

SQUARE
**The Artist's Guide To Renting
And Buying Work Space**
FEET

A publication of Toronto Artscape Inc.

Researched and written by Jennifer Ginder
with Carol-Ann Ryan

Project conceived by Tim Jones,
Executive Director, Toronto Artscape Inc.

TORONTO ARTSCAPE INC.
111-60 Atlantic Avenue
Toronto, Ontario
Canada M6K 1X9
416-392-1038
www.torontoartscape.on.ca

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Contributors

George A. Anthony, Junction Artist's Kollaborative ... Laura Alderson, Weston BIA ... Phil Anderson, Gallery 1313 ... Councillor Brian Ashton ... Janice Bennink, Scarborough Arts Council ... Cindy Bromley and Revenue staff, City of Toronto ... Development, Policy and Research Division, City of Toronto ... Peter Bruer, St. Stephen's Community House ... Ian M. Cameron, City of Toronto ... Janice Carbert, Open Studio ... Agnes Ceglaz ... Elizabeth Cinello ... Mira Coviensky, Art Starts ... Robert B. Curry ... Lilianna D'Avella ... Sheldon L. Disenhouse, Goodman & Carr LLP ... Ben Di Raimo, City of Toronto ... Karin Eaton, Scarborough Arts Council ... Leann Faria, Law Society of Upper Canada ... Councillor Joanne Flint ... David G. Ford ... Bruce Fransisco, Art Students League ... Fran Freeman ... Sandra Gajic, Canadian Opera Company ... Elaine Gamble, Legal Aid Ontario ... Abe Gitalis, Abe Gitalis Real Estate Ltd. ... Simon Glass ... John Graham, South Etobicoke Regeneration Project ... Jamie B. Grossman, LNR Corporation ... Harvey M. Haber, QC, Goldman Sloan Nash and Haber LLP ... Annie Hillis, Toronto Artscape ... Brian Iler, Iler Campbell ... Rose Jacobson, Toronto Theatre Alliance ... John Jagt, City of Toronto ... Tim Jones, Toronto Artscape ... Councillor Irene Jones ... Michael Kainer ... Liz Kohn, Toronto Artscape ... Councillor Chris Korwin-Kuczynski ... Sandra Lewis, 401 Richmond Ltd. ... Wendy Lilly, Waterfront Trail Artists ... Sandy Little, Atlantic (HS) Financial Corporation ... Lorna Livey, Fifth Street Gallery ... Lori Martin, City of Toronto ... Judi McBurney, City of Toronto ... Christine Mclvor, Arts Etobicoke ... John C. McKellar QC, Weir Foulds LLP ... Craig Morash, Tarragon Theatre ... Fiona Murray, City of Toronto ... Susan Nagy, Lakeshore Arts ... Councillor Frances Nunziata ... Brent Pearlman ... Robert Plitt, Toronto Artscape ... Liz Porritt, Porritt Real Estate ... Sally Praskey, Insurance-Canada.com ... Piera Pugliese, Junction Gardens BIA ... Bruce Rosensweet, Toronto Artscape ... Ruth Ruth, Friendly Spike Theatre Band ... David Sanford, CB Richard Ellis ... Albert Sarthou, Toronto Artscape ... Harold L. Sclodnick, Barrister & Solicitor ... Domenic Scolieri, Re/Max Realty West ... Susan Serran, Toronto Artscape ... Otto Siebenmann ... Angela Szeto, Destination Carlaw ... Abbey Smith ... Peter Tomlinson, Peter Tomlinson Consulting ... Howard Turk, First Canadian Title ... Monique Van Remortel, ALAS ... Laura Walters, City of Toronto ... David Warren, Farb Warren LLP ... Emma Wetherall, Moore-McLean Corporate Insurance Ltd. ... Colleen Williams, Bloor Annex BIA ... Ben Woolfitt, Woolfitt's Art Enterprises Inc. ... Ken Woolley ... Gary Wrathall, Ontario Rental Housing Tribunal ... Susan Wright, Toronto Arts Council

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Caution: *In this manual we have described, as accurately as we can, information relevant to purchasing and leasing artist workspace. However, the information is, and is intended to be, general in nature and is no substitute for professional advice for your own specific situation. In addition, the material is time sensitive. Changes in legislation, judicial decisions and commercial practice will make information obsolete or inaccurate over time. Toronto Artscape Inc. warns against relying on the enclosed manual alone in making decisions about your living or working space, and accepts no responsibility for any damages that might arise out of errors or omissions in the material.*

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Introduction

The displacement of artists from the neighbourhoods they helped enliven is not a new phenomenon. But something has changed in the real estate market: a variety of factors simultaneously at play now threaten the places where artists live and work, and the dynamic energy they bring to the life of the city. The re-use of warehouse buildings for lofts and offices is taking over the traditional habitat of the arts community. Liberalized zoning and Toronto's Official Plan are setting the stage for massive intensification of development in the downtown core. Artists leasing industrial and commercial space are being forced to move in unprecedented numbers.

Artists look to Artscape for help in their search for space in which to work. Looking for a suitable place can be time consuming and frustrating, and moving is always disruptive. It robs artists of the time and energy that they need to work. The information contained in *Square Feet* will facilitate your search for work space, so the creative process can continue with minimum disruption

Square Feet answers the questions Artscape hears most often: How do I go about finding a space? Where should I look? How much will I have to pay? What does "net lease" mean? Should I consider buying a place? This manual answers these questions and many, many more.

This Manual is For You

Although Artscape has a Toronto mandate, much of the information contained in *Square Feet* is just as relevant to the work space needs of artists across the province. We imagine that those of you using this manual will fall into one of the following categories of user:

1. Individual artists, or administrators and board members of small arts organizations, looking for work space in a commercial or industrial building
2. Artists who can work from residential premises
3. Artists who are looking for live/work space in a commercial or industrially zoned building

Some of you will be interested in leasing, and others will want to explore your options for buying. While buying property may seem an unattainable dream, there are creative ways of obtaining financing. It is an important option to consider, as it will provide you with security of tenure and a financial foothold in the real estate market.

Your particular needs, and the needs of each user group, are different. So if you come across sections of this manual that seem irrelevant to your particular situation, bear in mind that this information may be vital to someone else! The **Table of Contents** should help you identify and zero in on the topics relevant to your particular situation.

There's a lot of information packed into *Square Feet*; don't be overwhelmed by its size and scope. It's there to empower you to make the most appropriate leasing or purchasing decision. Beyond the scope of *Square Feet* is leasing, purchasing and developing public arts venues: specifically public galleries and performing arts facilities. The development of public spaces requires a manual all to itself. However, **Section Seven: Major Capital Projects** identifies some of the factors to be considered before embarking upon such an undertaking.

Introduction

Chapter One: Getting Ready

So you're in a panic. Your landlord has just given you thirty days' notice to vacate your studio and you are preparing for a major exhibition. Or perhaps you are a small arts organization and your lease is expiring in two months and you've put off looking until now. Or the small industrial building that houses your live/work space and that of other artists is up for sale, and you wonder if it is possible for you all to pool resources and purchase the building.

As these three examples illustrate, there are many different work space needs in the arts community. The artist looking for a 500 square-foot studio requires different information from the collective that needs a 2,000 square-foot gallery with office space. This will differ again from artists who want to investigate purchasing a building or live/work units.

TIP: Set your spending limit before you start shopping.

No matter how urgent your need, or what type of space you require, before you start looking for space you'll have to think through three fundamental questions, the answers to which will inform you in your search:

1. What size and type of space do you need and want?
2. What can you afford to spend?
3. Which neighbourhood can provide you with the space you want and need at the price you can afford?

This first section is designed to help you answer the first two questions, while **Section 2: The Hunt** addresses the third. Underlying all three is the issue of long-term security. It's important to find a work space solution that meets all your needs, and provides you with some security of tenure and price so that you won't have to repeat the process in a few years.

There are, of course, many other questions that come up – but regardless of your time constraints, do spend an hour considering these three questions and be absolutely sure you have the answers to them before you start looking. In this section, you'll find worksheets that will stimulate your thinking and help you find the answers to the questions.

If your need for a leased studio is urgent and you cannot bring yourself to go through these first three steps, do at least read **Section 3: If You Lease**. It contains critical information on what expenses you might be liable for over and above your rent, and clarifies the language found in a standard commercial lease form. What might appear to be affordable might be the opposite if you are billed for unanticipated taxes and utility charges.

Certain chapters of the manual are targeted to a particular type of work space need – for example you will want to review **Section 3: If You Lease** if you want to rent a studio space, and **Section 4:**

If You Buy if you hope to purchase. The rest of the manual contains useful information for all artists with work space. The headings at the side of the page, coupled with the **Table of Contents**, should make your navigation of the manual straightforward.

We will start by addressing the first question – how to calculate the size and type of space that you need and want. The first step is to review your work space layout.

Work Space Layout Requirement Chart (page 14, top)

This template is a useful tool to help you calculate the total square footage needed in your new space. When estimating the size of rooms in a future space, it is helpful to keep two things in mind:

1. What functions that room will serve.
2. What furniture and equipment will be placed in that room.

It will also help to consider the space you currently have and what you would change in terms of square footage and dimensions to improve it.

Once you have the total square footage for the rooms you will need, you must plan for the hallways and/or circulation area in between them. This includes hallways between enclosed offices/rooms as well as circulation area around work spaces in open rooms. You need to add 15 to 30% to your total square footage for this reason. (A realtor can help you with these estimates.)

For spaces of 1,500 square feet and up it may be beneficial to engage a designer to create a space plan to optimize efficiency. In any case, it is important to look at the space room by room, rather than simply guessing the space required. Please disregard categories that do not apply to your situation.

Situation Analysis Chart (page 14, bottom)

This is also known as “Knowing what you want and need”, which leads to the next set of questions, about amenities: Do you need a loading dock? High ceilings? Parking?

Complete the **Situation Analysis Chart** to help analyze the space you currently occupy, which in turn helps you identify what you want and need in a new space. Note that this chart can be used whether you are an individual artist, collective or small arts organization, although certain questions may not be relevant to your particular situation.

This chart is meant to stimulate your thinking, to help you identify what you need in your space other than a certain number of square feet for a certain price. We suggest you complete it in the following manner:

Assessment of Current Space: Fill in the blanks or circle the appropriate response to the items noted to the left.

Section 1, Chapter 1 Leasing and Buying : The Basics

TIP: This section will be particularly useful to arts organizations and collectives looking for office and studio space.

WORK SPACE LAYOUT REQUIREMENT CHART				
Current Situation			Future Requirements	
	# of spaces	Approximate area & dimensions (sq. ft.)	# of spaces	Approximate area & dimensions (sq. ft.)
Studio Space				
Reception				
Storage Area(s) in Studio or Elsewhere				
Shared/Private Washrooms				
Kitchen/Lunchroom				
Office Space				
Open Work Areas				
Common or Meeting Room				
Copier/Office supply area				
Other (specify)				
Sub-Total (sq. ft.)				
Add 15 to 30% for hallway and/or circulation space				
TOTAL* (sq. ft.) (Transfer to first row of Situation Analysis Chart, below.)				

SITUATION ANALYSIS CHART			
ITEM	Assessment of Current Space	Satisfaction in Current Space (number 1-5)	Requirement in New Space (dimensions/amenities)
Size of Premises	_____ sq. ft.		* _____ sq. ft.
Layout	Efficient? Changes that would help?		
Ceiling Height	_____ ft.		_____ sq. ft.
Heating (oil/electric/gas)	Yes/No		
Air Conditioning	Number/Type		
Electrical Outlets	Un/Acceptable		
Noise/Soundproofing	Yes/No		
Regular Garbage Disposal	Yes/No		
Toxic Garbage Disposal	Good/Poor		
Ventilation	Good/Poor		
Lighting/Brightness	Number/Size		
Windows	N/E/S/W		
Window Exposure (if relevant)	Yes/No		
Freight Elevator Service	Yes/No		
Passenger Elevator	Yes/No		
Wheelchair Access	Yes/No		
Loading Dock	Private/Shared		
Washrooms	Number		
Parking Spaces	\$ _____ (Is price acceptable?)		\$ _____
Parking price	Good/Poor. Importance?		
Access by Public Transit	Yes/No		
Bike Lock-Up	(In)Sufficient		
Local Amenities (print shop, café, corner store etc.)	(Un)Acceptable		
Personal safety			

Section 1, Chapter 1

Satisfaction in Current Space: Think carefully about how satisfied or dissatisfied you have been with elements of the space in which you have been working. Rate your current satisfaction on a scale of 1 to 5 in terms of the following: 1=Very Satisfied. 2=Satisfied. 3=Fairly Satisfied. 4=Fairly Dissatisfied. 5=Very Dissatisfied.

Requirements in the New Space: Having completed the first two columns, think about what you require in your new space and write in in the third column. Be realistic as you work through this section, as the answers will serve as the foundation for your search.

Further Questions

Finally, consider the following questions in preparation for your search:

1. Can you work from (a) Residential space or do you need (b) Commercial/Industrial space, or can you use (c) Either?
2. Do you want to (a) Lease or (b) Buy?
3. If you were planning to lease, have you considered the option of buying either alone or with colleagues? (See **Chapter Eight: Models of Ownership.**) Yes/No
4. Number of occupants sharing the space now? _____
In the future? _____
5. What is your preferred new location? (Please see **Neighbourhood Profiles**, page 40)
1st choice: _____
2nd choice: _____
6. On what date is a move possible?
Earliest: _____ Latest: _____
7. What is your budget for annual gross rent/mortgage and property expenses? (See pages 18 to 23 on **The True Cost of Space.**)

8. If leasing, what length of lease term do you need?
Minimum: _____ years Maximum: _____ years
9. Toxic materials that need to be stored or disposed of?

10. Any other requirements that you need to address?

11. Any long term plans for you or your organization which might affect the use of space or need for space?

Once you have completed all these forms you may be wondering “what does all this mean”? By analysing your satisfaction level

TIP: The process of filling out these charts will be especially helpful if more than one person is involved in the search for space. They’ll help you come to an agreement on what you really need and what you can live without.

with your current space, what will have emerged is a clearer picture of the changes you need to make as you look for a new work space. You will have reviewed your short term and long term needs and this information will all be summarized on the three worksheets.

The end result is a handy written summary of what type of space you need and the amenities that make the space usable for you. You should have a clear picture in your mind of what you want, and know your specific requirements. These findings will prove invaluable to you whether you are looking for a space on your own, or using the services of a professional realtor. If you use a realtor, give him or her a copy of the worksheets. Having identified your space needs, the next step is to work out your budget.

Chapter 2: The True Cost of Space

Section 1, Chapter 2

With any major purchase, there are two key things you must know: (1) how much you can afford and (2) what it might cost. Here we examine both sides of this equation so you know your limits before you proceed to rent or buy space.

1. How Much You Can Afford: Buying or Leasing Within Your Budget

Start by taking a careful look at your income and expenses to find out how much you make and how much you spend annually. The difference between your net income and your total expenses is the most you can afford to put into your work space.

CALCULATION OF ANNUAL EXPENSES	
Gross Annual Income	\$
Less Taxes, CPP, UIC	\$
= NET ANNUAL INCOME (1)	\$
Household Expenses	
Rent/Mortgage	\$
Utilities (Lighting, Heat, Water)	\$
Telephone/Internet	\$
Insurance (Contents and Property)	\$
Repairs/Maintenance	\$
Food/Eating Out	\$
Personal Expenses	
Medical/Dental Insurance and/or Medical/Dental Bills	\$
Life Insurance	\$
Retirement Savings/RRSP	\$
Car (incl. Insurance/Gas/Repairs/Parking), Taxis or Public Transit	\$
Loan/Credit Card Payments	\$
Clothing	\$
Child Care	\$
Education/Professional Fees	\$
Travel/Vacation	\$
Recreation	\$
Entertainment	\$
Other	\$
Business/Professional Expenses	
Supplies and Equipment	\$
Marketing/Sales/Exhibitions	\$
Agents' Fees/Commissions	\$
General office/Business Expenses	\$
= TOTAL EXPENSES (2)	\$
Deduct Total Expenses (2) from Net Income (1) , above.	
RESIDUAL INCOME:	\$
Current Work Space Rent	\$

The worksheet titled **Calculation of Annual Expenses** (below) will help you summarize your expenses. Capture all costs: child support, clothing, entertainment, transportation and food, plus your current living and working space. If you now rent work space, your total rent (including all taxes, utilities, and so on) should be noted at the very bottom of the worksheet, as indicated.

This process is difficult for people with irregular income. However, fill in the form as best you can; it is an important first step towards figuring out how much you can afford to pay for your space.

Your residual income, that is income you have left over after all your expenses have been paid, represents funds that you have to use for work space. If you already rent space, enter that figure on the final line of the worksheet. Your current work space rent should be less than your residual income (otherwise you will be spending more than you earn each year). Any positive balance between your residual income and current rent is money available to you for work space or other purposes.

If you require help with this exercise you can talk with your bank manager or accountant (see the piece on accountants on pages 117 and 118). If you are planning to buy, your mortgage broker or mortgage provider will review your income, expenditures and net worth as they determine how much they will lend you, and at what rate of interest.

2. What It Will Cost: The True Cost of Space

So you find the ideal space and want to sign on the dotted line. Before doing so, you must establish exactly how much the space is going to cost you when all the expenses are factored in. The rent or mortgage payment is but one of many expenses that add up to a significant amount.

TIP: You can deduct expenses related to your work space from your pre-tax income, thereby reducing your income tax payable, even if you're in a live/work space.

You can deduct your work space expenses from your pre-tax income, thereby reducing your income tax payable. If you have a live/work space, you can deduct the portion of the space in which you work. See the section on accountants (page 117) for information on how to calculate these deductions.

The worksheets over the next few pages will help you calculate the full cost of your proposed work space. Your realtor or the current property owner should be able to provide you with accurate dollar figures for each itemized cost. Be sure that any bills they show you are recent, especially the property tax bill, as municipal taxes have changed significantly over the past few years. If they cannot provide this information, you will find advice on how to estimate these expenses on pages 27 and 28.

A few points to remember when you are completing the templates, be it for leased or purchased property:

1. Use annual totals. This is important as many bills, including property taxes and utilities, are levied over different periods of time – some covering a two month period, some monthly. The only way to assess the true cost is to look at the annual picture.
2. Build in room for increases in utility charges and property taxes over the next five years.
3. Include GST and/or PST where applicable.
4. Compare the cost of leasing with the cost of buying

The worksheets in this chapter are laid out so that if you want to rent, or to buy, you can calculate what your costs will be. If you have always rented, but as an individual, collective or organization think you are in a position to buy, it would be worth completing both the leasing and the purchasing worksheets to see what the difference in cost would be.

Definition of Lease Types and Related Costs

If you are planning to rent a work space or live/work space, you must carefully review the draft lease to check whether the price per square foot that you are quoted is based upon a “gross lease”, “net lease”, “net net lease” or “net net net lease”. This is important as the type of lease dictates whether expenses such as taxes and utilities are included in the rent, or payable by you, the tenant, on top of the rent. If the lease is unclear, ask the landlord directly what additional charges might be levied and have that written into the lease before you sign. Here are the definitions of the four types of leases:

Gross Lease: You pay an agreed upon rent to the owner and will not see any additional charges or bills. The owner pays all the expenses associated with owning the property.

Net Lease: In a net lease, you pay rent to the landlord plus you are responsible for certain other expenses, as outlined in the lease. One such expense might be hydro: if your unit has a separate meter, your lease might stipulate that you are responsible for paying hydro directly to your supplier; if you do not have a meter, the landlord may pay the bill for the whole building and charge back a percentage of the cost to each tenant.

Net-Net Lease: With a net-net lease you will pay rent plus your share of maintenance and operating expenses, plus property taxes. Your responsibility for these charges will be noted in the lease. Some landlords will provide an annual itemized estimate of what these charges will be. If you are considering renting on a net-net lease basis you should ask for an estimate of these charges so you have a clear picture of how much the space will cost monthly or annually. If you are renting a whole building, you may be responsible for paying these charges directly to the supplier, or the City in the case of Property Tax. If you are renting a studio within a larger building, the landlord

TIP: What might appear to be affordable might be the opposite if you are billed for unanticipated taxes and utility charges.

will charge you a portion of his total costs, based upon the square footage of your space.

Net-Net-Net Lease: On top of the rent, you will be paying all maintenance and operating expenses, plus property taxes and insurance. As with a net-net lease, you may be paying these charges directly to the supplier or to your landlord, depending upon the type of space you have and the terms of your lease.

Worksheets

To reiterate, it is very important to review the financial terms of your lease very carefully, as the “dollar per square foot” rent may, in fact, be much lower than your actual cost if you do not have a gross lease.

TIP: There is more to leasing or buying a space than just paying the rent or the mortgage. Read Chapter 3 to see all the other costs associated with the space and the move.

Complete the form below and you will know how much the space will cost you annually. If you are working with a realtor, the realtor can help you identify these costs. If you are searching on your own, question the landlord to be sure you have captured all potential expenses. If you have difficulty determining how much these elements will cost, read ahead to **Chapter 3: The Services** and then come back to it.

A. ANNUAL LEASING COSTS	
Rent	\$
(plus GST for Commercial/Industrial space)	\$
Property taxes*	\$
Insurance (Building/Liability)*	\$
Parking*	\$
Utilities* (light, water, heat)	\$
Telephone/Internet lines	\$
Insurance (contents)	\$
Toxic Garbage Pick-up/Disposal	\$
TOTAL	\$

Note: Calculate an annual figure. The items marked with an asterisk may be payable on top of your stated rent, depending on the nature of your lease (see **Definition of Lease Types**, page 19). Use annual totals in all worksheets, and include GST and PST when applicable.

Moving Costs

Moving has many costs. The most obvious is the fee charged by your moving company, which can be significant if you are an artist working with heavy or bulky equipment. Moving companies provide free estimates to help you project your moving costs.

You should also budget for any modifications or renovations that may be required in your space. If the renovation is essential to your ability to work in the space, you should get a couple of quotes before

you sign the lease to be sure that your work space will be financially viable. If you are doing the work yourself you should calculate the cost of materials.

Another cost that is harder to calculate is loss of productivity from the disruption of the move. Try and put a figure on your loss of creative or productive time as a result of the time you spend searching for space, packing, moving, and resettling in the new environment.

B. LEASING: ONE-TIME RELOCATION COSTS	
Moving Charges	\$
Telephone/Internet Installation and Hook-up	\$
Space Modification Costs (e.g. ventilation, soundproofing, redecorating)	\$
Renovation Costs (e.g. moving walls, major remodelling)	\$
Loss of productivity	\$
TOTAL	\$

Worksheets for Purchased Space

This manual discusses many opportunities and issues around purchasing work space and live/work space. Detailed information on financing real estate purchases and various ownership models is found in **Section 4: If You Buy**. The following worksheets are for those of you who are considering purchased space. They will help you identify the upfront capital investment and the annual operating costs of the building, and from there you can calculate whether this is an affordable option for you.

TIP: Purchasing property is the largest expenditure you will ever undertake; think through all the costs. Complete the forms in this chapter to make sure you know what all your expenses will be before you commit to buying.

C. PURCHASING: ONE-TIME RELOCATION COSTS	
Building Inspection	\$
Mortgage Broker	\$
Legal Fees	\$
Legal Disbursements and Adjustments	\$
Land Transfer Tax	\$
Down Payment	\$
Incorporation Fees or Other Legal Costs (collective purchase)	\$
Moving charges	\$
Telephone/Internet Installation and Hook-up	\$
Building Modification Costs (e.g. ventilation, soundproofing, decorating)	\$
Renovation Costs (e.g. moving walls, major remodeling)	\$
Loss of Productivity	\$
TOTAL	\$

A mortgage broker or other lender will work with you to determine the value of the mortgage or loan you can afford to carry, based on your income and existing expenses (see further information on mortgage brokers and financing work space in **Section 4**). Your down payment plus the value of the mortgage you can carry determines the price you can afford to pay for a piece of property. For example, if you have \$25,000 as a down payment and have been told that you can afford to carry a mortgage of \$150,000, you will be looking for properties in the \$175,000 price range.

D. ANNUAL OWNERSHIP COSTS	
Mortgage (principal & interest)	\$
Mortgage Loan Insurance (if applicable)	\$
Mortgage Life Insurance (optional)	\$
Property Taxes	\$
Insurance (property, liability and contents)	\$
Toxic garbage pick-up/disposal	\$
Utilities (Lightinng, water, heat)	\$
Telephone/Internet	\$
Landscaping/Snow Removal	\$
Subtotal	\$
Capital Reserve Fund/ Contingency fund (5% of subtotal to save for major expenses such as roofing, windows, furnace etc.)	\$
TOTAL	\$

Now you need to work out how much it will cost to maintain a property of that value, annually. Use the two worksheets on page 21 and 22 to calculate the cost of purchasing and moving into the property, and the ongoing operating and maintenance costs. If you have a particular property in mind, use the actual numbers provided by your realtor or the vendor. If not, ask your realtor for typical costs associated with a property of this value, in the neighbourhood you are considering (or see **Chapter 3: The Services** for information on how to calculate these costs).

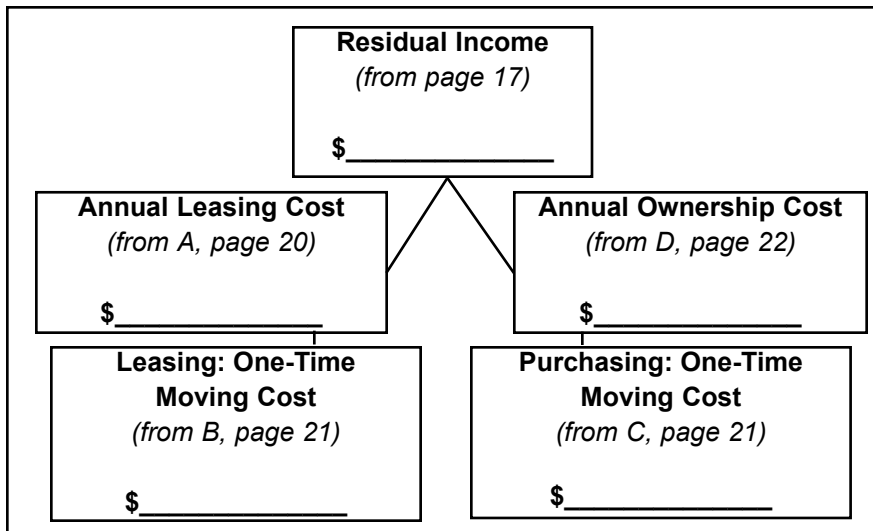
TIP: Compare the cost of leasing with the cost of buying.

Summary

Once you have filled out the worksheets in this section you will know what you can afford to spend on work space, what it costs to lease space and what it would cost to purchase property that you can afford. You may find it easier to look at this information graphically, so fill in the chart at the top of the next page, capturing the totals from the worksheets:

By now you should have a clear picture of what type of space you want and need, and what you can afford to spend. Property costs vary wildly across the city – some neighbourhoods may be

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affordable, others not. Even within neighbourhoods there are expensive and inexpensive properties, depending upon the age and state of repair of the building, and other factors such as proximity to transit (you *will* pay less if you're next door to a rail line!)

Chapter 4: Where and How To Look explores different neighbourhoods in the city, some of which you may be familiar with and others that may be new treasures. It also contains advice on how to find real estate on your own or with a realtor.

Before looking at neighbourhoods, we will review property taxes, utilities and other services related to property.

Chapter 3: The Services

As noted in previous chapters, there are substantial costs associated with the use of property. If you are purchasing, you will be responsible for all the taxes, utility charges and insurance. As a tenant, depending upon the nature of your lease, you may pay some or all of these charges yourself, or they may be included in your rent. In this chapter we describe these major expenses, what they are and how to find out what they cost. As with other chapters of this manual, some sections will be more relevant to a purchaser and other sections of greater relevance to a tenant.

Property Taxes

TIP: Before you sign a lease, check to see if you will be charged separately for property taxes and if so, how much this will cost.

As either an owner or a tenant, you will directly or indirectly pay municipal tax on the property in which you work. This municipal tax is called Property Tax (although it is sometimes known as Realty Tax). The tax is based on the value of the property and is billed by the municipality to the owner of the property.

Property Tax Information for Tenants

If you are a tenant, you will be paying all or part of the Property Tax indirectly through rent payments to your landlord. When agents or landlords are quoting you rental rates, you should find out whether taxes (as well as other building maintenance and operating costs) are included. Before signing a lease you should review it to ascertain whether the rent includes property taxes, or whether your landlord will be billing you for taxes on top of your rent. The following lease terms are used to determine responsibility for payment of property taxes:

Gross Lease: The property tax is included in your rent.

Net Lease: You will be expected to pay certain expenses on top of your rent. Property tax could be one of those. Check the lease for details.

Net-Net Lease and Net-Net-Net Lease: You will definitely be paying property taxes on top of your rent. The landlord can tell you how much this will cost at the time you sign the lease, but there could be tax changes in later years during the lease term. Some tax changes occur retroactively.

Be sure to find out from the landlord how much the tax will be and how often you will be billed.

Property Tax Rebate for Non-Profit Organizations

Provisions exist across Ontario for non-profit organizations to receive a 40% rebate off their property taxes. It is up to the individual municipality whether to offer this rebate only to federally registered charitable organizations, or to extend the rebate to other non-profit organizations. It is available only to federally registered chari-

TIP: Property tax rebates are now available to not-for-profit organizations in Toronto.

table organizations in the City of Toronto. To be eligible, you must meet the following criteria:

1. The applicant organization must be a registered charity under the Income Tax Act (Canada), and as such have a valid Canada Customs and Revenue Agency registration number.
2. The applicant organization must own and occupy the commercial or industrial property for which the rebate is being sought, or be a tenant in a business property.
3. The applicant organization must fulfill those application requirements set forth by the issuing municipality.

There is an application to be filled out and all forms must be submitted to the City by February 28, 2002 to obtain a rebate for the 2001 taxation year. Phone 416-338-4829 for information. If you are outside Toronto, inquire about the rebate with your local municipal tax office.

Property Taxes: About “Current Value Assessment”

Property taxes are based on the assessed value of a piece of property. The provincial government is responsible for establishing the value of all property in the province through the Municipal Property Assessment Corporation (MPAC). To correct historic imbalances in property values, in the late 1990s the province undertook a reassessment of all property values to a common assessment date. This new system is called Current Value Assessment (CVA) and properties have now been assigned a value as of June 30, 1999. These assessed values will be used in 2001-2002 and then updated again to a valuation date of June 30, 2001 for the 2003 taxation year.

MPAC uses a variety of measures to determine the value of a piece of property. These measures include recent market sales of like properties, the rental income a property generates (in the case of commercial office buildings) and the replacement cost for industrial spaces.

Information such as Current Value Assessment (CVA) and the classification (residential/farm, multi-residential, commercial and industrial) of the property may be obtained from the assessment roll prepared by MPAC every year. The assessment rolls are returned for each municipality at the beginning of every year and kept at the municipal Clerk's department for the public.

Your property taxes are based on the current assessed value of the property. If your CVA is changed, property owners receive a “Property Assessment Notice” from MPAC late in that calendar year. This document outlines the classification of your property (residential/farm, commercial, industrial) and the assessed value.

Be aware that if you renovate your space, the assessed value of the property will increase and you will see a proportionate increase in your annual property tax bill. Likewise, a change in zoning design-

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TIP: If you renovate, the assessed value of your property – and your annual property tax bill – will increase. A change in zoning designation can also affect your property taxes. So if you purchase an empty building with a “Vacant Industrial” classification, and renovate it for use as studio space, be prepared for a significant property tax increase.

nation can affect your property taxes. So if you purchase an empty building which has a “vacant industrial” zoning classification, and renovate it for use as studio space, be prepared for a significant property tax increase.

To find out more information on how renovations may affect your property taxes contact your local municipal tax office. In Toronto the number is 416-338-4829.

Appealing Your Assessment

If you believe that your assessed value is incorrect, you have the right to appeal. Before entering the formal appeal process, it is worth calling your local MPAC office to talk with an assessment officer (you will find their phone number on your Assessment notice). This is called a Request for Reconsideration. The assessment officer will tell you the basis on which your assessment was made, and you can ask for reconsideration. The officer has the authority to review and change assessments.

If you are unsatisfied with the result of your Request for Reconsideration, or if your Request for Reconsideration has not been dealt with by March 31 of any year, there is a formal appeal process. You must file a Notice of Complaint form by March 31 of the year in question. An appeal date will be set for you to appear before the Assessment Review Board (ARB), an independent administrative tribunal of the Ministry of the Attorney General. At the ARB hearing, you and the MPAC assessment officer present your respective cases to the presiding ARB Member. The Board's decision will be binding on both you and MPAC, and if it reduces your assessed value your taxes will be adjusted accordingly by the municipality.

For further information on assessment or appealing your assessment, check the MPAC website at www.mpac.on.ca or the Assessment Review Board site at www.arb.gov.on.ca.

How Assessed Value Translates Into Property Tax

Each municipality knows how much revenue it needs to meet its expenditures for the upcoming fiscal year. The municipality also knows the total assessed value of all the property in its jurisdiction, based upon information provided by MPAC. Armed with this information, the municipality determines what the tax rate must be in order for it to generate the revenue required for annual expenses.

Each municipality establishes different tax rates for different classes of property. In Toronto, for example, there are different tax rates for residential (including all condominiums); apartment buildings; commercial; vacant commercial land; industrial and vacant industrial land. Every municipality has different tax rates, depending on their financial requirements and the percentage of different classes of property within the municipality.

Your property tax bill is actually a combination of the municipal

tax, as outlined above, and an education tax. The rate for the education tax is set by the provincial government, and collected by the municipality on behalf of the province.

Early in the year, the municipality issues an interim tax bill. Normally this bill will be for one half of the previous year's tax and will not provide the detailed information that you will find on your final bill. Your municipal government will send you a final property tax bill by mid-year. This bill indicates the assessed value of the property, the tax rate, municipal tax, education tax, and the total taxes due.

Some municipalities, such as Toronto, have seen significant shifts in property taxes, resulting in large increases in property taxes for certain properties and decreases in others. Increases in taxes are "capped" at 5% for commercial, industrial and multi-residential properties for the time being. In order to pay for the loss of revenue due to "the cap", the tax decreases are withheld or "clawed back". Relevant tax adjustments are also itemized on the tax bill. For more information on property taxes contact your local municipal tax office. In Toronto the number is 416-338-4829.

Tax Payment Information for Property Owners

Residential Taxes: Most municipalities spread the due dates for property tax payments over several months. The City of Toronto, for example, issues two tax bills each year, one in January and one in June. Payment is spread out into six equal installments, to be paid on the first Monday of March, April and May for the January bill and July, August and September for the June bill. Other municipalities bill on the basis of four payments.

Commercial and Industrial Taxes: In Toronto, the tax billing and payment structure is the same for residential, commercial and industrial properties, one bill in January and one bill in June each followed by three equal payments. Be aware that the business tax has been eliminated as a separate tax in Toronto since 1998 and is absorbed into the owner's property tax.

Calculating Property Taxes (Residential)

Your realtor (see pages 59 to 60) can provide you with both a property's assessed value and the municipal and education taxes payable. Or you could ask the current owner or tenant for a copy of a recent property tax bill. Given the changes in assessed values and property taxes over the past years, it is important that you see a recent bill to be sure you have the most current information. Look at the bill carefully – if possible take a photocopy – to check for multi-year phased-in tax adjustments that will affect your taxes in future years.

If this information is not available for residential properties, you can work out the taxes yourself by multiplying the assessed value of

TIP: Since there have been such sweeping changes to the municipal tax structure recently, make sure to look at a very recent tax bill for your prospective space, and check for multi-year, phased-in tax adjustments that may affect you in the future.

the property by the tax rate. To get the assessed value of a residential property, you can visit your Municipal Clerks Office with the address of the property and look up the assessment roll number to get the Current Value Assessment. Your municipal tax office (416-338-4829 in Toronto) will give you the tax rate appropriate to the property's zoning. Multiply the assessed value by the tax rate and you will have an approximation of the annual property taxes payable.

Calculating Property Taxes (Commercial/Industrial)

Commercial and industrial property taxes are much higher than residential taxes. The city will only discuss property tax rates with the property owner, so as a tenant, or as a potential tenant or owner, the municipality will not share this information with you. Because of a complex series of changes to commercial and industrial property taxes since CVA, there is no set formula by which you can calculate the taxes on a property. Therefore you will have to rely on the owner or their realtor for the information.

If you are unable to get this information from the vendor or landlord you can get an approximate tax figure by phoning your Municipal Property Assessment Corporation office (in Toronto: 416-250-2150). Be prepared with the address and square footage of the property you are interested in. MPAC can give you an approximate assessment value and the exact tax-rate classification for the property. Next you will need to phone your municipal tax office with this information to establish the tax rate associated with that particular classification. Again, you must provide the address of the prospective property as well as the assessment value provided by MPAC. Then the Municipality should be able to provide you with the approximate realty tax.

Resources: Taxes

Toronto Municipal Tax Office
T: 416-338-4829

Municipal Property Assessment Corporation
T: (Toronto office) 416-250-2150 www.mpac.on.ca

Municipal Property Assessment Review Board
T: 416-314-6900 or 1-800-263-3237 www.arb.gov.on.ca

City of Toronto Property Tax Rebate for Non-Profit Organizations
T: 416-338-4829

Utilities

“Utilities” is the term used to describe the services that are central to your ability to function in a property – specifically services which provide heat, light and water. Buildings are most commonly heated with gas, but electric and oil heating still exist in some prop-

erties.

The best way to determine which utilities exist in a building, and what those utilities cost, is to ask the current owner, your real estate agent or a tenant. You should ask to see a recent bill, but look carefully to be sure that it is recent, as utility costs (specifically gas) have increased significantly. You should also check the period covered by the bill: heating costs during September/October will be a lot lower than during January/February, so you need to know the total cost for a one-year period. Some utility companies have an equal billing system, whereby an average cost is levied every billing period with an adjustment at year-end. This spreads the cost out for the user and can be helpful for budgeting.

Competition in the Gas and Electricity Markets

The electricity and gas markets are being deregulated, so the historic monopoly of the market previously held by a few large firms (called the principal suppliers) will cease to exist. In a deregulated market, the principal suppliers will continue to operate the distribution system – the pipes and wires. Competition is being introduced solely for the commodity itself – the gas or electricity. The gas market has already been deregulated and there are many gas marketers offering their services. Deregulation of the electricity industry is scheduled to take effect in Spring 2002.

You can continue to purchase your gas or electricity from a principal supplier, such as Toronto Hydro or Enbridge Consumers Gas. Alternatively, in a deregulated market, you have the option to purchase through electricity retailers or gas marketers. The product you will buy – the gas or electricity – is the same. What the retailers and marketers are offering is a range of different services, payment plans and other incentives. These wholesalers buy in bulk, have lower overheads, and in theory can pass on these savings to the consumer.

Shop around, as many different pricing and service options are available. Do not sign any contract with a service provider until you have done your research and compared the many options and terms available. You might check out www.energyshop.com, an independent website that provides price comparisons for the various service providers, as well as extensive background information on the impact of deregulation.

In particular, be wary of companies who want you to commit to long-term, locked-in prices. Often these are marketed as offers that protect you from increased prices in the future. While that might be the case, the short-term price per unit may well be much higher than the basic price per unit available through your existing supplier.

While reviewing your options, know that all gas marketers or electricity retailers must be licensed by the Ontario Energy Board and must abide by a Code of Conduct. This means that all independent retailers/marketers are required to be registered provincially and the retailers/marketers as well as their salespeople must fol-

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TIP: Find out what each of the utilities cost over an entire year, since items like heating fluctuate seasonally.

TIP: Under deregulation, the local utility (like Toronto Hydro) will continue to handle the delivery system (the pipes and wires), but independent retailers will compete to offer you the commodity (the gas or electricity).

TIP: Check the various pricing and service packages offered by gas and electricity wholesalers. As we have seen since the deregulation of the telephone industry, there are many options to choose from, so you must find the one that best meets your needs.

TIP: If you are renting a studio and being billed for hydro by your landlord on a per-square-foot basis, you could end up with expensive bills if the other tenants in the building are engaged in businesses with a heavy use of electricity. You, in effect, would be subsidizing their electricity bills.

low a set of standards when selling to the public. The code of conduct includes identification of the salesperson, a clear indication that the offer is not being made by a regulated utility, no pressure to accept the offer and clearly printed contracts and documents. Note that the price a retailer/marketer offers you is for the commodity itself; delivery and other charges will still be billed through your local utility.

Once you sign a contract with a retailer/marketer, you have ten business days to cancel your contract by notifying the company in writing by fax, registered mail or personal drop-off. You can access a list of licensed retailers/marketers and copies of the codes of conduct at www.oeb.gov.on.ca. The site also lists questions that consumers should ask when considering signing a contract with either a gas marketer or electricity retailer.

If you do not sign up with a retailer or marketer, your electricity will continue to be supplied by your principal supplier. You should also be aware that when a property changes hands, any existing contracts with electricity retailers or gas marketers expire, and the service reverts back to your principal supplier.

Whomever you choose to supply your energy, the prices that they will quote are made up of two figures. For both electricity and natural gas the cost of the utility service is broken into an energy charge, paid to the marketer/retailer for the commodity itself, and a distribution charge, paid to the local utility for having that fuel delivered to your home. For electricity service, a charge for repayment of Ontario Hydro's previous debt and system operation costs is added as well. These combined figures equal the total cost of that utility per unit.

A list of frequently asked questions about electricity deregulation can be found at www.torontohydro.com or you can phone their general inquiries line at 416-542-8000. Frequently asked questions about deregulation in the gas industry as well as other energy information can be found at www.est.gov.on.ca.

Electricity

If your realtor or property owner cannot provide you with electrical costs for the building, Toronto Hydro's Energy Management Department at 416-542-3582 can provide you with average hydro costs for commercial, residential and industrial spaces. This department will help you determine your average hydro costs if you are prepared with the following information:

Whether the space is residential, commercial or industrial

Size of the space

Types of appliances that will be used (e.g. kiln, heavy machinery)

How many people will occupy the space

How many hydro meters there are in the space

Heat

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In urban areas there are three principal forms of heating for residential, commercial and industrial spaces. These are natural gas, oil, and electricity. While natural gas predominates as a heating source, each method has its advantages when you take into consideration installation, maintenance, and fuel costs. Other factors for consideration include cleanliness and noise.

The heating requirements of your space can depend on many things such as weather, size and layout of the space, insulation levels, air-tightness, the amount of solar energy harnessed through windows, the amount of heat given off by lights and appliances, the thermostat setting and other operational factors. All of these components together determine how much heat (or air conditioning) you need each year.

If you are leasing a space, the main thing you need to know is what type of heating is in the building, and what the approximate heating cost will be. While it's uncommon, it is desirable to have a thermostat in your work space so that you can set the temperature at a comfortable level for you. It's also helpful if your unit is on a meter so that you only pay for the gas or electricity that you use.

If you are buying a space and want to change or upgrade the heating system, you have to consider which type of heating would best suit the building and your use of it. You have to ask yourself a number of questions, starting with:

Is the current system still suitable for the space?

Does it need to be repaired/updated?

Should you convert to another type of distribution system?

What sorts of activities will be taking place in the building?

Ideally you should hire an expert to inspect your new space who will thoroughly assess the heating system. If it turns out that it will be best to convert the existing heating system to another, this will be a costly investment. Consider whether this conversion will provide future savings on your heating costs and how long it will take to see a return on your investment. There are many options available to you however, and once the system is converted you (hopefully) will not have to do it again. The most common heat systems used today in Canada are:

Forced Air Systems: Driven by a central oil, electricity or gas activated generator (furnace) that warms up the air and distributes it into the space through a series of ducts. This system costs the least to install but is not the cheapest operate.

Electric Baseboard Heaters: Easy to install and require little maintenance. The individual controls allow you to turn off the heat in an empty room and save energy and money. However, the operating costs are high.

Hot Water Radiators: The heat is conducted through heavy piping to radiators that literally “radiate” heat through the room. The water is heated either by gas or oil. Hot water heating is the most efficient system to operate, but it is expensive to install.

All heat distribution systems have unique advantages and disadvantages, including cost and efficiency levels. Different people have different opinions about which is best. Keep in mind that only a professional in the field should make the recommendation as to what system will best suit a particular space and your particular needs.

The current property owner or realtor can tell you which form of heating is currently in the building, the name of their supplier and give you copies of recent bills. It is very difficult to obtain this information yourself from suppliers – most suppliers keep all customer files confidential and an account number is needed to obtain any information.

Water

Water is supplied by your local municipality. Some buildings have meters that monitor water use; others do not. If a building has a meter, then the cost of water is determined by how much is used in that building per month. Otherwise, water is billed on a flat rate determined by the number of faucets, toilets and so forth in the building. You can ask the owner or current tenant which method is used in your new space.

As with other utilities, the current owner can tell you what to anticipate in terms of water charges. If the current owner cannot provide this information, ask your realtor for an estimate, as most municipalities will not share such information with the public.

Telecommunications

There is a multitude of options to connect you to the world in today’s telecommunications industry. Whatever mode you choose, there are an endless number of pricing and service packages that go along with it. Land-line or wireless telephone, dial-up, cable, high speed or wireless Internet access, pay-per-minute or time-of-day long distance packages: we are bombarded with suggestions of what we need to stay in touch every day.

Not only must you decide what you need to keep connected, but how much you want to pay for it. In today’s market you can pay as you go by the minute for phone or Internet, pay a flat rate for long distance phone calls or Internet access, combine all of your communications needs into a “bundle” to receive one bill for different services, or you can use separate service providers and therefore receive separate bills for each individual service you choose to sign up for.

The possibilities are endless, but your choice will depend on

your needs. If you are an artist interested in digital imaging, you may need high-speed Internet access. If you are an actor, always on the go at rehearsals and auditions, maybe you need a cell phone rather than a land-line telephone. To figure out exactly what you need and then what you want, ask yourself the following questions.

1. What do I need for my basic communication services? The options are: telephone line, Internet access, fax machine/modem, wireless phone/pager.

2. If I have a combination of telephone, modem and fax machine, would I like to use one phone line to cut down costs, or separate lines to avoid congestion?

3. Do I need basic dial-up or high-speed Internet access? Basic dial-up allows you to use the Internet *or* your telephone at one time. High-speed Internet access allows telephone and Internet use simultaneously. It can also be accessed through a television cable provider, and can run simultaneously with your TV.

Once you have worked out the basics of what you need you may want to price-shop to choose suppliers. Unfortunately there does not appear to be one website offering comparisons between services and prices offered by the various telecommunications companies. However, all the companies have websites and most post service options and costs. You can also phone these providers or drop in to their retail stores to obtain the information you need to make an informed choice.

Waste Collection

Garbage pick-up for commercial and industrial buildings is currently under review in the amalgamated City of Toronto and a new waste pick-up policy should be made public in early 2002. Currently, industrial buildings do not typically have waste removal service provided by the City.

However, in the former City of Toronto, while there is no garbage collection for industrial buildings, there is for some commercial buildings. Waste pick-up applies to commercial buildings that are less than four storeys above ground and have a ground floor area of less than 1,250 square metres. All buildings that fall outside of these criteria have to hire a private garbage collection service.

When looking for your new space, remember to ask about waste removal service, whether you will be a tenant or owner of a commercial or industrial building. If you will be a tenant whose waste removal is taken care of, be sure to ask if you will be charged for this service.

TIP: Some industrial and commercial buildings do not have garbage pickup and recycling provided by the municipality, so you should ask whether waste collection services are available to your prospective unit free of charge.

Resources: Utilities

Toronto Hydro (General Information)

T: 416-542-8000 www.torontohydro.com

Information about electricity service, including a list of frequently asked questions about electricity deregulation.

Toronto Hydro (Energy Management Department)

T: 416-542-3582

For information about calculating average hydro costs for commercial, residential and industrial spaces.

Ontario Energy Board

www.oeb.gov.on.ca

Information about deregulation and list of licensed retailers and marketers.

Ontario Ministry of Energy, Science and Technology

www.est.gov.on.ca

Frequently asked questions about deregulation in the gas industry as well as other energy information.

EnergyShop.com

www.energystore.com

Price comparisons for various service providers and information on deregulation.

Office of Energy Efficiency

T: 1-800-387-2000 www.oee.nrcan.gc.ca/infosource

A source of free publications to explore heating methods, their possible benefits to your space and what is needed to convert to each.

Property and Contents Insurance

Insurance is needed to protect the building in which you work, and the contents of that space from financial risk as a result of damage and loss. You can purchase contents insurance, property insurance and liability insurance separately or together. There are lots of “fine print” and technical language on insurance policies, so ask lots of questions. The Insurance-Canada.ca website contains useful consumer information on insurance related topics.

Contents and General Liability Insurance

If you are renting a space, you should have contents insurance and general liability insurance. This insurance will protect your work, all other contents of the space and your liability for the space. Do a careful inventory of everything to be insured, and be sure that you have insurance coverage that will provide you with the funds you need to replace these items in the event of a claim. Make a list of your art works or materials, plus any other valuables, along with their value. While artwork is irreplaceable, try and put a value on your work so that you have some financial compensation in the event of damage or loss.

TIP: There is a risk to being under-insured. Read the fine print to be sure you have the type of coverage you need.

If you make capital improvements to the space during your tenure, notify your insurance company so that such improvements will be covered in the event of a claim.

Along with your contents insurance you should ask for liability insurance, which will protect you from liability should someone be injured in your space. This is particularly important if you are in commercial space and if your premises are open to the public. You will be covered should there be a claim against you or if you accidentally injure someone else.

Liability insurance also protects you if you are inadvertently responsible for damage to other people's property. So if you accidentally start a fire in your studio that causes damage to three other studios, the tenants in those studios and the owner of the building will expect compensation from you. Your liability insurance will cover you in such a situation.

Property and Liability Insurance

If you are renting under a net-net-net lease, or if you buy the space, you must have property insurance. This blanket insurance covers the building itself. It is imperative that the replacement value of the building is correct and that all details are disclosed to the insurance company. If you own a small industrial building and fire breaks out, you need the insurance money to rebuild as well as to replace the contents that have been destroyed. Make sure that the replacement cost for the building includes the value of any permanent fixtures.

You will also need contents insurance, which is often not included in property insurance. A separate dollar value for your contents insurance must be set. You must also ask for general liability insurance, which, as noted above, will protect you from various forms of personal liability. If you are purchasing a condominium, you should also investigate "contingent and loss assessment" insurance, which will protect you should the condominium corporation be short of funds – if for example, there has been damage to the common areas (see **Section 4: If You Buy**).

Insurance Prices

Insurance prices are based upon the risk the insurer associates with the property and content. For example, property insurance prices reflect whether the building is owner-occupied or tenanted, has single occupancy or multiple tenants, whether or not there are security systems in place and the location (including the neighbourhood and the building's proximity to emergency services such as a fire hall).

Also taken into consideration will be your claim history and the years you have been with your insurance company. Insurance on commercial property will be higher than on a residential property. Other principal factors that determine how much your insurance premium will be are:

TIP: Property, contents and liability insurance cover different situations. You may need all three.

The Amount of the Deductible: The deductible is the amount you pay when a loss occurs. For example, if you have contents insurance with a deductible of \$500, and a camera worth \$650 is stolen, you pay the first \$500 and your insurance will cover you for \$150. The higher the deductible, the lower the cost of your insurance.

Replacement Cost Versus Actual Cash Value: Let's consider the same camera, which you bought new for \$1,000 but it is now worth \$650. With replacement cost insurance, you will be covered for the full cost of replacing the item with a like item (kind and quality subject to the limits of your policy). In other words, you will have \$1,000 to spend. Actual cash value insurance will only cover you for the replacement cost less depreciation. The depreciated value of the camera in this case is \$650. The premium for replacement cost insurance will be more expensive than actual cash value insurance.

TIP: You can buy insurance from an agent, a broker or a direct seller, in person or over the internet.

How to Buy Insurance

Purchasing insurance and deciding which provider to choose can be a confusing and overwhelming task given the range of insurance options. As with any service provider, it is important to choose an insurance provider that you trust to find the right insurance package for you. The insurance market is highly competitive, so shop around.

There are three principal channels through which property and contents insurance is sold. They are Brokers, Agents and Direct Sellers.

Insurance Brokers: Sell the products of many different insurance companies and therefore can offer an array of choices. Be aware that no one broker represents all companies, so if you'd like a selection of quotations to choose from, you should consult with more than one broker, and ask which companies each one represents.

Insurance Agents: Represent the products of only one insurance company. Companies that use their own agents to sell their products are called "direct insurers". Agents may not be able to offer the consumer as wide a range of products as a broker could, but most direct insurers offer a broad enough selection to meet the needs of most consumers at a competitive price.

Direct Sellers: (Also called "direct-response insurers") These are the new sources through which to purchase insurance. Direct sellers work like direct insurers in that they generally only sell products from their particular company. The difference is that direct sellers sell their insurance products over the telephone from a central location, rather than through local agents.

Today many insurance providers are selling insurance over the Internet, offering quotations and in some cases even selling insur-

ance online. Be careful when shopping for insurance over the Internet; when comparing prices and services, make sure you are comparing the same type of offer. Each policy is different and the lowest price may not suit your coverage needs. Remember to ask the right questions before you buy your insurance to make you're protected for all likely eventualities at claims time.

Resources: Insurance

T: 416-591-0478 www.insurance-canada.ca

A very useful site for all kinds of insurance issues. Includes a "Directory of Insurance Providers" link on the home page. With this search engine you can choose what type of insurance or service you need and what province you live in. The results give you insurance providers and their contact information.

www.insurance-canada.ca/consumerinfo_frame.htm

Includes questions to ask when purchasing and policy tips.

