



AMHERST TOWN COUNCIL

RFD# 2018150

Date: January 28, 2019

TO: Mayor Kogon and Members of Amherst Town Council

SUBMITTED BY: Andrew Fisher, Manager of Planning & Strategic Initiatives

DATE: January 28, 2019

SUBJECT: 12 Havelock Street – Lease renewal of Town Land

ORIGIN: In 2013 Council entered into a 5-year renewable lease with the property owner of 10 Havelock Street. Attached is the renewing lease with minor changes to allow a ground sign for the tenant at 2 Ratchford Street (currently Birkinshaw's Tea Room).

LEGISLATIVE AUTHORITY: Municipal Government Act (MGA) section 50(5) requires that Town-owned land must be leased at market rates.

RECOMMENDATION: That Council approve the renewal of a 5-year lease agreement with the owner of 10 Havelock Street to lease a portion of the park space at 12 Havelock Street for the purpose of a walkway and a ground sign.

BACKGROUND: In 2013, the Town entered into a lease with the building owner (Kevin Nelson) to allow for a six-foot-wide walkway providing access to the new entrance on the side of the building. To facilitate the lease Council declared this property surplus to its needs, and established market rate by an Altus Group appraisal. The 2012 appraisal recommended a lease rate of \$0.30 per square foot per annum. The 2013 agreement leased the property for \$100 per year. Adjusted for CPI, the current lease would be \$106 per year.

The 2013 lease agreement is renewable for three five-year terms. The attached agreement is the same as the 2013 agreement, except for the following changes:

1. Minor changes to reflect the dates and a CPI adjustment;
2. Provision for one ground sign that advertises the business at 2 Ratchford Street, a tenant within the 10 Havelock Street building.

In May 2018, Council approved a lease for a separate portion of 12 Havelock north of the walkway with Birkinshaw's Tea Room to allow for an outdoor patio. While that lease was not executed in 2018, staff anticipate Birkinshaw's will be interested in entering into the lease for the 2019 patio season.

FINANCIAL IMPLICATIONS: The 2012 Altus Group determined the property value of \$3.50 per square foot, with an 8-9 % capitalization rate to convert this value into an annual ground rent. The property was subsequently leased for \$100 annually, which is equal to or exceeds the rent rate.

COMMUNITY ENGAGEMENT: Not necessary for this issue.



ENVIRONMENTAL IMPLICATIONS: There are no foreseeable environmental implications.

SOCIAL JUSTICE IMPLICATIONS: There are no expected social justice implications

ALTERNATIVES: Do not renew the lease agreement.

ATTACHMENTS: Draft lease agreement

Report prepared by: Andrew Fisher, Manager of Planning & Strategic Initiatives
Report and Financial approved by: