



Report to: General Committee

Meeting Date: September 9, 2015

SUBJECT: Daniels-Fairty House Expression of Interest Update - 7060 Markham Road

PREPARED BY: Renee England, Project Manager, Facility Assets, Ext. 2674
David Pearce, Manager, Real Property, Ext. 5988

RECOMMENDATION:

- 1) That Staff be authorized to issue a Expression of Interest (EOI) to seek external interests for a long term lease of the Daniels-Fairty House building/site and report back with the results for Council approval;
- 2) And further that Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to seek Council approval to proceed with an Expression of Interest allowing all interested parties to submit their proposals for the long-term lease/use of the Daniels-Fairty House building/site.

BACKGROUND:

The Daniels-Fairty House building is located at 7060 Markham Road and is designated as a heritage property. Until recently the building was in a state of decline and deteriorating rapidly. Work began on this building in December of 2012 when a structural evaluation was completed. The structural evaluation revealed that the building was prone to the elements and required structural and restoration repairs.

On February 25, 2013, Asset Management reported back to General Committee on options for the restoration/renovation of the building. The Committee directed Staff to proceed with the full exterior restoration and structural stabilization of the building. This work was completed in late 2014.

The work in 2014 did not include improvements to permit occupancy in accordance with the Ontario *Building Code*. The building will require sanitary servicing (likely septic), and plumbing work. In addition, pending the final use for the building, interior renovations will be required to satisfy Ontario *Building Code* for occupancy purposes. Decisions need to be made on the use of the building to ensure retention of the building in good condition.

OPTIONS/ DISCUSSION:

With the new South East Community Centre and Library that is currently under construction, located within 2km of the Daniels-Fairty House, this site is not required for City use. Therefore, Staff now seek authorization to issue an EOI for a long term lease of the building/site.

As the property benefits from exposure to the intersection of Markham Road and Steeles Avenue, Staff have had numerous inquiries from various community groups, for specific

uses such as Markham African Caribbean Association (MACA), business owners and other parties interested in this building. An EOI will provide an open and transparent process for all interested parties to respond. Furthermore, staff have had discussions with interested community groups, and have communicated that they are encouraged to submit through a formal municipal process.

Staff recommend that the EOI stipulate that the lease be net and carefree to the City meaning that in addition to rent, the tenant is responsible for paying operating costs related to the property including sanitary, plumbing and interior renovations to meet the Ontario *Building Code* requirements, insurance, maintenance, utilities, taxes and capital upgrades (interior and exterior).

Given that the Daniel's Fairty House forms part of the John Daniels Park, it is currently zoned Open Space (O2), which permits potential marketable uses such as a community centre, daycare and private school. Commercial uses, such as a real estate brokerage, law or dental office will require a rezoning. The successful proponent shall be responsible for applying for the rezoning at its own cost if it plans to undertake commercial uses at the property. In the event that the prospective tenant does not obtain the rezoning required for their proposed use, then the City will have the option of negotiating a lease with the next highest ranked proponent who does not need the rezoning.

Staff will evaluate the responses based primarily on the following criteria:

- Rent
- Proposed use of the building/site
- Capital investment / leasehold improvements
- Covenant of tenant (financial capability)
- Length of term
- Compatibility with John Daniels Park and neighbourhood

The EOI will be issued in Q4 of 2015. A report outlining the results of the EOI together with Staff's recommendation will be completed by Q1 2016.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

Not applicable

HUMAN RESOURCES CONSIDERATIONS

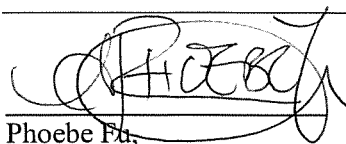
Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

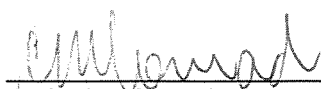
Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

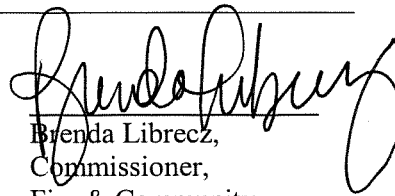
Not applicable



Phoebe Fu,
Director, Asset Management



Catherine Conrad
City Solicitor



Brenda Librecz,
Commissioner,
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ATTACHMENTS:

None