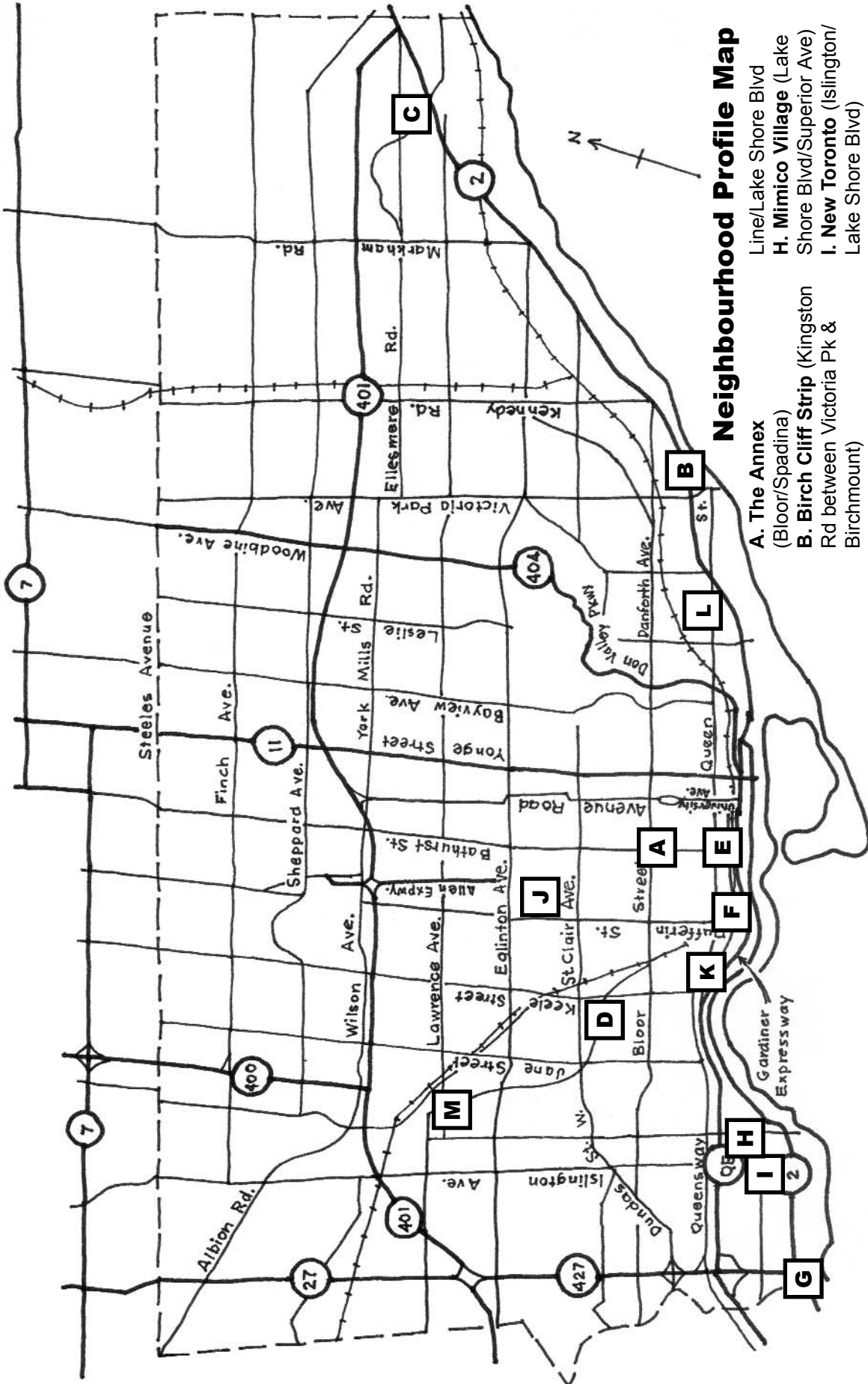
www.kanetix.com

This website acts as an insurance marketplace for Canadians. It is not an insurance company but a quote comparison service. Kanetix can provide policy quotes from thirty of Canada's leading insurance companies. The contact information is displayed for the companies that offer quotes to suit your needs.

Insurance Brokers Association of Canada

www.ibac.ca

On the home page there is a "How to find an insurance broker" link. This leads you to a map that allows you to choose your region and then to search by city or postal code. This selection will result in a list of brokers that deal in all types of insurance, along with their contact information.



Neighbourhood Profile Map

- A. The Annex (Bloor/Spadina)
- B. Birch Cliff Strip (Kingston Rd between Victoria Pk & Birchmount)
- C. Highland Creek (Morrish Rd/Old Kingston Rd)
- D. The Junction (Keele/Dundas W)
- E. King/Spadina
- F. Liberty Village (King W/Dufferin)
- G. Long Branch (Brown's Line/Lake Shore Blvd)
- H. Mimico Village (Lake Shore Blvd/Superior Ave)
- I. New Toronto (Islington/Lake Shore Blvd)
- J. Oakwood-Vaughan
- K. Parkdale (Lansdowne Ave/Jameson Ave)
- L. South Riverdale (Queen/Carlaw)
- M. Weston (Weston Rd/Lawrence)

L A K E O N T A R I O

Chapter 4: Where and How to Look

As you embark upon your search for space, one of the first considerations is “where” you want to be located. Whether you are looking for a studio in an industrial building, a live/work unit or a soundproof basement apartment, location is a primary consideration.

Artists tend to cluster into communities where they will find the services, professional contacts and ambience most suited to their work. Price is a determining factor, and artists have often “seeded” otherwise neglected urban industrial areas: artists move into a run-down community and animate it to the point that it becomes desirable or fashionable, at which point rents go up and the artists are forced to move on. As Toronto adapts to the steady and relentless increase in population, older industrial and commercial buildings are being rezoned and converted into condominiums, further putting the squeeze on previously affordable studio space. Many downtown neighbourhoods are now financially beyond the reach of artists.

As you look for a new work space you may want to consider neighbourhoods with which you are unfamiliar – some of which may initially seem too far from the centre of the City. In order to help you with the search, we have identified thirteen neighbourhoods across Toronto which offer all or most of the essential amenities which artists tell us they want, including affordable prices and easy access to public transit.

Many artists have told us they prefer to relocate to an area with existing artistic activity, a criteria met in most of the neighbourhoods profiled. However, we are also including information on neighbourhoods where there have been little artistic activity to date, but where there is an abundance of inexpensive industrial or commercial space – areas ripe for “seeding” by artists.

In the Neighbourhood Profiles, found over the next few pages, you will find profiles of the following neighbourhoods (see map, left):

- | | | |
|----------------------|--------------------|--------------------|
| A. The Annex | E. King-Spadina | J. Oakwood-Vaughan |
| B. Birch Cliff Strip | F. Liberty Village | K. Parkdale |
| C. Highland Creek | G. Long Branch | L. South Riverdale |
| D. The Junction | H. Mimico Village | M. Weston |
| | I. New Toronto | |

We hope to update these neighbourhood profiles periodically and to add new neighbourhoods that meet artists’ needs. The new profiles will be included in the online version of *Square Feet* at www.torontoartscape.on.ca.

The Neighbourhood Profiles give a brief written overview of each community and what it has to offer. The profiles identify com-

Section 2:

The Hunt

TIP: Take advantage of existing community resources to learn more about a neighbourhood.

TIP: BIAs (Business Improvement Areas) can help you find space because they have an interest in filling vacant commercial space in their neighbourhoods.

community resources like business improvement organizations and economic development committees, as well existing arts organizations. They'll get you thinking about previously unexplored areas of the city, one of which may be just the place for you.

The best way to get a true feeling for any of these areas, however, is to walk the streets and talk to local realtors and businesspeople. Use the knowledge and expertise of area residents as you explore a neighbourhood to decide if it suits your needs.

The profiles were developed with input from city councillors, Community Economic Development Associations, Business Improvement Areas, Arts Councils and local artists. If we have missed somewhere very exciting or with great potential, we apologize and ask that you notify Artscape so that a profile can be developed and added.

Neighbourhood Profiles

As you read through the neighbourhood profiles, you may wonder how we gathered certain information or what the selected criteria may mean to you in your search for affordable neighbourhoods.

Availability of Commercial and Industrial space: Provides a general indication of the space available in the area that is suited to artist's needs (as of November 30, 2001). We asked Business Improvement Areas (see below for definition), community development agencies, real estate agents and local artists to help us gather these estimates. (BIAs and some development agencies compile information on local commercial spaces. In most cases these community organizations are dedicated to filling vacant commercial spaces in their areas and therefore know what is available where and when. The possibility of bringing arts tenants to the neighbourhood is an added bonus for areas in need of revitalization.) We have measured the amount of available space in a given neighbourhood as follows:

High: More than 15,000 square feet.

Medium: More than three vacant storefronts, more than three spaces above storefronts, or less than 15,000 square feet.

Low: Less than three storefronts or less than 5,000 square feet.

Features Contributing to Safety: The item "24 Hour Services and Amenities" identifies that there are services and amenities open all hours in the neighbourhood. These may be coffee shops, laundromats and/or convenience stores.

Low-End Range of Leasing Rate for Commercial and Industrial Space: Identifies the cheapest possible gross rent

available in that neighbourhood as of November 30, 2001. Like the previous section, the figures here were also provided by local BIAs, development committees, real estate agents and local artists.

Business Improvement Area (BIA): An association of business people and property owners within a defined area who join together, in a partnership with the City, to build a stronger and more vibrant business community. The BIA works with the City to develop programs to make the neighbourhood clean and safe while strengthening local business initiatives.

Economic Development Committees and Regeneration

Projects: Strive to improve the local economy and community at large. They emphasize the creation of jobs and expansion of the labour market and business opportunities in a given area.

Ratepayer Associations: Volunteer homeowners' groups that discuss local concerns and recommend changes or improvements. Ratepayer Groups have no affiliation to political parties. They deal with homeowners, local builders and developers, city and regional staff, and most importantly, with city staff and local councillors.

Asterisk (*): The asterisk identifies buildings or spaces that are wheelchair accessible.

Neighbourhood Profile A: The Annex

Main Intersection

Bloor Street/Spadina Avenue.

Bounded By

Dupont Street in the north; Bloor Street (south); Avenue Road (east), and Bathurst Street (west).

Transit

Spadina TTC (510 Spadina streetcar, 127 Davenport bus); St. George TTC (4 Annette bus); Bathurst TTC (511 Bathurst streetcar, 7 Bathurst bus, 5 Avenue Road bus). Five to ten minutes from Yonge and Bloor.

Parking

Adequate. Municipal lots; ticket meters on Bloor Street, some free parking on side streets.

Character

The Annex is a lively community that is fed artistically by a dynamic theatre community and the nearby University of Toronto. The streetscape is made up of a mix of high and low density buildings, and there are heritage homes and properties located throughout the area. Independent shops and eateries characterize the main commercial strips along Bloor and Bathurst streets. There are also many local amenities that support various alternative lifestyles.

The Annex and its surrounding area have been home to an active arts community for about thirty years. It is a particularly strong theatre community, home to the Poor Alex Theatre, Tarragon Theatre, the Fringe Toronto Festival and many others. There is a diverse music scene with venues ranging from Lee's Palace, known for its live music showcasing local and international bands, to Trinity-St Paul's Centre that features performances by the Toronto Consort and the Baroque orchestra and chamber choir, Tafelmusik. The visual arts are present in the Annex as well; many artists make their home here and local establishments display artwork. Many well-known Canadian writers also live and work in the Annex. In addition to these there is an active indie film scene here supported by the Bloor Cinema.

Buildings with Multiple Arts Tenants

*720 Bathurst Street, 416-424-1191

Zoning

Commercial, Mixed-Use and Residential.

Availability of Commercial/ Industrial Space

Medium.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$30 per square foot per year (storefront) and \$20 per square foot per year (second storey office/studio space).

Existing Amenities

Art supplies store; performance facility; hardware store; gallery or exhibition space; convenience store; lots of cafés and restaurants; framing outlet.

Features Contributing to Safety

24-hour services and amenities; bars and restaurants open late.

Umbrella Arts, Community and Business Organizations

*Toronto Theatre Alliance, 416-536-6468/1-800-541-0499 tta@idirect.com

Fringe of Toronto Festival, 416-966-1062 fringe@fringetoronto.com www.fringetoronto.com

Bloor-Annex BIA, 416-530-5705 bloorannexbia@yahoo.com

Annex Residents Association, 416-926-9261

*Jewish Community Centre, 416-924-6211 bloorjcc@echo-on.net

Neighbourhood Profile B: Birch Cliff Strip

Main Intersection

Kingston Road between Victoria Park and Birchmount.

Bounded By

Danforth Avenue on the north; Kingston Road (south); Glen Everest Road (east), and Victoria Park (west).

Transit

12 Kingston Road bus to Victoria Park subway and 69 Warden South bus from Warden to Birchmount. Forty-five minutes to Yonge and Bloor.

Parking

Adequate and free.

Character

The Birch Cliff Strip is a welcoming mix of commercial and residential spaces. The streetscape is mainly one to two storey buildings consisting primarily of storefronts with apartments above. It is a community-oriented area, boasting an active community centre and churches that rent their basements out for community performances.

Until the Scarborough Arts Council (SAC) moved to Kingston Road ten years ago, there was no artistic presence in this area to speak of. It is only in the last five years that other arts organizations have moved into the neighbourhood. Today, the Juten Gallery, the Won Gallery, the Alyona Dance Studio and the Beaches Conservatory of Music join SAC along this strip of Kingston Road.

Buildings with Multiple Arts Tenants

None.

Zoning

Commercial, Mixed-Use and Residential.

Availability of Commercial/Industrial Space

Medium.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$10 per square foot.

Existing Amenities

Convenience store; a few restaurants, cafes and other food outlets; framing outlet; art supplies store (east of Glen Everest); performance facility (church basements); gallery or exhibition space.

Features Contributing to Safety

Well lit at night; bars and restaurants open late.

Umbrella Arts, Community and Business Organizations

Scarborough Arts Council, 416-698-7322
sac@scarborougharts.com

*Variety Village, 416-699-7167

Birch Cliff Community Association

*Birchmount Bluffs Neighbourhood Centre,
416-396-4310

Neighbourhood Profile C: Highland Creek

Main Intersection

Morrish Road/Old Kingston Road.

Bounded By

Ellesmere Road on the north; Old Kingston Road (south); Meadowvale Road (east) and Military Trail (west).

Transit

The Scarborough 86 bus connects to Kennedy TTC. The 34 Highland Creek bus connects to Rouge Hill GO station. About 75 minutes to Yonge and Bloor.

Parking

Ample and free.

Character

Highland Creek is the oldest area in Scarborough and last remaining village in the GTA. As a result this small neighbourhood has a lot of character and close-knit community atmosphere. The “villagers” celebrate their rich history each summer with the Heritage Day festival and commemorate their past in the murals that have been painted along the main commercial strip.

This strip is defined by independently owned and operated restaurants, stores and other businesses. The storefronts along Old Kingston Road are surrounded by single-family residential homes. At the time of this Manual’s publication there was a large amount of vacant commercial space available amidst the existing businesses. Some artists could truly appreciate the atmosphere of Highland Creek and take advantage of its quiet and quaintness to let their creativity flow.

As of yet, there is not an established arts community in Highland Creek. There are artists who live and work here, but there are no public facilities or a “cluster” of arts activities and artists to speak of. This area does, however, have potential for an arts cluster.

Buildings with Multiple Arts Tenants

None.

Zoning

Commercial, Mixed-Use and Residential.

Availability of Commercial/Industrial Space

High.

Low-End Range of Leasing Rate for Commercial and Industrial space

Gross leasing rates as low as \$10 per square foot per year.

Existing Amenities

Building supply store, framing outlet, convenience store, between one and five restaurants, cafés and bars.

Features Contributing to Safety

Community awareness.

Umbrella Arts, Community and Business Organizations

Scarborough Arts Council (not directly in, but serves, this area), 416-698-7972 sac@scarborougharts.com

Highland Creek Community Association

Heritage Day Festival (annual)

Neighbourhood Profile D: The Junction

Main Intersection

Keele Street/Dundas Street West.

Bounded By

St. Clair Avenue West on the north; Dundas Street West (south), Annette Street (east) and Runnymede Road (west)

Transit

Served by the 40 Junction bus, the 41 Keele bus and the 30 Lambton bus. Ten-minute walk to Keele TTC. Fifteen to twenty minutes to Yonge and Bloor.

Parking

Adequate. Metered and municipal lots.

Character

The Junction is defined by heritage buildings and a fairly low-density streetscape giving the neighbourhood a small town feel. Many artist's studios and galleries are located in and above storefronts along the main commercial strip. Artists have lived and worked in the Junction for many years. There are traditional galleries, coffee shop galleries and restaurants that serve as gallery spaces for the community. Most establishments located at street level are wheelchair accessible. Surrounding Dundas Street West are residential homes and low-rise buildings.

In 1992 the local Business Improvement Area (BIA) started what is now the annual Junction Arts Festival. It is a street festival that incorporates the promotion of local businesses and various forms of art. It is only within the last three years that galleries have sprung up along the commercial strip of Dundas West. As a reflection of this growth of local arts activity, the Junction Artists Kollaborative, an organization promoting arts and culture in the community, was recently formed.

Buildings with Multiple Arts Tenants

Dundas West Arts Building, 2466 Dundas Street West

Zoning

Commercial, Mixed-Use and Residential.

Availability of Commercial/Industrial Space

Medium.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$8 per square foot per year.

Existing Amenities

Building supply store, gallery or exhibition space, hardware store, more than five restaurants, cafés or food outlets, convenience store, framing outlet.

Features Contributing to Safety

Bars and restaurants open late; community policing stations.

Umbrella Arts, Community and Business Organizations

Junction Artists Kolaborative (J.A.K.), 416-766-5576

Junction Arts Festival, 416-767-5036
www.junctionartsfest.com

*West Toronto Junction Team, 416-767-6680

Dundas West Residents Association, 416-533-4650

*Junction Gardens BIA, 416-767-9068

Junction Residents Association

Neighbourhood Profile E: King-Spadina

Main Intersection

King Street West/Spadina Avenue.

Bounded By

Queen Street West on the north; Front Street West (south); Simcoe Street (east), and Bathurst Street (west).

Transit

Served by the 504 and 508 King streetcar; 501 Queen streetcar; 510 Spadina streetcar and 511 Bathurst streetcar. Ten to eleven minutes to Yonge and Bloor.

Parking

Limited. Pay lots and meters.

Character

King-Spadina is well known for its many galleries, its Fashion District, Entertainment District and Theatre District. It has also become the place of business for people working in new media and design. A former industrial area, King-Spadina is characterized by its large old buildings, most of which have been converted into offices and condominiums to support the current population. Its central location, access to numerous amenities and eateries for all tastes make it a busy neighbourhood in Toronto's downtown.

King-Spadina has been an arts community since the early 1970s when visual artists and artist-run centres inhabited Queen Street West.

Organizations that have become institutions in the Toronto and greater Canadian art scene were established at this time including A Space Gallery and Art Metropole. Over time rents in King-Spadina increased, forcing many members of the arts community to relocate to more affordable areas.

The neighbourhood was re-zoned for "reinvestment" in 1996 to encourage businesses to move in. As a result, rents shot up and the area acquired a new look and feel. The local population is now primarily those working in the multi-media, graphic design, advertising and architecture industries. Arts tenants are still present however, in buildings managed as arts-friendly spaces such as 401 Richmond Ltd, and 80 and 96 Spadina.

Buildings with Multiple Arts Tenants

204-401 Richmond Street West,
Management office studio 204, 416-595-5900

The Darling Building, 96 Spadina Avenue.
Floors 1-6 and 9: Manufacturer's Realty, 416-921-2918. Floors 7 & 8: Toronto Artscape, 416-392-1038

80 Spadina Avenue, Management Office,
Suite 206. 416-504-3690

Zoning

Commercial, Mixed-Use and Residential.

Availability of Commercial/ Industrial Space

High.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$16 per square foot per year.

Existing Amenities

Art supplies stores; galleries/exhibition spaces; building supply store; lots of cafés, restaurants and other food outlets; hardware stores; convenience stores.

Features Contributing to Safety

24-hour services and amenities; community policing service; bars and restaurants open late; community awareness.

Umbrella Arts, Community and Business Organizations

*401 Richmond Ltd., (416) 595-5900

*Arts Toronto, (416) 597-8223

*CARFAC – Canadian Artists' Representation/Le Front des artistes canadiens, (416) 340-8850

Toronto Artscape at 96 Spadina, (Two floors (7 and 8) of multi-disciplinary semi-private and private studios, arts organization offices and gallery) 416-392-1038

Neighbourhood Profile F: Liberty Village

Main Intersection

King Street/Dufferin Street.

Bounded By

King Street West on the north; Gardiner Expressway (south); Hanna Avenue (east); Dufferin Street (west).

Transit

Served by the 504 King streetcar, the 63 Ossington bus, the 29 Dufferin Bus, GO Transit (Exhibition station), the 511 Bathurst streetcar and the Harbourfront LRT. About 25 to 30 minutes to Yonge and Bloor.

Parking

Adequate. Meters, pay lots and some free on-street.

Character

Artists are largely responsible for transforming Liberty Village from a derelict and forgotten industrial district to one of Toronto's most sought after locations for high tech and new media companies. In the late eighties and early nineties, artists moved into the area in droves leasing commercial space for as little as \$5 per foot. Artscape helped put the neighbourhood on the map for the arts community by moving its headquarters to 60 Atlantic Ave in 1991. As often happens, the energy artists brought to Liberty Village spilled over into restaurants and cafes. By 2000, rents in some buildings had climbed to \$25 per square foot and the Toronto Star proclaimed, "anyone who is anyone is there".

Today, Artscape is still providing an anchor for the arts in Liberty Village. This vibrant campus of restored heritage properties is now home to Nelvana, YTV, Snap Media, Big Orbit, Fusion Interactive, Adobe, Soft Choice, Extend Media, Tucows and the Liberty Village New Media Centre. A new Business Improvement Area has formed and pledged to continue to improve the neighbourhood while developing strategies to retain artists in the area.

Buildings with Multiple Arts Tenants

*Toronto Artscape, 60 Atlantic, 416-392-1038)

*201-219-221 Dufferin, 416-979-5700

99 Atlantic, 416-538-1999

Toronto Carpet Factory, 77 Mowat, 416-533-3000

*37 Hanna, 416-979-5700

25 Liberty Street and 51 Jefferson, both at 416-531-6768

Zoning

Commercial, Industrial and Residential.

Availability of Commercial/Industrial Space

High.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$10 per square foot per year.

Existing Amenities

Convenience store; storage facility; framing outlet; an assortment of restaurants, cafés and lunch counters.

Features Contributing to Safety

Community awareness.

Umbrella Arts, Community and Business Organizations

*Toronto Artscape, 416-392-1038 www.torontoartscape.on.ca

Parkdale-Liberty Economic Development Committee, 416-516-8401, www.parkdaleliberty.com

Liberty Village BIA, 416-484-1250

Neighbourhood Profile G: Long Branch

Main Intersection

Brown's Line and Lake Shore Boulevard.

Bounded By

The QEW on the north; Lake Promenade (south); Kipling Avenue (east); Etobicoke Creek (west).

Transit

Served by the 501 Queen and 508 Long Branch streetcars; 44 Kipling South bus; 15 Evans bus; 110 Islington South bus and Long Branch GO station. Thirty to forty minutes to Yonge and Bloor.

Parking

Adequate, metered on main streets and free on side streets.

Character

Long Branch is a large neighbourhood in South Etobicoke characterized by a mix of residential dwellings to the south and a substantial industrial area to the north. Lake Shore Boulevard, a busy commercial strip with many amenities and access to the TTC, acts as a dividing line between these distinct areas. The Long Branch GO station is also nearby.

The Art Students League of Toronto recently opened in the Franklin Horner Community Centre on Horner Avenue. It is a College of Art modeled after the Art Students League of New York. In addition to fine art courses, an artist-in-residence program and a gallery, the League rents short-term and long-term studio space.

Long Branch is located in close proximity to New Toronto, where there are additional arts facilities and organizations (see **Neighbourhood Profile 8**). Transit is frequent and accessible in South Etobicoke, making the travel from one neighbourhood to another relatively convenient.

Buildings with Multiple Arts Tenants

Art Students League of Toronto, 416-252-5432 www.artstudentsleague.com

Zoning

Commercial, Residential, Industrial.

Availability of Commercial/Industrial Space

Low .

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$2 per square foot per year (Industrial space) and \$6 per square foot per year for (Commercial space).

Existing Amenities

Hardware store; lots of cafés, restaurants and other food outlets; convenience store.

Features Contributing to Safety

24-hour services and amenities ; community policing stations; bars and restaurants open late.

Umbrella Arts, Community & Business Organizations

Lakeshore Arts, 416-201-7093

Lakeshore Festival, 416-259-9639

South Etobicoke Regeneration Project, 416-503-9826

Long Branch BIA, 416-252-4858

Neighbourhood Profile H: Mimico Village

Main Intersection

Lake Shore Boulevard and Superior Avenue.

Bounded By

The QEW on the north; Lake Shore Boulevard (south); Park Lawn Road (east); Royal York Road (west).

Transit

Served by Mimico GO station; 76 Royal York South bus; 66 Price Edward bus; 501 Queen streetcar, and 508 Long Branch streetcar. Thirty to forty minutes to Yonge and Bloor.

Parking

Adequate. Metered on main streets and free on side streets.

Character

Mimico Village is a community with a notable industrial area and easy access to public transit. There are two distinct areas that define Mimico Village. In the centre is the Mimico industrial area, where there is a busy commercial strip nearby and numerous amenities. The industrial spaces rent for significantly cheap rates and would serve as perfect facilities for an arts community, as they are all located in a concentrated area. In addition to convenient access to the TTC, the Mimico GO station is located nearby, providing quick and direct access to Toronto's downtown. Toward the south is Mimico by the Lake, a mainly residential area that is also well served by the TTC. Mimico Village is also located close to New Toronto, which is easily accessible by public transit.

Buildings with Multiple Arts Tenants

None.

Zoning

Commercial, Residential, Industrial, Mixed-Use.

Availability of Commercial/Industrial Space

Low.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$2 per square foot per year (Industrial) and as low as \$6 per square foot per year (Commercial).

Existing Amenities

Convenience store; framing outlet; lots of cafés, restaurants and other food outlets.

Features Contributing to Safety: 24-hour services and amenities ; community policing stations; bars and restaurants open late.

Umbrella Arts, Community and Business Organizations

Lakeshore Arts, 416-201-7093

South Etobicoke Regeneration Project, 416-503-9826

Mimico Village BIA, 416-251-1126

Mimico by the Lake Festival, 416-252-9701

Neighbourhood Profile I: New Toronto

Main Intersection

Islington Avenue and Lake Shore Boulevard.

Bounded By

The QEW on the north; Lakeshore Drive (south); Dwight Avenue (east); Kipling Avenue (west).

Transit

Served by the 501 Queen streetcar; 508 Long Branch streetcar; 44 Kipling South bus and 110 Islington South bus. Thirty to forty minutes to Yonge and Bloor.

Parking

Adequate. Metered on main streets and free on side streets.

Character

New Toronto, also known as Lakeshore Village, is the hub of arts activity in South Etobicoke. A mix of high and low-density buildings housing a healthy mix of commercial and residential spaces characterizes this lakeside neighbourhood.

