



**MEMO / NOTE DE SERVICE**

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**TO: Chair and Members of the Finance and Corporate Services Committee  
DESTINATAIRE: Président et membres du Comité des finances et des services  
organisationnels**

**FROM: Peter Radke, Director –  
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**DATE: March 5, 2024**

**5 mars 2024**

**FILE NUMBER: ACS2024-PRE-CRO-0012**

**SUBJECT: Update - Acquisition Lease - Transitional Housing for Families  
OBJET: Mise à jour - Acquisition par bail – Logements de transition pour familles**

## PURPOSE

In accordance with the Council-approved report [ACS2023-PRE-CRO-0029](#), November 8, 2023, the purpose of this memorandum is for the Corporate Real Estate Office (CREO) to inform the members of the Finance and Corporate Services Committee of the final business parameters of a negotiated and executed 10 year lease, on behalf of Housing Services, located at 1 Corkstown Road, comprised of a former 170-unit retirement residence (the “Premises”).

## BACKGROUND

Pursuant to the previous report, the Premises was to be acquired through a 10-year lease agreement to provide transitional housing for families. Understanding the immediate social needs identified by the City’s Housing Services staff, CREO staff was requested to secure the Premises expeditiously and therefore, budget parameters that would be used to guide negotiations were provided to Committee members through a confidential document. As part of the approved recommendations, City Council delegated the authority to the General Manager, Planning, Real Estate, and Economic Development to negotiate and execute a 10-year lease with a 10-year renewal option and report back the final terms of the lease.

## FINAL LEASE TERMS: 1 CORSKTOWN ROAD

<b>Landlord:</b>	Bluevale Acquisition Corp Inc.
<b>Possession Date:</b>	December 18, 2023
<b>Commencement Date:</b>	April 1, 2024
<b>Expiry:</b>	March 31, 2034
<b>Fixturing Period:</b>	<ul style="list-style-type: none"> <li>- December 18, 2023 to March 31, 2024</li> <li>- City phase in period</li> <li>- No base rent</li> <li>- Operating expense: \$65,000/month</li> </ul>

<b>Total Consideration:</b>	<p>Total Base Rent: \$20,237,718.00</p> <p>Less Inducement: \$1,870,000.00</p> <p>Total Consideration: \$18,367,718.00</p> <p>* Total base rent consideration over initial 10-year term</p>
<b>Fit-up Inducement:</b>	<p>- \$1,870,000</p> <p>- Capital to be used to conduct planned building improvements</p>
<b>Renewal Option:</b>	<p>- additional 10-year renewal option at negotiated market rent</p>
<b>First Right of Refusal:</b>	<p>- The first four (4) years of the initial term</p>

<b>First Option to Purchase:</b>	<p>- Remaining six (6) years of the initial term</p>
<b>Operating Expenses:</b>	<p>- City will run facility similar to City owned facilities.</p> <p>- Most operating expenses will be managed and paid directly by the City.</p> <p>- Operating expenses budgeted through Facilities Operations.</p>
<b>Municipal Capital Facility:</b>	<p>- CREO intends to seek municipal capital facility designation for realty tax exemption in March 2024</p>
<b>Lifecycle:</b>	<p>- Landlord remains responsible to repair/replace major capital above \$15,000 per occurrence and \$2,000 per occurrence for PTAC units.</p> <p>- City is responsible for minor capital below \$15,000 per occurrence.</p> <p>- Facilities has budgeted for minor capital.</p>

<b>Asset Management:</b>	- Housing and asset management remain responsible for all capital works for interior finishings and planned City improvements.
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## **OUTCOME**

The subject lease was executed on December 15, 2023 by the General Manager, Planning, Real Estate, and Economic Development.

This lease agreement and all activities to secure this agreement comply with the City's Leasing Policy. Additionally, the final financial parameters are within the budget parameters that were presented to City Council in November 2023. Internal consultation with Housing Services, Facility Operations, Asset Management and Legal Services was conducted throughout negotiations.

Currently, Housing Services and partner departments have been working diligently since the possession date to prepare the facility for operations. During the fixturing period it is anticipated that the facility will start serving approximately 21 families February 2024, and will serve any new requests for placement at that time. Currently, many of the site rooms are equipped with kitchenettes and will be prioritized for use. As rooms get readied and upfitted with kitchenettes, occupancy will scale up over time with an expected full occupy by end of 2025.

### **Originally signed by**

Peter Radke

Acting Director, Corporate Real Estate Office

CC: Wendy Stephanson, City Manager

Vivi Chi, Interim General Manager, Planning, Real Estate and Economic Development Department