.06
Lease No. 3 (Barber)	\$5,612.00	+ \$903.19	\$6,513.19	\$542.76

NEGOTIATED LEASE (RESTAURANT)

1993 May 01 - 1994 April 30	\$560.00/month
1994 May 01 - 1995 April 30	\$588.00/month
1995 May 01 - 1996 April 30	\$617.00/month

PROPOSED LEASE


Lease No. 2 (Hairdresser)

1994 January 1 - 1994 December 31	\$554.00/month
1995 January 1 - 1995 December 31	\$581.70/month
1996 January 1 - 1996 December 31	\$610.78/month

Lease No. 3 (Barber)

1994 February 1 - 1995 January 31	\$543.00/month
1995 February 1 - 1996 January 31	\$570.00/month
1996 February 1 - 1997 January 31	\$599.00/month

There will be no further options to renew the lease. All other terms and conditions will remain unchanged.


Fred A. Evans R.I. (B.C.)