In recent years a variety of spaces for the arts have opened up in this former village. A new public performance and gallery space, *The Assembly Hall, opened in June of 2001 on the scenic Lakeshore Grounds, the former site of the Lakeshore Psychiatric Hospital. It is a heritage property that has been renovated by the City of Toronto. Also on the Grounds is the *Lakeshore Campus of Humber College. The *Lakeshore Village Artist's Co-op leases 92 live/work units to artists of all disciplines. These larger facilities are supported by active local arts organizations such as Lakeshore Arts, a community based arts agency and the Waterfront Trail Artists, a non-profit group of professional and emerging artists who provide community art-making opportunities and employment for artists.

Buildings with Multiple Arts Tenants

*Lakeshore Village Artist's Co-op, 416-255-3815

Zoning

Commercial, Residential, Industrial.

Availability of Commercial/Industrial Space

Low.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$2 per square foot per year (Industrial) and as low as \$6 per square foot per year (Commercial).

Existing Amenities

Hardware store; gallery or exhibition space; convenience store; lots of cafés, restaurants and other food outlets, performance facility.

Features Contributing to Safety

24-hour services and amenities; community policing stations; bars and restaurants open late.

Umbrella Arts, Community and Business Organizations

Lakeshore Arts, 416-201-7093

Lakeshore Festival, 416-259-9639

South Etobicoke Regeneration Project, 416-503-9826

Lakeshore Village BIA, 416-503-9555

Neighbourhood Profile J: Oakwood-Vaughan

Main Intersection

Oakwood Avenue/ Vaughan Road.

Bounded By

Eglinton Avenue on the north; St. Clair Avenue (west); Bathurst Street (east); Dufferin Street (west).

Transit

Served by 501 Queen streetcar, the 29 Dufferin bus, the 504 King Streetcar and the 47 Landsdowne bus, Twenty to thirty minutes to Yonge and Bloor.

Parking

Limited. Meters and municipal lots.

Character

Oakwood Vaughan is a diverse neighbourhood where many artists and their families live. It is Toronto's most multi-cultural area with approximately 23 different languages represented. All types of artists make their home here and many are writers or involved in theatre. The main streets of the neighbourhood are surrounded by single-family homes and duplexes, the whole area being a mix of high and low-density buildings. Local artists and a diverse group of residents take a "hands-on" approach to arts issues in their community. Arts initiatives often occur outside of traditional venues.

In the past the community lobbied and succeeded to have the *Oakwood Village Library and Arts Centre developed, which now stands as a cultural focal point. Art Starts Neighbourhood Storefront Cultural Centre is an initiative that was founded in 1992 by a group of local artists. It is a grass roots, community based storefront arts facility. The Art Starts facility functions as a small gallery, programming space, a performing arts space for theatre, poetry readings, music, storytelling and other artistic and community events. Currently there is a partnership between local residents and business owners who are working together to use more storefronts as arts venues.

Buildings with Multiple Arts Tenants

None.

Zoning

Commercial, Industrial, Residential and Mixed-Use.

Availability of Commercial/Industrial Space

Medium.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates for as low as \$8 per foot per year.

Transit

Served by the 63 Ossington Bus, the 512 St. Clair Streetcar, the 90 Vaughan Bus and the 32 Eglinton West Bus. About 45 minutes to Yonge and Bloor.

Parking

Ample. Main street metered, side streets free.

Existing Amenities

Building supply store, gallery or exhibition space, hardware store, an assortment of cafés, restaurants and other food outlets; convenience store; performance facility.

Features Contributing to Safety

Bars and restaurants open late.

Umbrella Arts, Community and Business Organizations

Art Starts Neighbourhood Cultural Centre,
416-656-9994

Arts York (not physically in area), 416-394-2560
artsyork@lefca.com

Oakwood-Vaughan Improvement Committee,
416-657-1048

Urban Harvest Festival, 416-395-1505

Neighbourhood Profile K: Parkdale

Main Intersections

South: Cowan Avenue/ Queen Street. North: Lansdowne Avenue/ Jamieson Avenue.

Bounded By

Dundas St W (north); Gardiner Expwy (south); Dufferin St/ Dovercourt Rd (east); Roncesvalles Ave (west).

Transit

Served by the 501 Queen streetcar, the 29 Dufferin bus, the 504 King street car and the 47 Lansdowne bus. Twenty to thirty minutes to Yonge and Bloor.

Parking

Limited. Meters and municipal lots.

Character

Parkdale is a diverse area culturally, socially and economically. The streetscape is a mix of high and low density heritage properties alongside more contemporary buildings. In the early 1980s, many artists were forced out of the King-Spadina corridor due to gentrification and moved to Parkdale. It was an ideal area for artists because of the many old commercial and industrial buildings available for rent at affordable prices. In the 1990s Parkdale-Liberty boasted the highest artist population in Toronto and possibly Canada. In the past two years, many galleries have opened up and new galleries are opening still. The area has become an active part of the Queen West Gallery District.

Buildings with Multiple Arts Tenants

1313 Queen Street West, Artscape building: Toronto Artscape, 416-392-1038

48 Abell, 416-535-7805

24 Noble, 416-535-7805

360 Dufferin

34 Noble, 416-535-7805

31 Brock

50 Noble, 416-535-7805

Zoning

Residential, Mixed-Use, Commercial, Light Industrial.

Availability of Commercial/Industrial Space

Medium.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$12 per square foot per year.

Existing Amenities

Art supplies store, fabric/textile stores, framing outlets, convenience stores, gallery spaces, many restaurants, cafés and other food outlets, hardware stores.

Features Contributing to Safety

Well lit at night 14 Division, Toronto Police Service located on Dovercourt, 24-hour coffee shops and convenience stores.

Umbrella Arts, Community and Business Organizations

*Gallery 1313/Parkdale Village Arts

Collective, 416-536-6778

www.g1313.org

*Visual Arts Ontario, 416-591-8883

vao@wvonline.com

Parkdale-Liberty Economic Development Committee, 416-516-8401 www.parkdale-liberty.com

Parkdale BIA, 416-536-6918

Parkdale Intercultural Association

416-536-4420 bngpia@lefca.com

www.lefca.com/bngpia

Neighbourhood Profile L: South Riverdale

Main Intersection

Carlaw Avenue/Queen Street East.

Bounded By

Gerrard Street on the north; Eastern Avenue (south); Leslie Street (east) and Don Valley Parkway (west).

Transit

Served by the 501 Queen streetcar and 72 Pape bus. About 25 to thirty minutes to Yonge and Bloor.

Parking

Limited. Pay lots.

Character

South Riverdale is an older area, once a primarily industrial community. The streetscape is a mix of large industrial buildings and two-storey storefront spaces. Along Queen Street East there is a small-town atmosphere with many interesting shops, restaurants and a few galleries. Carlaw Avenue is home to many artists living and working in the old industrial spaces.

Within the last fifteen years artists have moved into this neighbourhood, finding the large buildings suitable for lofts and studios. The majority of current studio tenants are commercial photographers. South Riverdale is also a popular area for the television and movie industry. A “studio city” exists along Eastern Avenue, and consequently artists living and working in this area include actors, set designers, prop designers, post-production musicians and various others.

Destination Carlaw is a local community economic development organization aimed at creating jobs in the neighbourhood.

Buildings with Multiple Arts Tenants

17 Carlaw

219-220 Pape

235 Carlaw, Fides Real Estate Ltd., 416-964-0959

68 Broadview

250-320 Carlaw, G.C Jain Investments Ltd., 416-469-1009

9 Davies

388 Carlaw, Carlaw Industrial Centre, 416-465-5703

1159 Dundas

Zoning

Commercial, Mixed-Use, Residential and Industrial.

Availability of Commercial/Industrial Space

Medium.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$10 per square foot per year.

Existing Amenities

Art supplies store; framing outlet; building supply store; gallery or exhibition space; hardware store; many restaurants, cafes and other food outlets; convenience stores.

Features Contributing to Safety

Well lit; restaurants open late; community policing station.

Umbrella Arts, Community and Business Organizations

Riverdale Artwalk, 416-469-2239 ext. 11

*Riverdale Community Business Centre, 416-462-0496

Destination Carlaw, 416-469-2234 www.destinationcarlaw.com

Queen/Broadview Village BIA, 416-461-9695

Neighbourhood Profile M: Weston

Main Intersection

Weston Road/ Lawrence Avenue.

Bounded By

The 401 on the north; Lawrence Avenue (south); Jane Street (east) and Humber River (west).

Transit

Served by the 52 Lawrence West bus, the 58 Malton bus, the 89 Keele bus and the Weston GO station. About 40 to 45 minutes to Yonge and Bloor.

Parking

Ample. Metered and pay lots.

Character

Weston is an area in transition. Its population is mixed socio-economically, demonstrated by the neighbourhood's beautiful heritage homes in the "Village" alongside subsidized apartment complexes on Weston Road. As a result the streetscape consists of single-family homes and storefronts mixed with commercial and residential high rises.

There is an active BIA that strongly advocates the arts as well as a flourishing film and television industry. There is a Farmers' Market in the GO parking lot every weekend from June to October featuring performances by local entertainers. Also, there are initiatives in place to open a storefront community arts centre for local youth offering outreach programming. In the last six years the arts activity in Weston has slowly picked up. During this time, the York Weston Players and the Weston Little Theatre were formed. The film industry has recently taken a strong interest in the attributes of the Weston area, using local heritage homes and various local sites for sets.

There is an annual "Art in the Park" festival that showcases local artists and artisans as well as a summer concert series in the local park. Throughout the area there are murals depicting moments in Weston's rich history that were painted by the Graffiti Transformation team. The arts activity here is still growing and evolving with new initiatives to include more public involvement.

Buildings with Multiple Arts Tenants

None.

Zoning

Commercial, Residential, Industrial, Mixed-Use.

Availability of Commercial/Industrial Space

High.

Low-End Range of Leasing Rate for Commercial and Industrial Space

Gross leasing rates as low as \$8 per foot per year.

Existing Amenities

Art supplies store; performance facility (schools and churches); hardware store; gallery or exhibition space; convenience store; more than five cafés, restaurants or food outlets; framing outlet.

Features Contributing to Safety

24-hour coffee shops and convenience stores; community police liaison committee; bars and restaurants open late.

Umbrella Arts, Community and Business Organizations

Arts York, 416-394-2560 artsyork@lefca.com

Art in the Park Festival, 416-249-0691
westonbia@lefca.com

The Weston BIA, 416-249-0691
westonbia@lefca.com

Weston Historical Society
eva@stclairgroup.com

Weston Ratepayers, 416-248-9249

Weston Community Improvement Committee,
416-248-9249

Once you have found a suitable neighbourhood, you have two options when it comes to finding the most appropriate work space or live/work space, whether you wish to buy or to lease. You can use the professional services of a realtor (also known as a real estate salesperson or real estate agent) or undertake the search on your own. Be prepared: finding space can be a long, laborious process filled with dead ends.

Finding Work Space On Your Own

There are a number ways to search on your own. Walking through a desired neighbourhood and looking for “For Rent” or “For Sale” signs is the most straightforward. Taking advantage of arts contacts and word of mouth in the arts community can be helpful as well. You could start your own E-Group to share news such as “Space Needed” or “Space Available” among contacts and/or friends.

Don’t forget to use the services of local community groups, such as Business Improvement Areas or Economic Development agencies. Although their resources are limited to a designated area, they know that specific area inside out, and can be a great resource. In addition there are many resources offered through arts service organizations in all disciplines. There are also various print and online services to help with your search (see **Resources: Finding Work Space On You Own**, below).

Arts Space Providers

All of the following organizations provide space for artists, and all have waiting lists. Don’t be discouraged by this fact however, because it’s always possible that your name will come up sooner than expected.

Toronto Artscape (111-60 Atlantic Avenue, Toronto M6K 1X9, 416-392-1038 or www.torontoartscape.on.ca). A non-profit organization that creates space for the arts while building communities and revitalizing neighbourhoods. Artscape’s property portfolio boasts a unique mix of properties that offer low-cost studios, live/work spaces, offices and galleries to individual artists and non-profit organizations. With the strong support of the City of Toronto, Artscape has grown to become the second largest non-profit real estate development agency for the arts in North America. There is a waiting list for tenancy, but it is important to have your name on it because at any given moment Artscape has seven or eight projects in development. The current waiting list is divided into two distinct lists, work space and live/work space. The work space list has a wait of six months to three years and the live/work list has a wait of five to ten years. The details of the application process are out-

TIP: Toronto Artscape is the second largest non-profit real estate development agency for the arts in North America.

lined on Artscape's website. For an application, email bruce@torontoartscape.on.ca, phone or drop by the office. **Note:** For short-term work and live/work, there is Artscape Lodge at the Gibraltar Point Centre for the Arts (see page 110). For more information check out www.artscapelodge.ca or phone 1-866-392-2201 for details.

401 Richmond Ltd. (401 Richmond Street West, Toronto M5V 3A8, 416-595-5900 or www.401richmond.net). An historic warehouse in downtown Toronto and home to over 130 cultural producers and entrepreneurs. Originally the site of the Macdonald Manufacturing Company, the first and finest lithographers of tinware in Canada, the building was constructed in five stages from 1899 through 1923. There is currently a waiting list with an up to two-year wait for studio spaces. Visit the management office to get on the list.

Arcadia Housing Co-op (680 Queens's Quay West, Toronto, M5V 2Y9, 416-260-6611). An artist's co-operative in a live/work building open to all artists. It boasts a performance space, a music room, a workshop and a gallery. There are 110 units for both live and live/work purposes. The waiting list is approximately six months to two years long. (There is generally a shorter wait for the two-bedroom units than the one- and three-bedroom units.)

Lakeshore Village Artist's Co-op (101-115 Birmingham Street, Etobicoke M8V 3Z9, 416-255-3815). A live/work co-operative open to all artists. There are 92 live/work units and the building's features include a gallery and two common workshops. The waiting list is approximately one to two years for a one- or three-bedroom unit. The wait for a two bedroom unit is longer than two years.

Performing Arts Lodge (110 The Esplanade, 416-955-4645). A residence designed specifically to serve the needs of professionals in the performing arts, PAL includes some rent-geared-to-income units, as well as amenities for retired artists.

Beaver Hall (29 McCaul Street, Toronto M5T 1V7, 416-340-7168). A housing co-operative designed for visual artists. There are fifteen live/work units and a gallery. The waiting list is minimum of two years.

Resources: Finding Work Space on Your Own

A. Arts Service Organizations

**Canadian Artists Representation/Le Front des Artistes
Canadiens (CARFAC) Ontario**
440-401 Richmond Street West, Toronto, Ontario M5V 3A8
T: 416-340-8850 www.caro.ca

A professional non-profit association of visual artists in Ontario. Their office has a bulletin board outside it with various postings for work

space and live/work space (wanted and available). These come from artists, artist co-ops and other tenants in the 401 Richmond building.

Dance Ontario

203A-130 Spadina Avenue, Toronto, Ontario M5V 2L4

T: 416-204-1082 www.icomm.ca/danceon

Works towards the promotion and development of dance in Ontario. Their website has a listing of rehearsal and venue space for rent which is updated daily. The same listings are distributed in hard copy form in their quarterly newsletter. Every eighteen months they publish a handbook for dance artists, which includes a directory of members as well as space listings.

Equity Showcase Theatre

651 Dufferin Street, Toronto, Ontario M6K 2B2

T: 416-533-6100 www.equityshowcase.on.ca

A training facility for the working theatre professional, including actors, directors and stage managers. Their office has a bulletin board with various postings for those in the theatre community (mainly housing). These come from actors looking for space as well as those advertising space for rent. There are also listings of work-only spaces (mainly theatre and rehearsal spaces for rent and some studios).

Professional Association of Canadian Theatre (PACT)

1500-415 Yonge Street, Toronto, Ontario M5B 2E7

T: 416-595-6455 www.pact.ca

The national trade and service association representing professional English-language theatre in Canada since 1976. PACT offers a portable directory of professional theatre companies and facilities in Canada entitled "The Theatre Listing". In addition to names and contact information for theatre companies, it contains a table of rental spaces. You can order it for \$25 plus shipping and handling from the website or phone the PACT Communications Centre at extension 12.

Theatre Ontario

30 St. Patrick Street, 2nd Floor, Toronto, Ontario M5T 3A3

T: 416-408-4556 www.theatreontario.org

A central source of information and resources focused on theatre in Ontario. Among their many services, they offer listings of available space in a newsletter entitled "News". It has a classifieds section with a sub-category titled "Rehearsal/Performance Space". The listings include space wanted and space available. News is published five times a year and is mailed to members of Theatre Ontario.

Toronto Musicians Association (TMA)

500-15 Gervais Drive, Toronto, Ontario

T: 416-421-1020 www.torontomusiciansassociation.org

A professional association of musicians within the GTA. The TMA offers a referral service for musicians looking to book per session or short term rehearsal and performance space. You can phone this service at extension 236. TMA members can visit the office to look at space listings posted on their bulletin board and also receive a newsletter three times a year, which may have advertisements for available space.

Toronto Theatre Alliance (TTA)
403-720 Bathurst Street, Toronto, Ontario M5S 2R4
T: 416-536-6468 www.theatreintoronto.com

Aims to create an environment of mutual support and unity in which theatre and dance in Toronto can flourish and offers resources to help the theatre community achieve this goal. The TTA has a facilities guide entitled "Stages" in binder form (great for updates!), which lists theatre venues and rehearsal spaces as well as rental rates, seating, technical and stage info; this guide can be purchased by members for \$20 and non-members for \$30 (plus postage and handling for mail orders). The TTA also publish a quarterly newsletter, available to members and associates, which has a small classifieds section. The TTA bulletin board is available to view during office hours; its postings include available spaces.

The Writer's Union of Canada
40 Wellington St. E., 3rd Floor, Toronto, Ontario M5E 1C7
www.writersunion.ca

A national organization of professional writers of books for the general public. Members receive a monthly newsletter with a mixed classifieds section. The majority of listings are short-term residential sublets and writer's retreats.

B: Newspaper Listings

Core Magazine

A free distribution Toronto music, arts and entertainment publication. Their classifieds section has a "Music" category and a "Music Studios" sub-category, including rehearsal and recording spaces.

eye Weekly (www.eye.net)

A free distribution publication that can be picked up across the GTA. In the Classifieds section there is a category titled "Studios for Rent" under "Living Space". There is also a "Stage and Screen" category and a "Space Available" sub-category that lists rehearsal spaces and dance studios for rent.

NOW Magazine (www.nowtoronto.com)

Toronto's free independent weekly newspaper. It can be picked up almost anywhere in the GTA and is the best source for print listings of studio space available. In the Classifieds section, under the category "Rentals and Real Estate" there is a sub-category titled "Studios for Rent". The listings include work and shared work; spaces range from visual arts studios to performance and rehearsal spaces.

The Toronto Star (www.thestar.com)

The Toronto Star has an extensive classifieds section which includes listings of available commercial and industrial spaces. In the Classifieds section, there is a "Business to Business" category. Within that are sub-categories listing "Commercial-Industrial Land", "Commercial-Industrial Space", "Stores for Rent and Wanted", "Stores for Sale and Wanted" and "Office, Business Space". The online version is divided into different sub-categories. There is a "Real Estate/Rentals" category with sub-categories that include "For Rent – Commercial/Industrial" and "For Sale – Commercial Property".

Xtra!

Toronto's free gay and lesbian biweekly newspaper. It can be picked up across the GTA. Xtra! has a Classifieds section with a "Real Estate" category and, within that, a sub-category for "Studios".

Finding Space Through A Realtor

Realtors are the experts in buying, selling and leasing property; they can also provide advice with space planning, zoning information, tax assessments, appraisals, financing and market values.

A good realtor knows the market and can pre-select properties for you to inspect. A realtor can also provide accurate information about market rates in particular buildings and neighbourhoods and help you negotiate the terms of your lease or offer of purchase. They are also masters at deciphering the often complex language in leases and offers of purchase and sale. Often there are two realtors working on a deal, one for the owner/landlord, the other for the purchaser/tenant.

Realtors work for brokerage firms on commission. It is always the vendor of the property, or landlord in the case of a rental, who pays the commission. Therefore as a purchaser or tenant, there are no direct charges to you for taking advantage of a realtor's expertise. It is also worth bearing in mind that the owner has already factored the commission into the lease or sale price, so you are paying for a realtor's service whether you use it or not.

Finding A Realtor

It is very important to find a realtor whom you trust. The first step should be to ask for recommendations from friends and colleagues. Most realtors are specialists – if you are looking for industrial space, or a large amount of commercial space, you should find a commercial realtor, not a residential realtor, no matter how glowing the reference. However some community-based residential brokers do also handle commercial space – often retail strips on main thoroughfares where one building houses retail at ground level with residential above are listed with a local residential realtor.

If you have a particular interest in a neighbourhood, you could check the "for sale" or "for lease" advertising signs posted by brokerage firms on the buildings in the area. You might find that one particular company does a significant amount of business in that neighbourhood, which will make them a good source of knowledge on local prices and zoning issues. Call them and ask to meet with one of their realtors. If you do not find a realtor through these means, you could browse through the resources given at the end of this section.

Working With A Realtor

You will know you have found the right realtor when he or she has a clear understanding of your needs and you have established

TIP: The realtor's fees are paid by the person who is selling or renting the property, and that cost is passed on to you in your purchase or rental payments. Therefore, you may as well consult a realtor that you like, since you pay for the service whether you use it or not.

a level of trust in his or her knowledge of the market as well as your needs. Once you have found a realtor you're satisfied with, it is recommended that you work exclusively with them. It is a good idea to draw up and sign a contract with the chosen realtor agreeing to this exclusive arrangement. This exclusivity encourages the agent to give you his or her best effort, since he or she is guaranteed a commission when he or she successfully finds you a space. It is also a good idea to ensure that you have the ability to cancel your contract with fair notice should he or she not provide you with the level of service you require.

The alternative to an exclusive arrangement is to ask several realtors to help you find a space. The benefit is that one of them may find a space that an exclusive agent does not know, or has no access to. The downside is that realtors are less likely to devote significant time to your needs, as they will not be paid for their efforts if you find a space through one of their competitors.

Your realtor will help you find a space that suits your needs and negotiate with the vendor/landlord, or their real estate broker, on your behalf. Let them do the dealing and the paperwork and take your realtor's advice on when to consult with a lawyer. Remember that your realtor is working for you, and even though at the end of the day the vendor/landlord will physically write the cheque for your realtor's fee, that fee has been factored into the price that you will pay for the property.

Resources: Realtors

Toronto Real Estate Board (TREB)

416-443-8100 www.mls.ca

TREB is the resource centre for information on real estate across the Greater Toronto Area, serving members and the home buying and selling public. Their web site, www.mls.ca is organized by geographic region. It has listings for residential, commercial and industrial property. You can also look up Realtors by name, or Realty offices by name or regional real estate board, such as TREB.

Ontario Real Estate Association (OREA)

T: 416-445-9910 www.orea.com

The OREA is an organization that coordinates real estate activities and works to establish common goals in the real estate industry across Ontario. Their homepage has listings of commercial real estate for rent. It also has a "Commercial" link on the left-hand navigation bar. When you choose this selection it leads you to the commercial page that has a "Members" link on its left-hand navigation bar. This members link brings you to a search engine that is labeled "Locate a Commercial Realtor". You can search by various criteria, including realtor name, area of specialty, city name or a combination of fields. The result generates a list of realtor names and contact information. Questions about the database can be sent to blair@orea.com.

So what does zoning mean, why does it matter, and why should you, as an artist, have to worry about it? This section addresses the issues around zoning and the building code in some detail, as it is helpful for you to understand the basics of zoning and how it relates to your practice as an artist.

There are three ways that zoning will most obviously affect you and your work space:

1. Certain types of artistic activity are restricted to areas with a particular zoning classification. For example, if you are a visual artist, you are not permitted to sell your work from a Residentially zoned building – but you could from a Commercially zoned building.
2. Municipal property taxes are higher for certain types of zoning. If your studio is in an industrial building, your property taxes will likely be higher than if it was in a Commercial or Mixed-Use zoned area.
3. Building code requirements are different for each type of occupancy. Building code standards for industrial space may not be designed to protect you if you are living in the space.

As you search for space, you have to know whether the nature of your work requires you to occupy Residential, Commercial, or Industrially zoned space, or some combination of these. Zoning is complicated, as major urban centres like Toronto have changed zoning regulations to encourage particular types of growth in certain neighbourhoods.

The Importance of Compliance

There are various possible consequences of using a building (or a space within a building) in a way that is contrary to the zoning designation, depending on the area you are in. While the City is legally able to undertake an enforcement role through the courts (judges, trials, fines, and so forth), usually the City's goal is to assist a building owner in moving toward compliance. This can encourage them to cease illegal use, or attempt to legitimize it through a minor variance application at the Committee of Adjustment.

Non-compliance can be costly. You could be faced with fines and the cost of legal counsel. You could also be faced with the cost of leasing or owning a work space that you cannot use for your intended purpose.

Zoning and the Official Plan

This is where we explore what zoning means, how it fits into the larger picture of urban development, and what zoning means to you as a tenant or property owner. We also explain which types of artistic activity are permitted in areas with specific zoning designations

TIP: Read this section on zoning to find out if your work dictates that you work from a building in a residential, mixed use or industrially zoned area.

TIP: Failure to comply with zoning regulations could make you liable to fines... or leave you saddled with a space that you can't use as you intended.

TIP: You need to find out which activities are permitted under the zoning designation of your prospective space: for example, it's illegal to sell artwork out of a Residentially zoned building.

TIP: Zoning has not been standardized since amalgamation. Therefore, activities permitted within each zoning district vary across the City of Toronto.

in the core of Toronto.

The Big Picture: The Official Plan: The Official Plan is a legal document prepared by the municipality that describes its policies and objectives for future land use. It reflects a community vision for future change and development and is prepared with citizen input.

Zoning: Zoning bylaws are the legal documents prepared by the municipality that implement the policies and objectives described in the Official Plan. They regulate the use of lands within a municipality by prescribing allowable land uses, placing restrictions on building sizes and heights, requiring setbacks from streets, lanes and neighbouring buildings and defining minimum parking standards. There are different zoning "districts". In the South District of the City of Toronto they are:

- Residential
- Mixed Use (Commercial/Residential)
- Industrial
- Reinvestment Area (RA)

Zoning applies to districts and to the individual lots and buildings within the district. A district zoned Residential, for example, will encompass a number of buildings with Residential designations.

Types of Zoning and Permitted Activities

Municipal zoning by-laws stipulate the types of activity permitted under each zoning designation. There are two ways to find out the zoning designation of a property you are interested in. The first is to ask the owner or tenant to tell you, and if they are not sure, you can ask to see the most current property tax bill. There is a column labeled "Tax Class" in the "Assessment" section of the tax bill that indicates the zone. The second is to visit your municipal Urban Planning office with the exact street address and ask for the zoning designation.

In Toronto, prior to amalgamation, each municipality had its own official plan and zoning by-laws, governing permissible activity in each zoning district. There has been no harmonization of zoning since amalgamation; therefore, activities permitted within an Industrial area in the former City of Toronto, will be different from those in Etobicoke and different again from those in North York.

By way of a guide, you will find below a list of permissible cultural activities within the boundaries of the former City of Toronto, now known as the South District. For zoning information in other areas of Toronto, you should contact your local Toronto Building Division area office (see **Resources** at the end of this section for a list of offices and phone numbers).

Residential (Home/Work Units): Public art galleries may be

permitted in certain residentially zoned districts, as are other cultural and community services such as libraries, museums and public health centers. Working from your residence is permitted if the use is limited to office, studio, personal grooming establishment, dressmaker, seamstress or tailor. The main restrictions are as follows:

- Your work space must not occupy more than 30% or thirty square metres (whichever is less) of the gross floor area of the residence.
- No goods must be sold from the residence.
- Music and dance instruction can only be undertaken in a detached house containing one dwelling unit.
- Typically no more than two residents of the dwelling may work in the unit.

Further details on restrictions around home/work space in a residentially zoned building can be found at your local municipal zoning office. (Toronto Urban Planning and Development Services, South District: 416-392-7522).

Mixed-Use: Includes buildings that can be used for both commercial and/or residential purposes. A live/work unit in a Mixed-Use zoning district is defined as a dwelling unit that is also used for work purposes, provided only the resident or residents of such accommodation work in the dwelling unit. Certain other conditions may apply. Cultural activities permitted in a Mixed-Use district include:

- Artist live/work studio
- Performing arts studio
- Non-profit organization offices
- Public or private art gallery
- Artist's or photographer's studio
- Other offices

Industrial: Please note that although the uses outlined below are permitted in Industrial districts in general, not all Industrially zoned buildings can support these uses. Within an Industrial district, each individual address is associated with a restriction level, some more stringent than others. You can find out about the restrictions by phoning your municipal zoning office with the exact address of the location you are interested in and clarify which uses are permitted for that specific building:

- Private art gallery
- Artist live/work studio
- Artist's or photographer's studio
- Performing arts studio
- Offices

Reinvestment Area (RA): An RA is a district where the City

TIP: Don't wait until after you're committed to a property to find out whether the zoning allows you to use it in the ways that you expect to.

would like to see reinvestment and development occur. Current examples are King-Parliament and King-Spadina. Cultural activities permitted are:

- Private art gallery
- Artist's or photographer's studio
- Performing arts studio
- Office
- Live/work unit (see definitions and restrictions under "Residential", above). Within a RA zone, the live/work unit may also be used for work purposes by any number of persons, not just the residents themselves.

The Ontario Building Code

The purpose of the Ontario Building Code is to ensure people's safety. It outlines a set of minimum provisions for building safety with respect to fire, health and structural standards that are applicable throughout Ontario. Each municipality is responsible for enforcement of the Ontario Building Code.

The Ontario Building Code provides for minimum safety standards based on occupancies such as "residential", "institutional", "industrial" and so forth. The higher the occupant load, meaning the number of persons using the space, and the more hazardous the occupancy, the more stringent the building code requirements.

The Ontario Building Code applies where buildings are being constructed or altered, or where major occupancies are being changed. Once the buildings are occupied, Fire Code regulations come into effect. Note that Ontario Building Code health and safety standards are province-wide, and quite separate from each municipality's zoning regulations.

Changes to the Official Plan and Zoning

If you are planning to change the use of an existing building, or undertake significant renovations, you should find out before you rent or purchase whether this will require changes to the official plan; rezoning, or approval by the Committee of Adjustment. In Toronto, you can do this by applying for a Preliminary Zoning Review. This process costs a minimum of \$125, but can be done before you purchase or lease a property with the current owner's permission. Such an application must be submitted in person at your local municipal office. Along with the required site plan, survey and elevations, you may submit a "wish list" of your ideal plans for the site. Zoning examiners will look over your intentions and issue a report indicating the deficiencies.

While the prospect of going through this process may seem time consuming and potentially costly, it is important to keep in mind that the best approach is to confront the possibility of misuse before occupying a space. Determine the current zoning and its compliance with the uses you intend first; as mentioned above, it is illegal

to use a space in a manner contrary to its zoning.

Outlined below are the different stages of approval that you may have to go through if you are planning a different use of or major renovations to a building:

1. Official Plan Amendment: An amendment to the Official Plan occurs if a major change of use is contemplated (one that is in complete contravention of the Official Plan). In most cases, this means that the change requested will affect the entire area surrounding the site, rather than one particular building. This is a lengthy and involved process that usually takes up to a year, and involves community consultation and many planning studies.

2. Re-Zoning: A change made to a Zoning by-law. This process is required if your proposed changes to a building will change the use of the space so it no longer fits the site's existing Zoning designation, but won't affect the Official Plan. For example, if you wish to open a commercial gallery in the front room of your home in a residential area, you must request a Mixed-Use zoning designation for your home. The degree to which your plans deviate from zoning requirements will determine whether you will be facing an Official Plan amendment or a Zoning change. Often the changes required by a proposed project are flexible and open to the interpretation of municipal planners. You will need a lawyer to help you with a Re-Zoning, which can take minimum six to eight months to secure.

3. The Committee of Adjustment: You will need approval for a minor variance to the Zoning By-law if your proposed project (new construction or renovation) conforms to the uses permitted, but not to all the zoning provisions. In order to obtain this variance, you must apply to the Committee of Adjustment, which is a body made up of citizens appointed by the municipality. The Committee holds public hearings regularly. A hearing date for your case will be set, normally within thirty days, and notices of the hearing will be sent to surrounding property owners.

The Committee will consider your case, and you and your neighbours are allowed to speak. A verbal decision will be rendered at the end of the meeting. The Committee charges fees based on a number of factors. As a general guide, when applying for minor variances in Toronto, a residential property with up to three units can cost you over \$400 for this process, and a mixed use or residential property with over three units can cost you over \$900. The Committee of Adjustment can render decisions on the following:

-Minor Variances: Small changes to the Zoning By-law. For example, your gallery space is located in a zone that requires you to provide three parking spaces, but you can only provide one.

-Changes or Alterations to a Legal Non-conforming Use of Land: This refers to a use that was formerly permitted in an area, but has been rendered “illegal” due to the introduction of new Zoning By-laws. In this case you may request to be recognized as “legal non-conforming”.

-Land Transactions: To divide land into new lots, to add land to an abutting lot, to establish easements or rights of way or to lease or register a mortgage over 21 years.

The Committee is always careful to ensure that the purpose and intent of the Zoning By-law and Official Plan are maintained, and that the proposal is appropriate for the development and use of the of the subject land or building. For more information visit www.city.toronto.on.ca/planning/comm_adj.htm

3.a. Appealing a Committee of Adjustment Decision: If you are unsatisfied with the Committee’s decision and wish to appeal, you may appeal the decision to the Ontario Municipal Board. Appeals must be submitted in writing to the Committee of Adjustment office within twenty days of the decision. The letter of appeal must explain the reasons for objection and include a fee payable to the Ontario Minister of Finance.

4. Building Permit: A building permit is the formal permission to begin construction, demolition, addition or renovation on your property. It is issued by the municipality after it has reviewed your plans to ensure that they comply with the Ontario Building Code, local Zoning By-laws, and other applicable regulations.

Building permits regulate types of construction allowed in the community and ensure that building standards are met. The building permit process protects the owner’s interests and those of the community at large, and helps to ensure that any structural change is safe. A building permit is required for fairly minor renovation projects and all new construction.

Specifically, a permit is required if you plan to:

- Install, change or remove portions and load-bearing walls
- Make new openings for, or change the size of, doors and windows

- Renovate, repair or add to a building

- Change a building’s use

- Build a garage, balcony or deck

- Excavate a basement or construct a foundation

- Install or modify heating, plumbing, air conditioning systems or fireplaces

- Install or reconstruct chimneys or fireplaces

- Demolish or remove all or a portion of a building

- Construct a new building

TIP: A building permit is required for fairly minor renovation projects, including changing the size of windows, building a deck or modifying heating or plumbing.

do so (most likely a contractor) must apply for the building permit. You can make an application for any type of building permit during regular office hours, Monday through Friday, from 8:30 a.m. to 4:30 p.m., at Toronto Building Division offices listed in Resources, at the end of this section.

The price of a permit depends on the use of the building and the work that is being done. Prices are calculated per square metre. A minimum fee of \$84 will be charged. You will find a permit fee schedule that outlines an equation and cost per type of work at www.city.toronto.on.ca/building/building_permits.htm.

4.a. Building Inspection: Building inspectors employed by the municipality routinely review projects during key stages of construction to ensure that work complies with the Ontario Building Code and approved plans. Permit holders are required to call for inspections at specific stages of construction. Inspectors may visit several times, depending on the project, and they must be able to see the part of work under inspection. Inspectors require a minimum of 48 hours notice to book an inspection.

A building inspector will also visit if a complaint has been lodged. For example, if you run a commercial art gallery in a residentially zoned neighbourhood, your neighbours could call the local Urban Development Inspection Office to lodge a complaint about the misuse. After they phone, a Municipal Licensing and Standards investigator will follow through and deal with the situation by whatever means are necessary to remedy the misuse.

The same course of action applies if a complaint has been lodged about construction that is occurring unsafely or without a permit. If you phone the Inspection Office, a Building Inspector will be sent out to follow through and assess the situation. Usually the inspector will inspect the site to determine if a permit is needed and then proceed to address the situation with the person responsible for the project. (In Toronto, phone numbers for the Urban Development Inspection Office are found in the Blue Pages of the telephone book under “Inspections”.)

Resources: Zoning

City of Toronto (Urban Planning and Development Services)

T: 416-392-7522

Details on zoning, like restrictions around live/work space in a Residentially zoned building. Urban Planning Offices for various districts are:

East York: 416-778-2040

Etobicoke: 416-394-8222

Metro Hall: 416-392-8101

North York: 416-395-7100

Scarborough: 416-396-7526

Toronto: 416-392-7539

York: 416-394-2607

City of Toronto (Building Division Area Offices)

www.city.toronto.on.ca/building/building_permits.htm

For zoning information, go in person or phone:

South District: Toronto City Hall, 100 Queen Street West,
Toronto. T: 416-392-7522

North District: North York Civic Centre, 5100 Yonge Street,
North York. T: 416-395-7100

West District: Etobicoke Civic Centre, 399 The West Mall,
Etobicoke. 416-394-8002

East District: Scarborough Civic Centre, 150 Borough Drive
416-396-7303 (For building permits: 416-396-7304)

West Field Office: York Civic Centre, 2700 Eglinton Avenue
West, Toronto. 416-394-2490

East Field Office: East York Civic Centre, 850 Coxwell
Avenue, Toronto. 416-397-4488

City of Toronto (Committee of Adjustment)

www.city.toronto.on.ca/planning/comm_adj.htm

Local offices:

West Community Council, Etobicoke Civic Centre, 399 The
West Mall, 416-394-8060

North Community Council, North York Civic Centre, 5100
Yonge Street, 416-395-7000

Southwest Community Council, York Civic Centre, 2700
Eglinton Avenue West, 416-394-2870

Midtown Community Council, North York Civic Centre, 5100
Yonge Street, 416-395-7000

Downtown Community Council, Toronto City Hall, 100 Queen
Street West, 416-392-7565

East Community Council, Scarborough Civic Centre, 15
Borough Drive, 416-396-7334

City of Toronto (Access Toronto)

T: 416-338-0338 www.city.toronto.on.ca

*Call Access Toronto if you live in Toronto but are not sure which
office you should contact for any of the aforementioned services.*

Chapter 7: All About Leasing

Much of the information you need to know about leasing residential, commercial or industrial property has been presented in earlier chapters of this manual. Topics such as finances, zoning, neighbourhood selection and the search for leased space have been covered. In this section we will discuss other issues specific to leased space, and restate a few important facts from earlier chapters.

Important note: In the first part of this chapter we discuss issues relating to Commercial/Industrial leases, while in the second we discuss the quite separate matter of Residential leases. Your rights and obligations will differ quite a lot, depending on which type of lease you sign.

1. Commercial and Industrial Leases

You will probably look at many different spaces during your search, and it is important to compare prices. What can be difficult, however, is making the comparisons. For example, you need to check if you are being quoted a price per square foot on an annual basis, or a monthly basis. You also need to know if the price you are being quoted is for a gross lease, or net-net lease (see page 19 for the definitions of different types of leases). What may seem inexpensive, may in fact be the opposite, while a space that seems expensive at first glance, may not be. Ultimately, you need to know how much the space is going to cost you monthly, when all the costs are factored in.

The other reason to comparison shop is to satisfy yourself that you have a fair understanding of market rents in the community where you want to be. When you find the space you want, you will be in a better position to negotiate the rent and other terms of the lease if you know market prices. This is where a realtor can be very useful, as one of the realtor's responsibilities is to advise you on the relative merits of each property you see. When you reach the point of negotiating the lease on your preferred space, you will know what the next best alternative space would cost should the deal fall through.

Quoted Rents in Commercial/Industrial Spaces

Commercial and industrial rents are always quoted as a price per square foot, on an annual basis. So if you see an advertisement for a 500 square-foot studio at \$15 per square foot, that will translate to an annual rent of \$7,500. If you divide this by twelve you will end up with a monthly rent of \$625.

You have to find out whether this \$625 is a gross price, or net. As mentioned on page 19, a gross price, or gross lease, includes all your costs and there will be no additional charges from your land-

Section 3: If You Lease

TIP: Become familiar with the definition of gross, net, net-net and net-net-net leases found on page 19.

TIP: Commercial and industrial space is quoted as a price per square foot per year. Clarify with your realtor or the landlord what the price of the space will be on a monthly basis, when all charges are included.

TIP: When commercial space is advertised, the square footage includes the studio plus a portion of the common area of the building. You must ask how much usable square footage you will be getting, and how much space you will be paying for.

lord. Therefore if you have a gross lease your cost will be \$625 a month. However, if the price is net, net-net, or net-net-net, there will be additional charges.

Depending on the nature of the lease, you will be responsible for some or all of property taxes, utilities, water, insurance and maintenance. In real estate language, these charges are often referred to as “TMI” (taxes, maintenance and insurance) for industrial space or “additional charges” for commercial space. You must ask the landlord what these charges will be on a monthly or annual basis. Calculate this figure and add it to your rent to obtain an accurate picture of your total costs.

Size of Space and Gross-Up in Commercial/Industrial Space

On page 13, we focused on your space requirements. The charts helped you calculate the square footage that you will need to meet your immediate and future needs. Let’s say you determined that you require 750 square feet of usable space. You will actually need to look for a space larger than that because of the “gross-up” factor.

The gross-up factor is how the landlord recoups his or her cost for the common areas of the building – for the corridors, washrooms, elevators and so forth. Every building has a different gross-up factor, ranging from 5% to 20% of the total floor area of the building, depending upon the design and layout of the building. The wider the corridors and the larger the lobbies, the higher the gross-up. Landlords use a formula to calculate the proportion of common area to rentable space.

Normally the square footage advertised by landlords or their realtors includes the gross-up factor. So an advertisement for 825 square feet may in fact represent 750 square feet of space for the tenant, plus 75 square feet of common area. You will be paying rent on the full 825 square feet.

Because there is such a wide range in gross-up percentages, it is important to ask your realtor or the landlord what the gross-up is for a particular building, and the exact size of the usable space being offered. To find your 750 square feet of studio space you should investigate a range of property, from 800 to 900 square feet.

Length of Lease in Commercial/Industrial Space

The length of the lease is very important and should reflect your current needs and future plans. Try and project what your space needs will be in one, three and five years and look for a lease term that will give you the flexibility to move, expand or reduce your space accordingly. That being said, things change, so you must ensure that you have a subletting clause in the lease that permits you the freedom to sublet if you should have to move during the term of the lease. You might also want to negotiate a clause with the landlord that allows you to break the lease with an agreed upon notice in writing and a penalty payment.

Many industrial and commercial leases are for five-year terms. If you find the right space, you may want a long lease to provide you with the stability and security within which to work. A long lease term has other benefits, especially in a hot market:

1. You know what your rent will be for the next few years and can plan accordingly.
2. It will protect you from increases if market rents are going up (although the landlord has the right to raise rents to recover significant operating costs such as increases in taxes and utilities);
3. It will permit you to spread out the cost of any renovations.
4. In an unstable market the rent may be lower than for a shorter lease term, as the landlord will want the assurance of steady income

Your security of tenure is dependent upon the landlord's interest in retaining ownership in the building. It can also depend upon the financial stability of the landlord – if the landlord gets into financial difficulty he may be forced to sell. See if you can find out what the landlord's long-term interest is in the property and if there is an intention to sell.

Repairs and Maintenance in Commercial/Industrial Space

You must read your lease carefully as many commercial leases impose the obligation to repair the premises on the tenant. You could also be responsible for the costs of these repairs.

When you are inspecting the building for the first time, pay attention to the state of repair. If you sense that the building is poorly maintained, you should ask the landlord if he or she has had any problems with the Building Inspection Department (see page 67) and whether the landlord will agree to you contacting the Department to see if there are any outstanding work orders. You need the landlord's written consent to obtain information from the Building Inspection Department. If the landlord denies consent, it might signal that there are problems and you should seriously consider whether you want to move in.

Know Your Landlord and Commercial/Industrial Building Staff

Whether you are leasing a work space or a live/work space, try to find out something about the landlord before signing the lease. You should talk with other tenants to find out what their experiences with the landlord have been. If you are using a realtor, he or she can give you a profile of the landlord. If the landlord occupies a portion of the building, you can have some confidence that problems will be dealt with quickly and effectively, and that the building will be adequately maintained.

Whether or not your landlord has space in the building, you will probably be dealing on a day-to-day basis with a property manage-

TIP: Problems may get resolved more quickly if you maintain a good relationship with your landlord. (It will also help you when the time comes to renegotiate your lease.)

TIP: Be prepared to walk away from a space if the final version of the lease being offered is beyond your budget or doesn't satisfy your needs.

ment company, or staff hired by the landlord to maintain the premises. You could be dealing with an assortment of individuals including a superintendent, building manager and maintenance and cleaning staff. You should get to know these individuals and what their responsibilities are, so that you know exactly where to turn in the case of problems.

Maintain a good relationship with your landlord. You will find that problems get resolved more quickly if you do. It will also help you when the time comes to renegotiate your lease. If you have been a cooperative tenant the landlord will want you to stay on to save the marketing costs of releasing the space, and potentially the loss of revenue if the space sits vacant for some months.

Questions for the Landlord in Commercial/Industrial Leasing

Ask your potential landlord the following questions and make a note of the reply. These issues should all be addressed in the lease, so check to make sure that what the landlord says is consistent with what is written in the lease.

1. What uses will the landlord allow or not allow in the building? This gives you a sense of the other users: If the landlord wants no noise, and you are a pianist, you need to consider your options. Likewise, if you are considering living in the space and the landlord specifies no residential use, you should keep on looking. Some landlords will not permit children.

2. Who is obliged to maintain the premises and repair any damage? You don't want to be responsible for any damage prior to your tenancy or for damage to exterior walls, ceilings or floors.

3. Financial questions: What is the rent? Is this a gross or net figure? Who is responsible for property taxes, utilities and other charges? If it is you, as the tenant, what will be the cost of the additional charges on top of the rent? (See page 19 for further information on your responsibilities if you are being offered a net lease.)

4. During what hours will utilities and services be provided? Many commercial leases specify that electricity, heat and elevator service will be provided during business hours only. You may need these services 24 hours a day, seven days a week.

5. For how many years is the landlord willing to rent the premises? The longer the lease, the greater your stability.

6. What will be the increases in rent each year of the lease? Will there also be increases in the additional charges? These increases should not exceed the inflation rate, as they are designed to cover increases in the landlord's expenses.

7. Will the landlord grant you the option to renew the lease

when it ends? This option is advantageous and should be included in the lease.

8. Are you allowed to sublet or substitute another tenant if you decide to leave before the tenancy terminates? If you sublet your space, you are still responsible to the landlord should your tenant leave without paying the rent. In a substitution, you transfer your rights and obligations under the lease to a new tenant. The lease should give you the right to do either of the above, and deny the landlord the arbitrary power to withhold consent for this.

9. What other options are open to you should you need to break the lease? If you do not want to sublease or substitute, what provisions will allow you to break the lease? You may want to have a clause that stipulates that, with a certain number of days' notice and possibly a financial penalty, you will be allowed to terminate the lease.

The Commercial/Industrial Lease

The law governing commercial leases treats landlords and tenants as economic equals who are able to decide what their respective rights and obligations will be and to protect themselves from the traps and pitfalls of landlord and tenant law. The law treats both the landlord and tenant as having read, understood and agreed to every word contained in a signed lease.

Typically the landlord will prepare the lease and present it to you for approval and signature. Most landlords use a "standard-form commercial lease". This is a lease with a number of standard clauses, and others that are specific to the building and the unit. The lease will have been prepared by the landlord's lawyer, representing the landlord's interests. Therefore you must read the lease carefully and question any sections that you do not understand or which are ambiguous. If you do not get a clear answer from the landlord, or are in any way uncertain about the wording or contents of the lease, get legal advice before signing anything. (See page 113 for **The Role of A Lawyer.**)

The lease will outline all your obligations as a tenant. Your rent and additional charges, responsibility for maintenance and repairs, subleasing rights and your use of the premises should all be all covered in great detail. It will also outline the landlord's right to terminate the lease should you fail to fulfill your obligations as a tenant – if you fail to pay your rent, your landlord may have the right to lock you out and seize your belongings (see pages 74-78 for more information on this subject).

If you are renting the space with friends or colleagues, make sure everyone's name is on the lease and that they all sign. Those who have signed will all be responsible for the space, payment of rent and other obligations. Do not accept responsibility for others unless you have the ability and intention to cover their portion of the rent should they move out or fail to pay their share.

TIP: Never sign the lease until you have taken time to read it carefully; you are entitled to ask questions and request changes, deletions and additions before you sign.

If the landlord promised improvements to your space before you move in, you may want to make a list of these improvements and have them attached as a Schedule to the back of the lease. Be sure to check on the status of the work in advance of your move-in date. If the landlord resists, this should be a red flag to you and you may want to investigate another building.

Negotiating the Commercial/Industrial Lease

Once the landlord has presented you with a draft lease, the negotiations begin. You have the opportunity to read it, ask questions and request changes, deletions or additions before you sign. Take a copy home so that you can read it carefully. Never sign unless you have read the full lease. Only after reviewing the lease in its entirety will you know what you are being asked to agree to and what amendments you might want to make.

When reviewing the draft lease, there will be two areas for negotiation a) the price and b) all the clauses covering length of lease, maintenance, late payment of rent and so forth. These clauses have a value associated with them – if you want a long lease and the landlord is prepared to give you one, that has some value to you that might justify a rent which is slightly more than you wanted to pay.

The draft lease may go back and forth between you and the landlord a few times with changes each time. Negotiate the deal that works best for you. Your realtor will be very helpful in this process. If you have undertaken a thorough search and know market values, you will know when you have reached a fair deal.

Not all deals work out though. If you cannot reach an agreement within your budget or with clauses that meet your needs, you must be prepared to walk away from the space. If you have an alternative space in mind that would work as a back-up, you will have more confidence in your negotiations.

Appendix B contains a standard-form commercial lease, with explanations and clarification of each of the significant clauses. It identifies what you should look for in sections dealing with your obligations for rent, repairs, insurance and so forth. Review this Appendix and compare it to the lease prepared by the landlord. As noted earlier, if you have questions or concerns that are not answered fully by the landlord or realtor, speak to a lawyer.

Beware! If a landlord asks for cash payment or does not want a lease, you will have no rights and no protection from eviction. Steer clear!

Causes of Eviction or Termination of the Lease in Commercial/Industrial Leasing Situations

When you sign the lease, you and the landlord are each agreeing to a number of responsibilities and obligations. Your failure to meet these obligations will entitle the landlord to enforce his or her rights. This can result in the seizing of your possessions or the ter-

TIP: Beware! If a landlord asks for cash payment or does not want a lease, you will have no rights and no protection from eviction. Steer clear.

mination of the lease. You should be aware of any clause in the lease that would entitle the landlord to take such action.

Any breach of the terms of your lease is serious and should be avoided. The Commercial Tenancies Act (Ontario) 1990, as well as the common law, are the legal foundations for commercial landlord and tenant relationships. There have been many legal rulings since the Act, so do consult a lawyer immediately if the landlord takes steps to terminate the lease or seize assets.

Cause 1: Failure to Pay Rent

A tenant has the entire day on which the rent is due to make payment of the rent. If you get into financial trouble and are unable to pay your rent on time, contact your landlord before rent day. You may be able to avoid repercussions if you make arrangements to pay by a mutually agreeable date. Most landlords will be reasonable about a short delay as long as they are informed on or before the day the rent is due. However, under commercial lease agreements landlords are under no obligation to wait before they take action against you, unless the lease provides for the landlord to give written notice of any rent default, so try to avoid rent delays.

When you fail to pay rent, the landlord must decide whether he or she wants to take one of two courses of action: to terminate the lease or to continue with the lease. If the decision is to terminate the lease, the landlord can re-enter the premises or apply to a court for an order declaring the lease terminated, and then sue for the rent in arrears. If the decision is to continue the lease, the landlord can sue for the full amount of the rent in arrears, or “distrain” – which means to seize your belongings and then if an amount of rent is still owing, sue for any balance due. The landlord’s option to terminate or to continue the lease is further detailed below:

A. Termination of the Lease: Under the terms of your lease, you are obliged to pay rent on specified dates. If you breach this obligation the landlord is entitled to enforce payment and terminate the lease. Most commercial leases state that failure to pay rent entitles the landlord to “re-enter” the premises. The landlord takes possession of the premises to prevent you from any further use. Once the landlord has re-entered, the lease is terminated and the locks are normally changed. The landlord can re-enter without giving you notice if the rent remains unpaid for fifteen days after the due date, unless stipulated otherwise in your lease.

Alternatively, the landlord may choose to terminate the lease by applying to the court for an order to do so. You will receive a notice of this application. You have the opportunity to attend when the application is heard by a judge and to present your side of the story. A judge will be reluctant to terminate the lease if you can show that you have acted in good faith and your financial difficulties are temporary.

The landlord can also apply to the court for an order granting

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TIP: Try not to rush into renting a studio. In your haste, you may enter into a lease agreement that doesn’t suit your long-term needs or turns out to be more expensive than you anticipated.

the landlord possession of the premises. If approved, the landlord will be given a “writ of possession” which orders you to vacate and which can be enforced by physical eviction.

If you are behind in your rent, the landlord is also entitled to apply to the court for an order requiring you to pay the rent in arrears. If a court order is issued, you are obliged to pay back rent and the landlord cannot seize your belongings.

B. Continue the Lease: In some circumstances, the landlord may decide not to terminate the lease for non-payment of rent – maybe the landlord thinks it will be hard to find another tenant. To recover unpaid rent, the landlord may “distrain” – which means to seize your goods and furniture. It is available only as a means of recovering the rent in arrears and does not require a court order. It is a remedy open to the landlord which does not require that notice be given to the tenant, unless the lease provides otherwise.

Distrain is often used as a threat. The landlord will hire a bailiff and you will be served with a notice giving you five days to pay your back rent, failing which your possessions will be seized. Typically tenants are able to find the funds, or reach an agreement with the landlord. If not, the bailiff will seize goods from the property and sell them on behalf of the landlord. You should be aware that it is a criminal offence for a tenant to remove goods or furniture from a space that is under a distraint order.

After the goods and furniture are seized, they are sold and the proceeds of the sale are deducted from the rent in arrears. The landlord can still sue you if there is a difference owing between the two sums. While the landlord may enter your premises to seize the goods, the landlord cannot change the locks or deny you the use of the premises (as that would signify the termination of the lease).

As a tenant, you should know that:

1. Distress can only be undertaken to recoup rent in arrears.
2. The landlord can only seize assets belonging to the tenant or the person responsible for the rent: property found on the premises belonging to others cannot be seized.
3. The landlord can only seize sufficient goods to satisfy the amount of rent in arrears and the costs of the distress including bailiff’s fees, legal fees and locksmith charges.
4. After taking possession of the goods, the landlord must wait five days, have the goods appraised by two separate independent appraisers and then the landlord may (after ensuring that any monies owing by the tenant to any provincial or federal authority have first been paid) sell the goods and apply the proceeds to the arrears in rent.

5. The goods must be sold for the best price that can be had for them.
6. After completion of the sale, the landlord must account to the tenant for the revenue, expenses of distress, appraisal and sale, and any balance due.
7. Goods can only be seized between sunrise and sunset, and not on Sunday.

If the landlord contravenes these rules, the distress is deemed either irregular or illegal and you can recover the full value of the goods and any damages from the landlord. You will need legal help with this process. You may want to refer to the book *Distress: A Commercial Landlord's Remedy*, edited by Harvey M. Haber Q.C. that can be ordered from Canada Law Book Inc. by phoning 905-641-6472.

Cause 2: Non-Monetary Contraventions of the Lease

If you fail to meet other obligations under the lease, for example if you have failed to repair the premises or keep the space clean and tidy, the landlord can take action against you. Most leases will entitle the landlord to perform these obligations on your behalf and require you to reimburse the landlord for the costs incurred.

If you have been paying your rent regularly and have a healthy relationship with the landlord, the landlord is unlikely to want to terminate the lease. However, the law does give the landlord the right to re-enter the space for a non-monetary breach of the lease. Before doing so, the landlord must:

1. Give you notice that identifies the breach of the lease and, if the breach can be remedied, require you to do so, and
2. Give you reasonable time after the notice to remedy the breach or to make compensation to the landlord for doing so.

Having received written notice, if you fail to meet your obligations or compensate the landlord for doing so on your behalf, your lease can be terminated.

Cause 3: Sale of the Building, Renovation or Demolition

If the lease so provides, the landlord has the right to terminate the lease if the building is sold, remodelled or demolished. The details of such a right can be found in your lease. Typically, written notice has to be given. The sample standard form commercial lease in **Appendix B** stipulates that six months' notice is required if the building is to be renovated or demolished, and three months' notice in the event the building is sold. There are also provisions for a one-month period, plus a cash bonus to the tenant. Note that if you are working under a month to month arrangement, the landlord need only give you one months notice to leave, whatever the cause of the termination.

The Landlord's Responsibilities Under the Commercial/Industrial Lease

A careful review of a standard commercial lease reveals that the landlord does not oblige himself to do very much except to permit you exclusive use of the premises, quiet enjoyment, and to provide heat, water and any other services agreed to in the lease. If the landlord fails to fulfill any of these obligations, do not, under any circumstances, withhold rent. Doing so will provide the landlord with grounds to evict you.

Your first course of action should be to speak to the landlord about your concerns. Try and reach an agreement personally. If you have prepared the groundwork by having a good relationship with the landlord, he or she should be receptive to your concerns and work with you to address them. After you have spoken to the landlord and an agreement is reached, put that agreement in writing, send a copy to the landlord and keep a copy for your records. If you are unable to speak to the landlord directly, put your concerns (and possible solutions) on paper and send it to the landlord. Always keep a dated copy of the letter in your files.

Another route to try would be mediation services. This can be effective if the landlord is interfering with your use of the premises, or if the landlord refuses to take action against another tenant who is interfering with your use. (See **When Disputes Arise**, page 107.)

Your final recourse is take legal advice (see page 113 on **The Role of A Lawyer**). A lawyer will advise you on the best course of action, what the cost will be, and the possible end results. If it is deemed necessary, you will be able to go to court for an order requiring the landlord to fulfill his obligations.

Collective Action in Commercial/Industrial Spaces

If other tenants are experiencing a similar problem, you will have a stronger voice approaching the landlord as a united force. As a group you will have more authority and more resources. A landlord who has ignored complaints expressed by one tenant is likely to start paying attention when you bring your concerns and solutions to him or her as a group.

Organizing a group of tenants takes a lot of hard work, but sometimes may be the only way to get problems remedied. If you decide to go this route, the publication *Doing Homework: Educating Yourself as a Warehouse Tenant* has a practical chapter on collective action and organizing principles (see Bibliography).

Other Types of Commercial/Industrial Lease Arrangements:

Month-to-Month Tenancy: Monthly tenancy usually occurs where there is no lease agreement signed by the tenant and the landlord, where a lease has expired and the tenant stays on month-to-month, or where the lease specifies that its duration is only for one month. The tenant has possession of the

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premises for the month in which the rent has been paid. This arrangement continues until either the landlord gives the tenant notice to vacate the premises or the tenant gives the landlord notice to end the tenancy. In either case, one calendar month's notice must be given.

Sublease: If you want to sublease a space, you must get a copy of the "Head Lease" from the person you will be renting from. The Head Lease is the original lease between the landlord and tenant. You must have this as you will be bound by the terms of this Head Lease. The landlord has the right to approve subleasing arrangements, so to eliminate potential problems you should get a letter from the landlord approving your subleasing agreement. It is also a good idea to have a written agreement between yourself and the person you are leasing from, confirming your agreement on length of tenancy and payment of rent. This may seem unnecessary or delicate if you are renting from a friend, but it is a way of protecting both of you and your friendship should a problem arise with the lease or the landlord.

Assignment (or Substitution) of a Lease: An assignment of a lease takes place when an existing tenant "assigns" – or transfers – his or her lease to another person. This is sometimes called a substitution. If you take on a lease assignment, you will be agreeing to all the terms and conditions in the head lease between the landlord and the original tenant and will be legally liable for the obligations contained in the lease. You should read the lease carefully before agreeing to an assignment, as you will be bound by its contents. The assignment of a lease has to be approved in writing by the landlord.

TIP: There are various legal ways to pass your space into someone else's hands, including subleasing and assignment. Each is subject to different conditions.

2. Leasing Residential Space

Tenant Protection Act

Ontario's Tenant Protection Act sets out the basic rules for rent increases, eviction, repairs and many other issues that concern residential tenants. If you have a legal live/work space in a building zoned for Residential or Mixed-Use, you may be covered under the provisions of the Act.

The reason you "may" be covered is because a clause in the Act exempts premises occupied for business purposes with living accommodations attached, if the occupancy for both purposes is under a single lease and the same person occupies the premises and the living accommodation. However, this clause is open to interpretation. The Member of the Ontario Rental Housing Tribunal (see below) who hears your case could interpret the Act in one of three ways:

1. The mere fact of dual use or occupation exempts you from protection.

2. That exemption hinges on whether the dominant or primary use is business or residential.
3. That an artists studio is not a “business” if there are no sales conducted from the premises.

So if you are in a live/work space and are having problems with your landlord, staff at the Ontario Rental Housing Tribunal can help you determine whether your tenancy is protected by the Act.

If you are living illegally in an industrial space, however, the protection offered tenants by the Act likely does not apply. As an illegal tenant, you could be open to eviction at any time and have little recourse if your landlord does not maintain the building to standard.

The Tenant Protection Act clearly lays out the ground rules for rights and obligations by both the landlord and the tenant. As a residential tenant you have more options than commercial tenants if problems arise during tenancy.

TIP: If you were to have a complaint against your landlord under a residential lease, you would file it through the Ontario Rental Housing Tribunal.

Ontario Rental Housing Tribunal

The Ontario Rental Housing Tribunal is the arbiter in disputes between residential landlords and tenants. If you have a complaint against your landlord, you would file it through the Tribunal. The Tribunal is a quasi or semi-judicial body, and an application to it constitutes a legal proceeding. You have to prove your case to the Tribunal using evidence.

The Tribunal has a comprehensive web-site which clearly outlines the responsibilities of landlords and tenants in a myriad of situations. If you want more information on the Act or your rights you should check out the interpretive section of the Act on the Tribunal’s website at www.orht.gov.on.ca/public/index.html. If you have a complaint about your landlord or want to speak to staff at the Tribunal you can phone 1-888-332-3234. For more information visit www.orht.gov.on.ca.

Some Key Things You Should Know About Residential Leases

Rent Under A Residential Lease

You and the landlord agree to the rent at the beginning of the lease period. The landlord will not increase this rent for twelve months. When you take possession, you will be expected to pay the first month’s rent and usually a one-month deposit. This deposit must be used toward the last rental payment of your tenancy. Note that if you are paying rent on a weekly basis, the deposit would be the equivalent of one week’s rent. The landlord will hold this deposit and pay 6% interest on this deposit each year.

The landlord must give 90 days notice in writing of any rent increase. The Ontario Government sets a rent increase guideline each year, which is announced by August 31. The increase applies

to rent increases starting on or after January 1 of the following year. At this time, we know that the rent increase guideline for 2002 will be 3.9%. The landlord can apply to the Ontario Rental Housing Tribunal for an increase above this guideline if there has been significant increases in municipal taxes and/or utilities, or if the landlord has undertaken major repairs or renovations, or has incurred costs for security services. When you are looking at a live-work space, you should ask the landlord whether there are any plans for improvements or repairs to the property, as that will undoubtedly impact upon your rent in future years.

Maintenance and Repairs Under A Residential Lease

The landlord is obliged to maintain the building to health and safety standards and is responsible for repairs and maintenance of the property. As a tenant, you are responsible for any property damage as a result of your activities or that of your guests. If you believe the landlord is negligent in his responsibility for maintenance and repairs, get in touch with your municipality as it is the municipal by-law which sets minimum standards for the upkeep and maintenance of residential rental property by a landlord. The municipality will investigate and take action based upon your complaint. If the landlord is found to have failed to maintain the property to the standards set out in the by-law, you can also file an application with the Tribunal, asking the Tribunal to order the landlord to do the required repairs. You can also ask for a rent reduction to compensate for the maintenance or repair deficiency. Under no circumstances stop paying your rent – withholding of rent is cause for eviction.

Renewing A Residential Lease

At the end of your lease period, with the landlord's agreement you can renew your lease or stay on as a month-to-month tenant. As a month-to-month tenant the terms and conditions of the expired lease still apply except that the rent may be increased if the rules of the Act are followed, and there is no longer a fixed term to the rental agreement. You are still fully covered by the Tenant Protection Act. Both you and the landlord are still responsible for giving notice of termination of the tenancy. If you are paying monthly rent, you must give the landlord 60 days of your intention to terminate the tenancy.

Assignment of Tenancy and Sub-lets in A Residential Lease

As a tenant you can transfer your tenancy to another person – this is called an assignment. The new tenant is bound by all the terms of the rental agreement that you had signed with the landlord. You will need the landlord's approval for this assignment. A sub-let is different from an assignment, in that the original tenant has temporarily vacated the space, granting occupancy to a sub-tenant. The original tenant becomes, in essence, the landlord of the sub-tenant, and assumes the duties of a landlord. The provisions of the Act are upheld for the sub-tenancy.

Failure to Pay Rent Under A Residential Lease

If you do not pay your rent on the day that it is due, the landlord can ask you to move out. The landlord can issue you with a Notice to Terminate a Tenancy Early for Non-Payment of Rent. This notice will state the date by which you have to vacate. This notice will also tell you that you do not have to move if the full rent is paid by the date to vacate. If you then pay the full amount due, the notice to terminate is cancelled and you can continue to occupy the unit. If you do not pay, the landlord can apply to the Ontario Rental Housing Tribunal for approval to evict you. If you are facing a situation where you may not be able to pay your rent on time, notify your landlord in advance. Most landlords are reasonable, and if you tell them in advance of your situation, and give them a date when the rent will be forthcoming, you will have a more positive relationship with the landlord than if they have to issue you with a Notice to Terminate. If you are frequently late with your rent payments, the landlord has the right to ask you to move out of the unit. You will be given notice in writing to this effect.

Eviction Under A Residential Lease

In addition to the financial reasons listed above, there are other provisions under the Tenant Protection Act whereby your landlord can evict you. You can be given notice to move out if the landlord claims that:

1. Your landlord, their spouse or same sex partner, or a child or parent of either, wants to live in the apartment,
2. You or your guests have committed illegal acts on the premises, or
3. You or your guests have caused damage or serious problems for the landlord or other tenants in the building.

In most cases, a landlord must serve you with a Notice to Terminate a Tenancy in writing stating the termination date and the reason. The notice must be in a form approved by the Tribunal. There are different forms for different reasons, all of which are available from the Tribunal.

A notice to terminate must be given to you before the termination date. The amount of advance notice depends on the reason for termination.

If the reason for the termination cited on the notice has to do with your conduct, you can avoid termination by stopping the conduct, or doing something the notice requests. This is called a tenant's remedy. The notice explains what this is, and gives a deadline for you to comply. If you comply by the deadline, the notice of termination is void and the tenancy continues.

However, many reasons for termination have no remedy – they are “no fault” reasons – and in those cases you can't do anything to cancel the notice. However, this does not mean you have to move

out. You are still entitled to dispute the reasons for termination.

As soon as the landlord has given you notice he can file an application to the Tribunal. In most cases, a hearing is scheduled by the Tribunal to examine the landlord's application. The hearing may be one of three types:

1. A hearing where the landlord and tenant appear before the Tribunal.
2. An electronic hearing conducted by telephone or video conference.
3. A written hearing where the landlord and tenant submit their evidence in writing to the Tribunal.

A Notice of Hearing is issued by the Tribunal to the landlord. The landlord must give you a copy of the notice of hearing and a copy of their application at least five days before the hearing.

You can dispute the landlord's application but your dispute must be filed in writing with the Tribunal by the deadline set out in the notice of hearing. If you do not file a dispute to a landlord's application, the hearing may be cancelled and a default order issued by the Tribunal approving the termination of the tenancy. If a dispute is filed, the hearing will be held on schedule.

The Tribunal's decision on an application, called an Order, is sent by mail to both you and the landlord. The landlord cannot personally evict you, even if a Tribunal Order has approved termination of the tenancy. An order approving the termination of the tenancy can only be enforced by the Court Enforcement Office (the "Sheriff's Office").

If you are evicted by an order of the Tribunal, you have 48 hours from the time the order is enforced to get your belongings. This usually means that you have 48 hours after a sheriff evicts you.

If you need legal advice, call a lawyer (see page 113 on **The Role of A Lawyer**). Remember that your community Legal Aid clinic can help you with the interpretation and disputes under the Tenant Protection Act. On page 115 you will find the criteria for Legal Aid, and a list of clinics is attached on page 116-117.

Community Legal Education Ontario (CLEO)

CLEO is another resource that you might try for information on landlord and tenant issues. CLEO is a community legal service that produces clear language brochures on topics such as social assistance, refugee and immigration law, workers' compensation, women's issues, family law and human rights. They have several brochures relating to landlord and tenant law. Topics include what tenants need to know about the law; fighting an eviction; how to make an application to the Tribunal, and many more. If you would like to order one or more of the publications relating to any of the topics listed above, most are free and can be ordered via the web

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TIP: CLEO (Community Legal Education Ontario) is a community legal service that produces clear language brochures on landlord and tenant law.

at www.cleo.on.ca or phone 416-408-4420 to obtain an order form.

Collective Action For Residential Tenants

If you and other tenants in your building are having a common problem with the landlord, you should consider collective action. It is often worth forming a tenant association, even if you have no problems with the landlord. It will help you get to know your neighbours, and put the tenant's in a good position should problems arise at a later date. If you are interested in organizing a tenant's association contact the Federation of Metro Tenant's Associations at 416-921-9494 or visit www.torontotenants.org

One way for you as an artist to protect yourself from insecurity associated with leased space, having no control over when you have to move, and lost productivity through frequent relocation, is through ownership. While it might appear out of reach, and may be out of reach for many, if you have access to financing it is something worth exploring, either as an individual or with colleagues. The next chapter examines ways in which artists can buy property.

Resources: Leasing

Ontario Rental Housing Tribunal
(Residential leasing only) T: 1-888-332-3234
www.orht.gov.on.ca

Legal Aid Ontario (*information on the Tenants' Protection Act*)
T: 416-979-1446 or 1-800-668-8258 www.legalaid.on.ca

Community Legal Education Ontario (CLEO)
(Residential leasing only) T: 416-408-4420 www.cleo.on.ca

Federation of Metro Tenant's Associations
(Residential leasing only) T: 416-921-9494
www.torontotenants.org

Haber Q.C., Harvey M. (ed.), *Distress: A Commercial Landlord's Remedy*, Canada Law Book Inc., 2001. (Available from Canada Law Book Inc., 905-641-6472.)

Doing Homework: Educating Yourself as a Warehouse Tenant
Available from Artscape (416-392-1038) and Canadian Artists Representation Ontario (416-340-8850).

Case Studies: Leasing

Much of this guide will urge you to be prudent and cautious in your planning for a new work space. However, it's also important to have big dreams, so we offer you four case studies (only one of which is a cautionary tale), hoping to whet your imagination with a taste of the wide-open possibilities. The first two, which appear below, concern leasing. The others concern purchasing, and appear at the end of **Section 4: If You Buy**, on page 105)

Janice Carbert, Open Studio

Open Studio, a non-profit, fine art printmaking centre, moved into their current location at 468 King Street West in 1996, signing a five year lease. The move for this large arts organization was quite an undertaking, requiring massive, heavy printmaking equipment to be relocated to their new 10,000 square-foot facility. The move and renovation to the new space cost approximately \$140,000, paid from the Studio's reserve fund, a grant from the Toronto Arts Council and plenty of fund raising. The studios and production areas were shut down for two months; the offices were only down for one afternoon.

In 1998 the building in which they leased was sold, without any notice to its tenants. Open Studio rapidly developed a good working relationship with the new landlord. In 1999, the rent was increased significantly and Open Studio had to renegotiate their lease. They chose to renegotiate rather than look for new space because the expense from the previous move made a similar undertaking unmanageable at the time.

Open Studio will lease their current space until 2004. The landlord has advised the Studio of the likelihood of a significant rent increase at the end of its lease. Open Studio is preparing for the future.

Fran Freeman, Visual Artist

Fran Freeman is a sculptor who leased work space with a co-operative of artists at 53 Fraser Avenue. The 53 Fraser Group, as the co-op was known, had leased their work space for twenty years when the ownership of their building changed. At that time, the previous long-term lease became a month-to-month tenancy agreement. This arrangement worked well for a couple of years. Then members of the co-operative heard that tenants in the building next door (owned by the same company) were evicted with thirty days' notice. The members of the co-op were assured by the owners that there were no plans for their space and that this would not happen to them.

Less than two weeks later the 53 Fraser Group were given verbal notice of their eviction, quickly followed by a written notice. The co-op had thirty days to vacate the premises. They were not given a reason, but members of the co-operative soon realized the building owners were evicting the artists to renovate the space and charge higher rents.

A few members of the 53 Fraser Group, including Fran Freeman, looked for new space. After working out of their homes for almost a year, Fran and two other artists found a new work space. They have signed a one-year lease with the option to renew.

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WORDS OF WISDOM:

When looking for a new space it is important to know your needs. Be aware of your space and size requirements before you start to look. It is important to have a good negotiator on your behalf when negotiating any long-term lease. People with solid business and real estate knowledge make all the difference when negotiations are underway. Always maintain good relations with your landlord. Work with the landlords toward a mutually satisfying solution when situations arise, rather than against them.
– Janice Carbert,
Open Studio

WORDS OF WISDOM:

When leasing commercial or industrial space, know that in a month-to-month lease agreement your landlord can evict you on one month's notice. A landlord's verbal commitment can mean nothing. Try to purchase work space if you can. Ownership is the only way to ensure security.
– Fran Freeman

Chapter 8: Financing Your Purchase

Earlier chapters of this manual have covered topics related to ownership, such as assessing your needs, zoning, utilities and taxes. In this chapter we examine financing options.

There are many reasons why property ownership is important, whether it is a residence, live/work space or studio. While property ownership requires a significant commitment of time, effort and cash, for most people the rewards justify the investment. Some of the reasons you might consider buying are:

Stability of Tenure: Given the relentless pressure on the real estate market, you will not have to move because the landlord sells the property or raises the rent to such a level that you are forced to vacate.

Professional Freedom: You are the master of your space. You have the freedom to work as you wish, whenever you wish, and do what you wish with the space without having to function within the constraints of a lease agreement (as long as you do not break any zoning by-laws).

Financial investment: Historically, real estate has been a sound financial investment, especially over the long term. There are peaks and valleys, but as with any investment if you are not forced to sell at the wrong time, you should see a financial return. You will build up financial equity in the property. Your mortgage debt will be reduced over time. With property as an asset, you should have increased borrowing powers. Lenders view property owners as less of a financial risk.

Ownership is not for everyone, but it is worth reviewing the option.

Financing Purchased Space

Whether you are an individual, collective or non-profit arts organization purchasing a property, you need to examine the different financing options available. In this chapter, you will find information on borrowing from mortgage companies, banks and other lending institutions.

Down Payment

When you purchase property you have make a down payment, which is normally paid in cash. It is advantageous to have as high a down payment as possible. The larger the down payment, the smaller the mortgage and the lower your monthly mortgage or loan payments. The balance of the purchase price is usually paid through a mortgage or other form of loan.

With residential property, or for a live/work space in a residentially zoned building, you may be able to buy with as little as 5%

down. Lenders are more cautious in their dealings with commercial real estate. They will want you to have a down payment of 20% of the value of the commercial property. Therefore, if you do not have much cash to put towards a down payment, there is an advantage to buying a Residentially zoned building, as long as your work is conducive to living and working in a Residential area and conforms to the local Residential zoning regulations.

If you do not have enough saved for a down payment, there may be ways to obtain the funds. For example, if you are buying for the first time and will live in the space, you can use funds from your RRSP towards the down payment. Further details on this option are found later in this chapter. Your accountant will be able to advise you on other creative ways, possibly through leveraging your current assets or borrowing, to come up with the down payment.

Financing the Balance of the Purchase Price

Having secured your down payment, you have various options for financing the balance of the purchase price. Three are described below.

A. Residential Mortgage

A mortgage is the most common form of financing for residential properties and commercial transactions. With a mortgage, the financial institution (the mortgagee) lends money to you (the mortgagor) for a specific period of time (term). You are responsible for paying off the agreed-upon interest on this loan, as well as the principal, over a specified period of time (amortization).

You can obtain a mortgage through a traditional lending institution (bank, trust company, credit union) or through a mortgage broker. You might also check with your accountant or lawyer, as they may know of other sources of funds. You should shop around for a mortgage, as interest rates vary from institution to institution (see the next two sections, on banks and mortgage brokers). Banks will discount from their published mortgage rates.

Interest rates are also influenced by a number of other factors, such as the length of the term of the mortgage, over how many years the payback is calculated, how often you can make lump-sum payments towards the principal, and how risky the mortgagee thinks its investment in you might be.

When you purchase your property, the mortgagee's investment is officially registered on the title of the property (the official name for the ownership deeds). This is done to protect the lender's interest: should you get into financial difficulty requiring the sale of the property, the mortgagee will be paid off from the sale proceeds before any other creditor (other than your municipality, should property taxes be outstanding). If the mortgage is paid off, make sure the mortgage is removed from the title of the property.

Most conventional lenders will give you a first mortgage valued

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If You Buy

TIP: It will save you money in the long run if you put down as large a down payment as possible, so examine all your options. Consider making legal arrangements to borrow money from family or friends. If you receive lump sum payments for your work, try to time them to allow you to add the largest possible proportion to your down payment.

at up to 75% of the appraised value of the property on a residential mortgage, and 55 to 65% on a commercial property. If you do not have all the remainder of the purchase price, there are two ways you can borrow this money:

1. Secure a “second” mortgage of an additional 15% of the value through a mortgage broker or other financial institution. The interest rate on a second mortgage will be higher than on your first mortgage as the lender is second in line to your first mortgagee, should you get into financial difficulty and the property is sold.
2. Apply for a “high-ratio mortgage”, also known as an insured mortgage. These are available through your bank and will cover up to 95% of the appraised value of the property. Because the lender assumes greater risk through this mortgage, the interest rate may be higher and you will have to pay insurance premiums between 0.5% and 3% of the value of the mortgage. (See page 94 on mortgage insurance.)

B. Business Real Estate Loan or Commercial Mortgage

If you are a sole proprietorship, small business, collective or not-for-profit organization, you can apply for a commercial real estate loan or commercial mortgage from your bank. Such a loan on commercial property will be registered against the title of the property, as is a residential mortgage.

Most business real estate loans are what are known as “demand” loans, meaning that the bank can demand repayment of the loan at any time. Demand loans also require that you pay off the full amount of the principal, plus interest, over a specified period of time. Therefore a business real estate loan is useful if you need short-term financing, which you know you can pay off, and the bank wants your property as security. It is not something you would normally use in place of a commercial mortgage.

You can borrow less from the bank for a commercial mortgage than for a residential mortgage. As mentioned above, generally banks will lend you 55% to 65% of the appraised value of a commercial property if you apply for a business loan or commercial mortgage. The banks are not flexible about this – they are looking for at least a 20% down payment.

If you need to finance the balance, you could take out a second mortgage. Interest rates are slightly higher for a commercial or business loan than a conventional loan or home mortgage as they are deemed a greater risk for the bank. It is worth shopping around as interest rates do vary between banks.

Each bank offers a different program for commercial real estate transactions. In general, they will want you and any other partners in the purchase to complete full credit applications, detailing both your personal and your business assets. They will ask you for the following information:

Your business plan

Company financial statements for the past three years and projected income and expenses for the next three years

Personal credit history of the person or persons applying for the loan

Your assets, liabilities and collateral

The bank will review all this material and assess the nature of the risk that they would be taking by lending you money to purchase commercial property. The amount of money that you will be offered, and the rate of interest, will reflect the risk that the bank feels it is taking with the enterprise. If the mortgage is taken in a company name, all the partners will be asked to provide full personal guarantees.

It can take time to secure a business loan or commercial mortgage, even if you are applying to a lending institution that is familiar with you or your business. Each situation is different and the length of time varies. The best advice is to be prepared: have a qualified accountant look over your business plan and financial statements first to confirm that your plan is viable and that you have all your paperwork in order. If you take this step before approaching the bank, you will appear better prepared and as a result the approval process should be faster.

TIP: A line of credit is a useful way for artists with irregular earnings to borrow money.

C. Line of Credit

A line of credit is a type of loan that you apply for as you would a mortgage or business loan and, if you're approved, allows you borrow up to a pre-determined amount of money from your bank at any time you need it. Unlike a regular loan for a fixed amount, you do not have to borrow the full amount of the loan at once. Instead, the Bank establishes a "credit limit" for you, which is the maximum amount you can borrow at any one time.

The total amount that you have access to is negotiated between yourself and your bank, depending upon your needs and their assessment of the risk. Many self-employed individuals have a line of credit to help with cash flow. If the line of credit is low relative to the borrower's assets and net worth, the bank may not require any collateral.

A line of credit can be used to purchase property. In this case, the bank will want their interest in your property registered against the title to the property, in the same way they would with a mortgage or a loan. The bank will be looking for the same personal and business guarantees as they would with a loan, and to see your financial statements and projection of income for the next three years.

Approval of a line of credit will be dependent on your assets and collateral to ensure the bank's security. The interest rate you are offered will be based upon the bank's determination of the risk factors associated with the line of credit.

TIP: Canadian Home Buying Made Easy by Douglas Gray (McGraw-Hill Ryerson) is a comprehensive guide to buying a residence, aimed at the first-time buyer. If you are purchasing a live/work space you will find it contains useful tips and extensive background information on financing your purchase.

TIP: Confirm your financing arrangements before you go looking, just to be sure that financing will be available when you find the place to buy.

TIP: If you want to buy a first home, but don't have enough money for the down payment, you can borrow money from an RRSP without penalty.

It pays to shop around for a line of credit as interest rates vary between banks. In general though, the interest rate will be based upon the current prime rate plus a percentage – that percentage reflecting your personal financial position and the collateral you can provide. Note that some banks charge a higher interest rate for small loans, and a lower rate for larger loans. To recap, the benefits of a line of credit are:

1. It eliminates the need to re-apply for a loan – you know you will always have access to a set amount.
2. You control how much of your credit limit you want to withdraw and when, and conversely you pay down the line of credit whenever it suits you.
3. You are only charged monthly interest on the money you borrow for the time that you have it.

Tips to Make Financing Easier

Pre-Approved Mortgage: It's a good idea to arrange for a "pre-approved mortgage" before you start looking for property. Pre-approval means exactly that – that the lender has reviewed your credit-worthiness, and agreed to provide you with financing to a certain dollar figure, at an agreed interest rate. A pre-approved mortgage offer will normally be good for ninety days while you look for a property, although the lender reserves the right to approve the actual property before final agreement is reached.

Pre-approval has another benefit. When you find a property, you will be in a position to make a firm offer to purchase, rather than an offer conditional upon your ability to arrange financing. In a competitive market, especially for live/work space, this will be an advantage.

First-Time Buyers: If you or your partner are buying property for the first time, will live there, need money towards your down payment and have funds in an RRSP, you may want to consider the federal government's Home Buyers' Plan. This initiative allows you to withdraw up to \$20,000 from your RRSP, without penalty, towards the cost of a residence. This withdrawal must be repaid within a fifteen-year period, with a minimum annual payment (normally 1/15th of the amount withdrawn).

Do seek professional advice from the institution or financial adviser who helps you with your RRSP, from your bank manager or from your accountant before embarking upon this course of action. They will advise you whether it is best for you to dip into your RRSP or to look for financing elsewhere.

Defaulting on Your Mortgage

Your mortgage or business real estate loan agreement will clear-

ly spell out the consequences should you default on your loan. Default is usually associated with the failure to make your mortgage payments. While this is the most frequent cause of default, other common causes include:

1. Failure to pay property taxes.
2. Failure to have insurance, or sufficient insurance.
3. Failure to obey municipal, provincial or federal law as it relates to the premises.
4. Deliberately damaging the property that secures the mortgage.
5. Leaving the place vacant for an extended period of time.

If you encounter financial difficulty and will be unable to make your mortgage payments, you should speak to your lender immediately. If this is a short-term situation (perhaps due to illness or cash flow) many lenders will waive payments for a short period of time, or arrange for partial payments. Alternatively, the lender may suggest you reschedule the debt and make new payment arrangements.

If these solutions are not appropriate to your situation, or not acceptable to the lender, seek the advice of your accountant and/or lawyer. There are other options open to you, including the sale of the property and paying off the mortgage and any outstanding payments.

Foreclosure and Power of Sale

These terms are often used interchangeably, but there is an important difference between the two. In both cases, the lender exercises the rights contained in the mortgage agreement to take title to the property, and sell it, if you are in default. In the case of foreclosure, this process has to be approved by the courts. In the case of power of sale, the lender has the right to put your property up for sale, without resorting to the courts.

Power of sale is part of the Ontario Mortgage Act and is preferred by lenders because it is faster and less costly than foreclosure. The lender's right of power of sale is now written into more than 90% of the mortgages in Ontario.

The lender can start the power of sale process when you are fifteen days in default. You will be served with a "Notice of Sale under Mortgage", which advises you of the lender's intention to exercise the power of sale. You will have approximately one month (the exact number of days will be stipulated in your mortgage agreement) to pay. If you fail to pay by the date stipulated in the Notice of Sale, the lender can sell the property. The lender is expected to obtain fair market value, and remit to you any net proceeds after the mortgage, taxes, legal fees, sales fees and so forth have been paid.

In the case of foreclosure, the lender can serve you with a Statement of Claim as soon as you are behind in your payments. If

TIP: Shop around for the best rates for a loan or mortgage. Consider using a mortgage broker, especially if you are deemed "high risk" by the banks.

you do not pay within the time stipulated in the Statement of Claim, the lender will proceed with a civil lawsuit through the courts. You will have the opportunity to appear in court and ask for more time to meet your obligations.

Foreclosure and power of sale are complex legal matters, so take legal advice as soon as possible. Defaulting on a mortgage has potentially serious consequences: not only does it cost you your present property, but it will affect your credit rating and compromise your ability to obtain a mortgage in the future.

Financing Options

A. Financial Institutions

It is a good idea to start your search for financing with your current bank, trust company or credit union. They will be familiar with you, your banking history, and the nature of your business. Find out what they can do for you first, and then shop around! The banking business is highly competitive and you may find that you can obtain financing on better terms, or at better rates, with a different institution. You can always go back to your own institution with a better quote and see if they will match it.

Remember that banks, by nature, are averse to risk. They want personal guarantees for every dollar they lend. The banks, credit unions and trust companies list their various rates of interest in the business section of the paper, so you could look there for a quick comparison. Then visit a few and see what they have to offer. Be aware, though, that the banks “posted” rates are negotiable: you can negotiate as much as 1% to 1.25% off those rates, depending upon your assets.

B. The Role of A Mortgage Broker

If your bank or trust company declines to lend you money, or cannot give you as much as you need, do not despair. A mortgage broker may well be able to help you. A mortgage broker is a go-between, a person who can arrange a mortgage for you. They are required by law to register with their provincial governments and to have completed a comprehensive education program.

The role of the broker is to assess the risk and match you up with a lender who has the tolerance for that risk. Mortgage brokers have access to bank financing, as well as to numerous other lending institutions and private investors, all of whom have different lending criteria and tolerance to risk.

The broker may use a ‘bid’ system to find financing for you. The bid system involves the broker electronically submitting an application to a number of lenders at the same time. The lenders, who may pay the broker a fee for placing the mortgage, then have the opportunity to view your loan needs and bid on the loan. Participants in the bid system usually include the major banks – but also include

lenders that are considered secondary. A secondary lender may accept loans that major banks decline, although potentially on different terms.

If that does not work, some brokers have access to what is known as “private money”. Those are funds belonging to other individuals who are looking to lend money. If your broker places your loan in the “private” market, you will typically pay interest at a rate higher than that posted by the banks as well as fees to the broker on closing. While the “loan” will cost you more, that may be your only option. This may allow you to purchase the property and a few years later you may be able to re-finance back with a conventional lender when you have an established track record.

You should consider using a mortgage broker in the following circumstances:

1. You want someone else to do the leg-work and obtain competitive quotes from the traditional financial institutions. If you qualify for a traditional mortgage, a mortgage broker will shop around for the best financing for you – sometimes a broker can get a lower rate than you would be able to secure independently.
2. You are unlikely to qualify for a traditional mortgage (perhaps you are deemed high risk because you are self-employed, have a poor credit rating, or need a mortgage of more than 75% of the purchase price). In this scenario the broker will assess your risk, and look for financing from private lenders or risk capital enterprises.

TIP: Foreclosure must be approved by the courts, whereas, in the case of power of sale, the lender has the right to put your property up for sale without resorting to the courts.

The Cost of A Mortgage Broker

If your mortgage broker arranges financing from a major financial institution, the broker’s fee will be paid by the lending institution, so the service will cost you nothing. However, if the broker has to secure funding from alternate funding sources, you may have to pay a fee for this service. At your first meeting with a mortgage broker, it is important to discuss fees so that you know exactly what charges you may or may not incur.

As with any other professional advisor, you should use a mortgage broker whom you trust. Ask friends and family for referrals. Your realtor will certainly provide you with names of mortgage brokers to speak with. You can also find listings of brokers on the Independent Mortgage Brokers Association of Ontario website at www.imba.on.ca.

Resources: Mortgage Brokers

Independent Mortgage Brokers Association of Ontario
1-877-564-IMBA www.imba.on.ca

TIP: Mortgage loan insurance protects the mortgage lender from losing money if a borrower defaults on the loan, while mortgage life insurance protects the property for the borrower's heirs in the event of his or her death.

Mortgage Insurance

There are two very different types of mortgage insurance, which should not be confused: mortgage loan insurance and mortgage life insurance. These two different forms of insurance have very different purposes. Mortgage loan insurance protects the mortgage lender in the event that a borrower defaults on a mortgage. Mortgage life insurance protects the mortgage borrower and the borrower's estate in the event of the borrower's death. The following is a brief description of these two types of insurance and why you might need them.

1. Mortgage Loan Insurance: (For residential spaces only) If you have to borrow more than 75% of the appraised value of the property, the lender may insist that you purchase mortgage loan insurance. The objective of this insurance is to protect the lender should you default on the mortgage. The insurance protects the lender, but you as the borrower, pay the insurance premiums. It provides lenders with the additional security they need to be able to lend you up to 95% of the value of the property – which can make buying possible if you have a small downpayment.

Loan insurance is available through banks and is underwritten by the Canadian Mortgage and Housing Corporation (CMHC) – an agency of the federal government. It is specifically for residential purchases and therefore is only available to you for a live/work space. To qualify:

It must be your principal residence.

You must have a down payment of at least 5% of the purchase price of the property.

Your home-related expenses must not exceed 32% of your gross household income.

Your total monthly debt load must not exceed 40% of your gross monthly household income.

You must be able to pay closing costs equivalent to at least 1.5% of the purchase price.

Your lender will calculate the amount of the premium for you. It is based upon the value of the loan relative to the value of the property, and generally premiums range from 0.5% to 3.75% of your mortgage payment. You can pay in a single lump sum or add it to your mortgage and include it in your monthly payments.

Mortgage loan insurance through the CMHC is also available to non-profit organizations to help secure financing for affordable housing projects. For more information check out www.chmc-schl.gc.ca.

2. Mortgage Life Insurance: As with any form of insurance,

mortgage life insurance is intended to cover the “what if” situations. What if you and a partner buy a live/work space, and two years later you are accidentally killed. Without insurance, your partner may have to sell the space if he or she is unable to pay the mortgage premiums. Mortgage insurance would pay off the mortgage, leaving your partner without that financial worry.

Mortgage life insurance protects you in the event of death or disability. Most plans are set up to pay the outstanding balance of your mortgage up to a certain dollar amount, in the event of your death and to pay part or all of your mortgage (depending on the plan) if you become disabled. Mortgage life insurance is available through your bank or mortgage broker and can be paid with your monthly mortgage payment. Mortgage life insurance can only be used to pay off the mortgage.

A variety of factors will determine how much your premium will be: typically your age, health, whether you smoke, and the value of the mortgage, are all factored into the cost of the insurance policy. The mortgage insurance policy is good for the term of the mortgage, so if you take out a 5-year mortgage when you are 45, and change lenders and have to reapply for insurance mortgage at the age of 50, your insurance premiums on this second policy will be higher because you are five years older and a higher risk to the insurance company.

3. Term Life Insurance For Your Mortgage: If you are considering buying mortgage life insurance, you should also investigate term life insurance. You can purchase term life insurance to cover the value of your mortgage, or for any lesser or greater amount. The greater the coverage, the higher your premiums. There are three real differences between mortgage life insurance and term life insurance:

1. Unlike mortgage life insurance, term life insurance can be used by the beneficiary for anything – so in the event of your death, your partner can use the insurance money to pay off debts, and/or the mortgage. There is flexibility in spending the insurance proceeds.
2. If you purchase term life insurance when you take out your mortgage at age 45, your premiums will be based on a formula that includes your age at the time the policy is purchased. This formula is fixed for the term of the insurance policy (which could be the rest of your life, as long as you maintain the policy and pay your premiums). Thus you will not see a jump in premiums five years later, as you would if you were refinancing your mortgage and starting afresh with mortgage life insurance.
3. The third factor is your health. If your health deteriorates five years after you purchase property, the term insurance is in place. However, if you refinance your property you

may no longer qualify for mortgage insurance.

While the upfront rate of term insurance may be higher than mortgage life insurance, in the long run it is cheaper.

Resources: Mortgage Insurance

Canadian Mortgage and Housing Corporation (CMHC)
www.cmhc-schl.gc.ca

Chapter 9: Models of Ownership

Section 4, Chapter 9

In this section we examine different ways in which you, either as an individual or with friends, family or colleagues, can own property within which to work. The models defined below may be familiar to you as forms of housing ownership. While this is how they are commonly used, these models can also be adapted for commercial purposes. The models of ownership discussed are Sole Ownership; Joint Tenancy; Tenancy in Common; Condominium, and Co-operative.

(Note that the terms “Joint Tenancy” and “Tenancy in Common” have nothing whatsoever to do with tenancy, as in the sense of rental, but are terms used to describe the relationship of owners between or amongst each other. Where two or more persons co-own property, the nature of their ownership, vis-à-vis each other, may be either “joint” or “in common”.)

If you are wondering how this information might be useful, here are two scenarios to consider:

1. Tenants will find it useful to learn more about the ownership structure of the space in which they are working. For example, if you are a writer working from a rented condominium, and the owner of that condominium offers to sell it to you, you need to know what ownership of a condominium entails.
2. Tenants will also find this information helpful should your building come up for sale. Imagine you are one of six artists working in a small industrial building and the building is put on the market. Faced with an uncertain future, the six of you decide to investigate the possibility of buying the building together. How could your joint ownership be structured to protect you individually and collectively?

A Word On Co-ownership and Values

If you are considering purchasing real estate with other people, you will find the co-ownership models discussed (Condominium, Co-op and Tenancy in Common) of particular relevance. As you are reading, you will notice that each model reflects a different set of values and suggests a different set of rights and obligations for each co-owner.

As you are reading about the different models, think about the values which you would bring to a co-ownership agreement. For example, if you are interested in ownership because you value stability and are not overly concerned about making a profit, would your co-owners share these values, or do they value achieving a return on their investment and would happily sell the building in three years if the real estate market is hot?

Your personal values will shape the way you consider the following questions. Think about your values and these questions as

TIP: The legal aspects of property ownership are complex, especially if more than one person is involved. The information presented here is intended to give you an overview of some options – it is not legal advice. You must seek professional expertise before deciding how to structure your ownership model. See page 113: The Role of A Lawyer.

TIP: Anyone considering a co-ownership arrangement needs a clear sense of their own values as well as the type of property they hope to acquire.

you read the definitions of ownership. Following the definitions you will find further discussion of issues around purchasing real estate on your own and with others.

Should there be collective control over who occupies the space?

Should the price for new owners remain affordable over time?

How should conflicts be addressed?

How can joint decision-making be achieved?

Should the property be exclusively owned and maintained by the occupants?

To what extent will each owner accept financial liability for the other owners?

Models of Ownership: Definitions

The definitions below are intended to clarify what these different terms mean. Following the definitions, you will find a section identifying how some of these might be best adapted to the purchase of work space.

1. Sole Ownership: This is the easiest to understand and the easiest to undertake. You, as an individual, purchase a property. You own title to the property and have the freedom to sell at any time. You are liable for the property – including payment of the mortgage (if there is one), taxes and insurance.

Alternatively, you or a group of you could form a corporation to hold title to the property. A corporation is a legal “person” and as such the same provisions would apply to a corporation owning a building as apply to an individual.

2. Joint Tenancy: Joint tenancy is a model of ownership commonly used when two life partners purchase a residence. As joint tenants, the purchasers own an equal interest in the property – joint tenants cannot hold in unequal shares even if one purchaser contributes more towards the purchase price than another. Each owner owns the whole of the property, jointly, with the other owner(s) and each is equally liable. An important element of joint tenancy is the right of survivorship – in the event of the death of one owner, the surviving owner(s) automatically own(s) the whole of the property. This transfer of ownership to the surviving owner(s) does not pass through the will or the estate of the deceased owner. Even if the deceased leaves a will with instructions that his or her interest in the property pass to someone else, this instruction will be void and to no effect.

3. Tenancy in Common: If you buy as a tenant in common, the situation is very different from that of joint tenancy. Each owner owns a specified proportion of the property. The tenants in common can own in whatever equal or unequal proportions they decide. This may (but does not have to) reflect their finan-

cial contributions towards the purchase price. Another important difference from joint tenancy has to do with right of survivorship. When an owner who is a tenant in common dies, the interest of this owner passes in accordance with his or her will. This can lead to problems if the beneficiary of the will wants to sell his or her inherited interest in the property. How, to whom and at what price should that transaction be conducted? (See more on Tenancy in Common on pages 102-105.)

A mortgage company will require each owner to sign the original mortgage. They may well also require that each owner be personally 100% liable for the mortgage. As an owner you should argue that each owner would be liable only for their proportion of ownership in the property. A final agreement on the extent of each owner's liability would reflect the amount of equity that you have in the property and your other personal assets. For example, if four of you own the property equally, but only Fred has any other significant assets, the mortgage company will certainly want Fred to be 100% liable for the whole mortgage, and the rest of you may have lesser liability.

4. Condominium: The term condominium refers to a system of ownership created by legislation whereby a unit in a building is owned by the individual who purchases it, while the "common elements" (halls, elevators, yards, lobby, and so on) are owned jointly by the condominium corporation, of which each unit holder is a member.

A condominium building is run by a Board elected by and comprised of unit holders. All unit holders have a voice in how the building is run. The Board is ultimately responsible for the sound management of the building. They can manage it themselves or hire building management. As a condominium owner, you have title (clear ownership) of your particular unit. You can take out a mortgage or a loan to purchase the unit, and the mortgage is registered against your deed of ownership of the unit, as it would be for a house.

You are responsible for the property taxes, utilities and maintenance costs for your unit. You are also liable for a share of the costs associated with maintenance of the common elements, normally either in the same proportion that the value of your unit bears to the total value of all the units in the building, or in the same proportion as the size of your unit is to others. Common costs include maintenance, insurance, security, management fees and some of the utilities.

Condominiums in Ontario are governed by The Condominium Act 1998. This comprehensive Act includes consumer protection for purchasers, management procedures for Condominium Boards, repair and maintenance requirements, and allows for increased flexibility for developers of new projects. (See **Resources** at the end of this chapter.)

TIP: When you buy into a condominium, you own the unit, but "common elements", like hallways and elevators, are owned jointly by the condominium corporation, of which each owner is a member.

5. Co-Operative: There are two distinct forms of housing co-operatives in Ontario:

5.a. Ownership Co-ops: (Also known as equity co-ops) In an ownership co-op, a corporation is established, and this corporation is the registered owner of the land and buildings. Individual purchasers become shareholders in the corporation. As a shareholder, you own a share in the corporation's assets, but you do not have legal title (or ownership) to one particular unit. Instead, you receive your share certificate and the exclusive right to use and occupy one particular unit. You and the corporation sign an "occupancy agreement", which outlines your right to a unit and possibly parking or storage space. The financing structure of a co-op differs significantly from a condominium. As noted above, the owner of a condominium unit can take out a mortgage that is registered against their title to that unit. In a co-op, the corporation has a "blanket" mortgage for the whole building. Each shareholder therefore pays a proportionate share of the mortgage principal and interest each month to the corporation. Likewise utility charges are levied against the corporation as a whole, and are recouped from the shareholders.

TIP: As a shareholder in a co-op, you own a share in the corporation's assets, but you do not have legal title (or ownership) to one particular unit.

As a shareholder you would also contribute your proportionate share of the regular maintenance, management and insurance costs of the building. At the end of the day, you are still responsible for your share of mortgage, taxes, utilities, maintenance charges and so forth, as you would be in a condominium. The difference is that the co-op is liable for these bills, not the individual unit-holder. Problems arise if one or more shareholders meet financial difficulties and are unable to pay their share of the corporation's expenses: the onus then falls upon the remaining shareholders to make up this difference.

It can also be difficult for an individual to secure a mortgage or loan for the purchase of his or her co-op. This is because you, as the purchaser, would not have personal title to a unit, upon which the mortgagee can register the mortgage. In other words, there is no bricks-and-mortar security for the mortgage company should you default on payments. If you are successful in finding financing, you will need the approval of your co-op's Board of Directors in order to assign your share and occupancy agreement to the lender. This assignment would rank after the mortgage on the building.

A co-op corporation is governed by a Board of Directors, chosen from among the shareholders. This Board is responsible for the hiring of building management and protecting the shareholder interests. It also has the right to approve, or disallow, the transfer of shares from one individual to another. This effectively allows the co-op to screen and veto who can buy into the building and live in it. This power could be abused to discriminate against potential purchasers. Its more useful pur-

pose, however, is to protect the interests of all the shareholders against a purchaser who may be unable to pay his or her share of the mortgage, utility and other building costs, thereby increasing the liability of the other shareholders.

Typically, ownership co-op units sell for up to 40% below the market value of a similar condominium unit. This difference reflects the points noted above: increased liability for other shareholders' share of costs; the difficulty in arranging financing; and your inability to sell your unit without the approval of a Board of Directors.

5.b. Non-Profit Government-Assisted Housing Co-ops:

Over the years, the federal and provincial governments have set up various programs to help groups of individuals to create non-profit housing co-ops. Since there have been no government programs to develop co-ops since 1995, none have been built since that time. However, this brief explanation of non-profit co-ops is provided for you should you want to rent a unit in one, or for that time in the future when government funding is reinstated and you may want to start one.

The principal difference between ownership co-ops and non-profit co-ops is "ownership". In an ownership co-op, you buy a share in the co-op. This share is yours and you can sell it when you move. In contrast, residents of a non-profit co-op – known as "members" – are tenants with security of tenure. The co-op's building and land are owned by the co-op corporation, this ownership having been made possible by grants or low-interest loans from the government. Your rent makes you a member, and this membership carries with it certain rights and obligations in the management of the co-op. But no member has any ownership interest in the corporation.

As a co-op member you must follow the rules established by the co-op corporation and pay your monthly housing charge (another term for rent). The corporation's Board is elected from within the membership and all members are encouraged to participate in keeping the co-op financially viable and well run. Members are expected to participate in a variety of volunteer activities such as maintenance, gardening or finance. Usually, hired staff attend to the day-to-day business of the co-op.

The co-op Board is responsible for ensuring that the income from rent covers the expenses of the co-op – including mortgage and taxes. Because the co-op is a non-profit corporation and members participate in co-op maintenance, rents are typically below market rate. In addition, co-ops usually offer a number of units where the rent is subsidized by the government, on a rent-geared-to-income basis.

There are several examples of successful non-profit live/work artists' co-ops in the Toronto area. Arcadia Housing Co-Op and Beaver Hall Artists' Housing Co-Op were the first two specifi-

TIP: Once each participant in a prospective co-ownership has thought through his or her values, a lawyer can help shape them into a clear legal framework that will best protect everyone and help preserve friendships in the future.

cally geared for people working in the arts. A relative newcomer on the scene is the Lakeshore Village Co-Op in South Etobicoke. All boast live/work studio space and offer some subsidized units. Contact information for these co-ops can be found under **Resources** in **Section 2: The Hunt**.

Which Model Works Best For You?

What does this all mean? How does this information translate into ownership for you? Having examined the most typical models of ownership, you now have to work out which might be best suited to your particular situation.

1. Buying Alone: If you are planning to purchase work space on your own, the situation is relatively straightforward. If you are self-employed, you should talk with your accountant as well as your lawyer to discuss how best to structure the ownership: whether you as an individual should purchase the property, or whether it should be done through a privately held company.

2. Co-ownership: If you are considering any form of co-ownership, with friends, family or colleagues, you should jointly discuss your core values, hopes and intentions for the enterprise. Once you have agreed upon your shared values, you should seek legal advice on how to design a legal structure that most closely fits these values.

As a group, you can purchase the property as tenants in common; you can form a corporation to purchase the property, or you can set up an ownership co-op. Your lawyer will work with you to decide which form of ownership is best suited to your particular situation, what type of co-ownership agreement you need, and what your liability would be in each case. Your lawyer, with input as needed from your accountant, can also advise you on the personal and business tax implications of each model.

2.a. Pitfalls of Co-ownership: Collective ownership can work very well if you have like-minded co-owners. The group collectively can purchase space that would be unattainable by any one member individually. That being said, co-ownership can be fraught with problems if the group enters into the transaction without having thought through, and agreed upon, what to do in a myriad of difficult situations. You should write a very clear agreement outlining your individual and collective rights and obligations as co-owners. Your agreement should address every conceivable eventuality, such as:

What if one owner (Fred) wants to sell his interest? What obligation does Fred have to find a buyer for his interest?

-What if Fred finds a buyer, but the buyer is not acceptable to the other owners?

-What first rights of refusal do the other owners have to purchase Fred's interest? At what price should that interest be offered? What rights do the other owners have if they do not want to buy the interest, and no other purchaser can be found?

-If Fred gets a court order to sell the building because there are no buyers for his interest, and property values have dropped since the building was purchased, what compensation is there for the other owners? Who would pay the legal fees in such a situation?

Who has responsibility for paying the bills? What happens if Fred gets behind in his payments?

What happens when Fred dies?

What if Fred wants to rent out his work space? What do the other owners do if the tenant is noisy or does not pay rent?

What happens if you agree collectively to sell, but the value of the property has fallen below what you have all put into it? Does each person owe for the balance of the loss in equal proportion to their ownership?

None of these potentially contentious issues needs destroy a co-ownership as long as they have been discussed at the time of purchase, and the agreement between the owners addresses these and other eventualities. (It is very important to take legal advice in the wording and content of such an agreement.)

2.b. Financing Co-ownerships: Each co-owner of a property will be liable for the mortgage. The bank or other lending institution will be looking for as much security (or more) as they would for an individual purchasing property. Each co-owner will probably have to personally guarantee the mortgage, regardless of the level of their individual investment in the property. So if Fred only has 10% interest in the property, the mortgagee will still want to see up to 100% security or guarantee from him. Likewise from the other co-owners.

When Fred sells his interest, his purchaser will automatically be subject to the mortgage and the mortgagee will insist on approving this person (by undertaking a credit check) and making this new owner personally liable. Unfortunately, Fred remains personally liable for the loan unless the mortgagee releases him – something that lenders are reluctant to do.

Owning Work Space as A Condominium Corporation

As we have seen, in a condominium corporation each owner has title to his or her unit, and a share in the ownership of the common elements. If six artists purchase a small industrial building, it could be possible to structure the ownership as a condominium corporation, so each owner has title to their particular studio space, and shared ownership of the common elements and other studio spaces

that may be rented out.

This model would provide security of ownership as each partner has title to his own unit. The process of establishing a condominium corporation and then registering your chosen property as a condominium, however, is lengthy, complex and costly. Approval for the registration of a condominium is required by your local municipality and by the provincial government. The process can take up to a year. As a result of all the approvals and legal work, the process is very expensive. Surveys of each individual unit, as well as the building as a whole, are required, which also adds to the cost. Most residential condominium buildings are built from scratch, and the legal costs are absorbed into the general cost of construction.

In instances where rental housing buildings are converted to condominium corporations, which is similar to the model proposed in this section, the legal fees typically run from \$15,000 to \$25,000 for the transfer from rental to condominium, plus individual legal fees for the unit holders. A condominium corporation is an ownership model that should be discussed with your lawyer, who can advise whether your particular situation warrants the investment.

Non Profit Government-Assisted Co-Ops

Establishing a non-profit co-op has proven to be a viable and effective way for artists to develop and manage their own live/work space, as Arcadia and Beaver Hall demonstrate. Unfortunately however, without government backing and financing, developing such a co-op is practically impossible. If you are interested in this model, you should be in touch with the Co-Operative Housing Federation of Toronto who will notify you if and when the government decides to reinvest in this form of housing. The Federation can also advise you on how to set up a co-op and put you together with co-op housing developers.

Legal Costs of Various Ownership Models

Each of the models of ownership discussed above requires a different amount of legal work and consequently different legal costs. The figures quoted below are very general, and are intended only to serve as a rough guide. At your first meeting with your lawyer, discuss what the legal fees will be, as well as the “disbursements”, which are the out-of-pocket expenses that your lawyer incurs while working on your behalf, and which will be billed back to you. These disbursements can be as high as the fee.

Bear in mind also that fees vary widely, depending upon the community in which you live and the lawyer you choose. In addition, some lawyers will do all or most of the work themselves; others will assign much of it to a legal clerk or a junior lawyer. Ask who will be working on your file, as that will also affect the price.

If you are planning to purchase a live/work unit for yourself, and it is a straightforward transaction, your legal fees could be around \$600, plus another 25% if your lawyer is also responsible for prepar-

ing the legal documents for the mortgage and registering them on title. In addition, you will be charged around another \$600 for disbursements, which include city fees, law society charges, and other expenses. Land Transfer Tax is on top of this and payable on closing. Your lawyer can give you an itemized list of what these will be during your first meeting.

More legal help will be required if a group of you want to purchase a building as tenants in common or if you form a corporation. The cost of incorporation is approximately \$1,000 and you should budget another \$500 per year for legal filings, tax returns and other expenses. In addition to these costs will be the legal fees for the purchase of the building. Legal fees on commercial transactions will be higher than for a residential purchase, as will the disbursements.

Drafting an owners' agreement with legal advice could cost approximately \$1,500, depending upon the complexity. One lawyer should not act for all the co-owners at once, as this gives rise to a potential conflict of interest. The lawyer who actually drafts the proposed agreement should act for one of the co-owners and recommend that the others obtain independent legal advice. This will make the total legal bill higher, especially if there are disagreements over the content of the agreement.

Establishing a condominium corporation is expensive. If a group of you wants to purchase a building to be used as a condominium corporation, these charges can run between \$15,000 and \$25,000, or even higher depending upon the complexity of the situation.

Resources: Models of Ownership

Co-Operative Housing Federation of Toronto
T: 416-465-1309 www.coophousing.com

Canadian Condominium Institute
www.cci.com

Gray, Douglas, *Canadian Home Buying Made Easy*, 2nd ed.,
McGraw-Hill Ryerson, 1997.

Hyman Q.C., Gerry, *Condominium Handbook (Ontario)*, 5th ed.,
Canadian Condominium Institute, 2001.

Loeb, Audrey, *The Condominium Act: A User's Manual*,
Carswell, 2001.

Case Studies: Purchasing

Ben Woolfitt – Woolfitt's Art Enterprises Inc.

Ben Woolfitt bought 1153 Queen Street West, an empty industrial building that was zoned for Industrial use, in 1996. (The property was quite a large undertaking, and was done after he had managed an 18,000 square-foot building on Dupont, and then pur-

WORDS OF WISDOM:

The redevelopment process is made much easier financially if it is your own residence. The most important implication in owning buildings is that the purchaser examine thoroughly the implications of the building from a cash flow standpoint – and consider that there will be economic downturns. The cash management in this period will determine whether or not it is a winner. Maintain control over the site and the whole redevelopment process. Spend money to secure money; the entire investment and re-development undertaking is a risk.
– Ben Woollfitt

WORDS OF WISDOM:

Know that commercial taxes are much higher than residential tax rates. Be aware that insurance in a commercial space that is used by the public will cost at least \$1,000 per year. When opening a gallery, note that galleries benefit off one another; it is smart to set up a gallery near other galleries to bring in foot traffic. Do not depend on income from the gallery right away; have another source of income (Lorna teaches printmaking in community centers and schools.) – Lorna Livey

chased a 10,000 square-foot building on Oakwood.) He had the building re-zoned to Residential-Commercial, a process that took over a year. To put financing in place for the conversion to residential, he went to a mortgage broker. (The bank was not interested in loaning money for a residential venture.) Ben took a hands-on approach to the building's conversion, using his experience in construction and building management to achieve the results he wanted. Today, the building houses his live space, his studio ten other live/work spaces, Woollfitt's Art Supplies, Woollfitt's Gallery and Visual Arts Ontario.

Lorna Livey – The Fifth Street Gallery

Lorna Livey is a member of Open Studio who purchased a small commercial building in New Toronto four years ago to consolidate her live and work space. It is now a private gallery, her studio space and her living space. The building was already zoned Commercial-Residential so Lorna had no zoning problems with her intended uses. She was able to finance the purchase with proceeds from the sale of her family home, which she had owned for 21 years. The equity in her home was enough money to cover the purchase and renovation of her new space. The bank helped her with a bridge loan to allow her to purchase the new building before the money from the sale of her home was received. She does not have a mortgage today.

Chapter 10: When Disputes Arise

Section 5:

Worst-Case Scenarios

Maybe your downstairs neighbour thinks they have rights to your parking space; perhaps the landlord claims you were late with last month's rent when you know you dropped it in the mailbox before 5 p.m. Whatever the situation, as a tenant you may face disputes with those around you. Here's the chapter that addresses them.

Nightmare Neighbours and Mediation Services

No matter where you work in the city, you will have neighbours. Neighbours can be welcome acquaintances and friends, who have various levels of influence on our lives. On the other hand, your neighbours can become your worst nightmare. Whether they are complaining about the noise generated by your power-saw, or you have complaints about the smell from the garbage they insist on keeping out in the hallway, conflicts arise. Community Mediation Services exist to help resolve issues such as these before you feel forced to move on, or they become legal matters. The following information has been adapted from St. Stephen's Community House Conflict Resolution Service.

Mediation is an arranged meeting between two people involved in a conflict, intended to help them understand one another and why the conflict is happening so that they can find a solution to the problem. It is important that the participants build on their current relationship to prevent future problems. There are trained volunteer mediators who also attend these meetings to ensure that the resolution is fair and safe for both sides. There is an emphasis on understanding one another's needs and interests instead of deciding who is right or wrong. The role of the mediator is not to take sides or judge the parties involved. Rather they facilitate the meeting making certain that everybody is comfortable participating and they are feeling respected.

You can phone your local mediation service if you are involved in a dispute over many kinds of issues including:

- Neighbourhood conflicts (e.g. noise, parking, fences, property issues)

- Landlord/Tenant problems (e.g. maintenance, privacy, noise)

- Personal property issues (e.g. small claims, contractors)

- Interpersonal conflicts (e.g. with roommates or business partners)

There are many reasons that favour mediation services as a convenient and safe way to resolve conflict.

1. Mediation is provided free by community agencies.
2. Mediation occurs as quickly as possible at a time and place that is convenient to both parties involved, including evenings

and weekends.

3. About 75% of mediations are successful in reaching an agreement that solves the problem or puts in place the actions needed to solve it.

4. Mediation is an informal process that allows you to say what you think is important in your own words. There is no need to bring a lawyer.

5. Mediation is confidential and your privacy is respected. Mediators will not tell anyone anything they hear during the process.

6. A mediation session is not considered resolved until both parties are satisfied.

7. Mediators are trained volunteer community members from diverse cultural backgrounds, ages, professions and genders. They speak many languages.

TIP: Mediators are trained volunteer community members from diverse cultural backgrounds, ages, professions and genders. They speak many languages.

Using your local mediation service will help you explain your side of the problem and understand the other person's point of view, while providing a safe place for you and the other person to talk to each other. When a resolution is reached, you will be assisted in the writing of an agreement that is acceptable to both of you. In any neighbourly dispute situation mediation serves as a positive alternative to the police and court system

It is important to understand also what mediation will not do for you. The service is provided to serve a specific purpose — to mediate between two people and facilitate a resolution to their dispute. The mediators do not make decisions for the people involved, they will not cross-examine to determine guilt and they do not provide counseling or psychotherapy for the participants. Mediators do not provide legal advice. There are local mediation services all over Toronto; for a list, see **Resources**, below.

Resources: When Disputes Arise

Toronto Conflict Mediation Services

Conflict Mediation Services Downsview

95 Eddystone Drive, Toronto M3N 1H6 T: 416-740-2522

Etobicoke Conflict Mediation Team

c/o Rexdale Community Health Centre, 8 Taber Road, Toronto M9W 3A4T: 416-744-6312 ext. 231

Mississauga Intercultural Neighbourhood Social Services

T: 905-273-4884 ext. 205

Community Mediation Service

3050 Confederation Pkwy, Mississauga T: 905-273-4884 ext. 224

Scarborough Conflict Mediation Service

74 Fir Valley Court, Scarborough M1L 1N9 T: 416-694-1138 ext. 27

St. Stephens Community House Conflict Resolution Service

169 Brunswick Avenue, Toronto M5S 2M4 T: 416-926-8221

Dialogue (French Services)

Glendon College T: 416-487-6794

Section 5, Chapter 10

Chapter 11: Space Emergencies and Homelessness

It's frightening to think about being temporarily without work space or live/work space, but it can happen if you are suddenly evicted by your landlord and have not found, cannot afford, or are not able to occupy new space for some period of time.

Emergency Living Space

If you are literally homeless because you were living in your work space, you will undoubtedly turn to friends and family for refuge. If those options do not exist, there are two sources of temporary shelter: Artscape Lodge and the City of Toronto.

Artscape Lodge: Artscape Lodge at the Gibraltar Point Centre for the Arts, located on Toronto Island, offers a new affordable service to arts professionals working in all disciplines. Short-term space is available in a variety of flexible packages from weekend to two-month stays. There are ten private bedrooms as well as private and semi-private work studios, including a large rehearsal/multi-purpose studio. Lodge guests have access to shared Internet access, laundry facilities and a fully equipped common lounge/kitchen. Shuttle service for move-in and move-out is provided at no additional cost. Computer and bicycle rentals are also available. Rates range from \$26 per day for a studio, from \$39 per night for a bedroom only and from \$43 per night for a bedroom and studio. (These are based on summer season weekly rates, single occupancy, and a monthly rate is available. The rates are subject to change without notice. Occupancy is restricted to artists 19 years or older and proof of status as artist is required.) For booking information phone 1-866-392-2201 or 416-392-7834 or visit www.artscapelodge.ca

TIP: Artscape Lodge at the Gibraltar Point Centre for the Arts on Toronto Island, offers a new affordable service to arts professionals working in all disciplines.

City of Toronto, Hostel Services: The following information was provided by the City of Toronto: "Hostel Services provides emergency shelter and assistance to homeless individuals and families on a short-term basis, until they are ready for alternative housing or treatment. The unit directly operates five emergency shelters providing over 2000 beds, meals and basic necessities in a secure environment, as well as support, counselling and referrals for adults and children. This unit also has contracts with approximately fifty community-based shelters to make available another 3000 emergency shelter beds. Additional beds are made available through agreements with motel operators and more are opened as needed during winter months. Hostel Services also manages night emergency services to provide immediate assistance (such as cash, emergency transportation, emergency drug cards, and referrals) to people with a financial crisis after social assistance offices are closed."

If you are homeless now, your first step is to call one of two numbers. Single adults and youth can call the Street Helpline at 416-392-3777 (8 a.m. to midnight, seven days a week). You will be referred to a shelter with space available, a place to get a meal, food banks and even peer counselling. Families can call Central Family Intake at 416-397-5637 (24 hours a day, seven days a week). You will be provided with shelter placement and a range of programs and services, information, advocacy and eviction prevention support.

As mentioned above, the City of Toronto provides service to the homeless through funding approximately fifty community-based shelters and five directly operated shelters. The shelter system provides both emergency and transitional shelter to couple-led families, mother-led families, adult women, adult men and youth. The Shelter, Housing and Support Department also helps people move from shelters to more stable housing with community support. For a complete list of all hostels, call the City's Hostel Services at 416-392-8741.

Emergency Storage

In addition to finding shelter for yourself, you may also need to arrange safe, dry, secure storage of your work and materials during this time. There are storage companies that offer private storage lockers in all areas of the city. It is possible to rent a 5' x 10' storage unit with ten-foot ceilings for approximately \$100 per month, with rates slightly higher or lower depending on the locker's location. Most storage facilities have 24-hour security, including security guards and surveillance cameras. Each "tenant", or storage unit renter, receives personal access to the main building and has an individual lock and key for their own storage unit. Climate controlled units are hard to come by, but there is no extra cost. Check the Yellow Pages for a facility near you.

Emergency Work Space

You will need to continue to work during the period of transition. If possible, try and arrange to share space temporarily with friends or colleagues. Maybe you can find someone who is only in their studio during the daytime, and you could use it in the evenings for a short period of time. If you can afford to rent short-term space, consider the following:

Musicians can contact the Toronto Musicians Association, which offers a referral service. Call 416-421-1020, extension 236 for referrals to per-session or short-term rehearsal and performance space.

The Royal Conservatory of Music offers an "Alternative venues" list of spaces available for rent in community churches. Drop by the RCM at 273 Bloor Street West or call 416-408-2824.

Visual Artists who need temporary studio space can phone

local community centres. Most rent space for a multitude of purposes. Fees are generally charged per hour, and recently the City of Toronto has standardized rental rates for a “small classroom” at \$35 per hour. Be aware that the actual size of a space designated a small classroom may vary. It is best to drop by to inquire about rates as well as view the available spaces to see what best suits your needs.

This is a costly option. You should also note that these are short-term rentals only and you cannot leave your supplies and work in these spaces outside of your rental time. Each community centre has a unique application process for rentals. While each community centre is required to have you fill out a “permit request form”, some may rent you space for the next day, while others may need a month’s notice. Call Toronto’s Parks and Recreation Department at 416-392-8186 to find a community centre near you or visit www.city.toronto.on.ca/parks/recreation_facilities.htm.

Resources: Space Emergencies and Homelessness

Street Helpline

T: 416-392-3777 (8 a.m.-midnight, seven days a week)

Central Family Intake

T: 416-397-5637 (24 hours, seven days a week)

Artscape Lodge

**T: 416-392-7834 Bookings: 1-866-392-2201 or 416-392-7834
www.artscapelodge.ca**

City of Toronto (Shelter Housing & Support Division)

Hostel Services 416-392-8741

Toronto Musicians Association (Referral Service)

T: 416-421-1020 ext. 236

Royal Conservatory of Music

T: 416-408-2824

**City of Toronto (Parks & Recreation Department) T: 416-392-8186
www.city.toronto.on.ca/parks/recreation_facilities.htm**

The Role of A Lawyer

A question frequently asked by artists renting space is “do I need a lawyer?” The answer is neither yes nor no, but “it depends.” You do not need legal advice to understand what is involved in the average landlord/tenant relationship. However, if you need clarity on some sections of a proposed lease (especially a commercial lease), or if you are in a dispute with a landlord, you should take legal advice.

You most definitely need a lawyer if you plan to purchase property. The legalities surrounding the purchase and sale of property are complex, and legal expertise is essential. It is common for lawyers acting for a purchaser also to register the mortgage or other loan on title on behalf of the lender.

If you have never used a lawyer’s services before, you may feel uncomfortable and uneasy – you don’t know what to expect. Don’t hesitate to ask questions, especially about fees and what you will receive for the fee.

What Can I Expect in Terms of Legal Fees?

You and your lawyer need to talk about fees the first time you meet. Lawyers have different ways of calculating their fees. They may charge a fixed fee for doing a specific task, or they may charge you a percentage of the value of the property you are buying or selling. In other cases, lawyers keep track of all the time they spend working for you and charge you for it, using an hourly rate.

Bear in mind that fees vary widely depending upon the community in which you live and the lawyer you choose. In addition, some lawyers do all or most of the work themselves; others assign much of it to a legal clerk or a junior lawyer. Ask who will be working on your file, as that will also affect the price.

You will also have to pay for “disbursements”. These are the out-of-pocket expenses such as photocopies of documents, long distance telephone calls, courier service and registration fees. These disbursements can be as high as the fee.

Your lawyer should be able to give you an estimate of the fee and how much disbursements are likely to cost. You can ask your lawyer to put this estimate in writing and to get in touch with you if something happens to change the estimate. (Further in this chapter you will find information on Legal Aid Ontario, and the eligibility criteria to qualify.)

How Can I Find A Lawyer to Help Me?

As with all professional help, it’s a good idea to start with refer-

TIP: Lawyers have different ways of calculating their fees. They may charge a fixed fee for doing a specific task, or they may charge you a percentage of the value of the property you are buying or selling.

als from family, colleagues and friends. You should look for a real estate lawyer who has experience with the purchase, sale and lease of property. Your goal is to find a lawyer in whom you have confidence and with whom you can speak openly. Call a few lawyers and ask them if they will take your case. How much will they charge? Most lawyers will spend time talking to you, so that you can get to know each other. If you are not satisfied, look for another lawyer.

If you don't find a lawyer through a referral, there are many other resources available. The trick is finding one who is best suited to help with your particular need, at a price that you can afford. The following resources are the four most likely places to look for your lawyer.

1.a. Law Society of Upper Canada's Lawyer Referral Service (1-900-565-4577 or

www.lsuc.on.ca/public/referral_en.jsp. LRS Crisis Line: 1-800-268-8326). The Law Society of Upper Canada exists to govern the legal profession in the public interest by ensuring that the people of Ontario are served by lawyers who meet high standards of learning, competence and professional conduct, and upholding the independence, integrity and honour of the legal profession; for the purpose of advancing the cause of justice and the rule of law. To find a lawyer through the Law Society, call their Lawyer Referral Service (LRS), a public service of the Law Society that helps people find a lawyer when they need help. When you call, a trained Client Service Representative gives you the name and phone number of one local LRS member lawyer who is able to deal with your issue. You then call the LRS member lawyer and receives up to a thirty-minute free consultation. (A \$6 charge is added to your phone bill.)

1.b. Law Society of Upper Canada's Specialist Certification Program (416-947-4062 or 1-800-668-7380, ext. 4062. mail-to: speccert@lsuc.on.ca or www.lsuc.on.ca/public/public_specialist_intro_en.jsp).

The Law Society created the Specialist Certification Program to assist the public, lawyers and other professionals to identify those who have demonstrated ability and experience in certain fields of law. The program is voluntary, and no lawyer is required to be certified as a specialist in order to practise in the area of law covered by that specialty. However, only those certified by the Law Society may refer to themselves as specialists in their advertising. The Law Society recognizes specialty lawyers who work in areas such as civil litigation (including disputes between landlords and tenants), bankruptcy, immigration and workplace safety. They are included in the Law Society's Specialist Directory, which lists all lawyers who have earned a specialist designation by meeting and demonstrating specific knowledge and expertise. A directory may be requested from the program office and is also available on the website above.

Note: The "For the Public" section on the Law Society website

is extensive. There are tips describing how to prepare when you meet with a lawyer, making the best of your lawyer's services, suggested questions you may want to ask, and much more.

2. Volunteer Lawyers Service for Non-Profit Arts

Organizations (www.volunteerlawyers.org). The Volunteer Lawyers Service (VLS) is funded by the Law Foundation of Ontario. It was created to develop, implement and coordinate strategies to promote pro bono (free) legal services in Ontario to charitable and not-for-profit community based organizations in partnership with VLS sponsors. VLS provides a variety of legal services offered at no charge to charitable and not-for-profit community organizations. Charitable and not-for-profit community-based organizations are eligible to receive free legal advice if the following criteria are met: (a) no more than ten full time employees; (b) gross assets not exceeding \$2 million (c) gross annual revenues plus operating reserves (excluding amounts for designated projects) not exceeding \$1 million and (d) inability to pay for legal advice excluding acceptable disbursements (ie: your organization does not fall within the above criteria, but there is still no money accessible for legal services).

3. Artists Legal Advice Services (ALAS) (416-367-2527).

Artists' Legal Advice Services (ALAS) was established in 1985 by CARFAC (Canadian Artists Representation/Le Front des Artistes Canadiens) Ontario with the assistance of the Cultural Collective of the Law Union of Canada and Artists and Lawyers for the Advancement of Creativity. ALAS offers half-hour legal consultations by appointment at no cost to Ontario artists in all disciplines. The lawyers on duty can provide artists with general advice and legal guidance on art-related legal problems as well as referrals to other lawyers or legal services as necessary, all in strictest confidence. However, ALAS lawyers cannot intervene on your behalf in a landlord-tenant situation or work with you to negotiate a commercial lease or real estate purchase.

4. Legal Aid Ontario (416-979-1446 or 1-800-668-8258). Legal Aid is legal service available throughout Ontario, dedicated to providing high quality service to low-income individuals. Their website offers information about legal aid, as well as a listing of community clinics in Ontario. Please note that Legal Aid does not provide services for the purchase or sale of real estate. However, community legal clinics and Advice Lawyers will help with interpretations of the landlord and tenant matters, and appearances before the Ontario Rental Housing Tribunal.

To qualify for legal aid you must have little or no money left after you pay for basic necessities such as food and housing and your legal problem is one that legal aid covers. Those with no income or those on social assistance almost always qualify

TIP: Legal Aid is legal service available throughout Ontario, dedicated to providing high quality service to low-income individuals.

for legal aid. It is even possible to receive legal aid if you have a job and own a house, subject to possible repayment. Legal aid staff review each applicant's personal circumstances to determine if they qualify. Every situation is different. If you do not qualify for legal aid, ask if there is a community legal clinic in your neighbourhood or a specialty clinic that covers your kind of case. If your issue is not covered by legal aid and you have a law school in your area, you may be able to get assistance from supervised law students at one of six Student Legal Aid Societies.

Resources: Lawyers

Law Society of Upper Canada's Lawyer Referral Service
T: 1-900-565-4577 Crisis Line: 1-800-268-8326
www.lsuc.on.ca/public/referral_en.jsp

Law Society of Upper Canada's Specialist Certification Program
T: 416-947-4062 or 1-800-668-7380, ext. 4062.
www.lsuc.on.ca/public/public_specialist_intro_en.jsp

Volunteer Lawyers Service for Non-Profit Arts Organizations
www.volunteerlawyers.org

Artists Legal Advice Services (ALAS)
T: 416-367-2527

Legal Aid Ontario
T: 416-979-1446 or 1-800-668-8258 www.legalaid.on.ca

TORONTO AREA LEGAL AID CLINICS:

Aboriginal Legal Services of Toronto, 600-197 Spadina Avenue,
Toronto M5T 2C8 T: 416-408-3967

African Canadian Legal Clinic, 306-330 Bay Street, Toronto M5H
2S8 T: 416-214-4747

Downsview Community Legal Services, 893 Sheppard Avenue
West, Downsview M3H 2T4 T: 416-635-8388

East Toronto Community Legal Services, 1320 Gerrard Street
East, Toronto M4L 1Y9 T: 416-461-8102

Flemingdon Community Legal Services, 205-49 The Donway
West, Don Mills M3C 3M9 T: 416-441-1764

Jane-Finch Community Legal Service, 409-1315 Finch Avenue
West, Downsview M3J 2G6 T: 416-398-0677

Kensington-Bellwoods Community Legal Services, 489 College
Street, Toronto M6G 1A5 T: 416-924-4244

Metro Toronto Chinese & Southeast Asian Legal Clinic, 1701-180
Dundas Street West, Toronto M5G 1Z8 T: 416-971-9674

Neighbourhood Legal Services, 333 Queen Street East, Toronto
M5A 1S9 T: 416-861-0677

Parkdale Community Legal Service, 1266 Queen Street West,
Toronto M6K 1Y9 T: 416-531-2411

Rexdale Community Legal Clinic, 215-1530 Albion Road, Rexdale
M9V 1B4 T: 416-741-5201

Scarborough Community Legal Services, 9-695 Markham Road,
Scarborough M1H 2A5 T: 416-438-7182

South Etobicoke Community Legal Services, 210-5353 Dundas
Street West, Toronto M9B 6H8 T: 416-252-7218

West Scarborough Community Legal Services, 406-2130
Lawrence Avenue East, Scarborough M1R 3A6 T: 416-285-4460
West Toronto Community Legal Services, 315-672 Dupont Street,
Toronto M6G 1Z6 T: 416-531-7376
Willowdale Community Legal Services, 106-245 Fairview Mall
Drive, Willowdale M2J 4T1 T: 416-492-2437
York Community Services, 1651 Keele Street, Toronto M6M 3W2 T:
416-653-5400

Section 6, Chapter 12

The Role of An Accountant

If you are a self-employed artist, an accountant can provide valuable advice on how to reduce your income tax burden. Whether you rent or own your work space or live/work space, you can deduct a percentage of costs such as mortgage payments, rent, taxes, maintenance and utilities from your income. An accountant can advise you how to set up a simple set of financial records so that at year-end tax time the financial information you need for these deductions is readily at hand, without having to plough through a year's worth of accumulated paper.

Alternatively, if your financial needs are relatively simple, you can set up your own books and calculate your work space deductions yourself.

How to Find An Accountant

As with any professional service, the best way to find an accountant that suits your needs is through the referral of friends, colleagues or family. Alternatively your lawyer should be able to help you with a referral. If you are unsuccessful with a personal referral, check "Resources", below.

Types of Accountants

Accounting is a vast professional field with many areas of expertise. You need to find an accountant who specializes in assisting the self-employed or small businesses with their accounting needs.

1. Chartered Accountants (CAs) provide a number of services to both individuals and organizations. They provide assurance services for financial and non-financial activities that entail auditing, financial accounting and reporting. In addition to these CAs provide tax and financial planning services as well as business valuations and general financial and business management.

2. Certified General Accountants (CGAs) are professionally trained accountants who can provide service for almost any type of accounting needs.

Institute of Chartered Accountants of Ontario (ICAO)

The ICAO website at www.icao.on.ca provides a number of options to help you find all kinds of information about Chartered

TIP: An accountant will guide you in calculating tax deductions for work related expenses, and can also set up a simple system for keeping track of your financial records monthly and annually.

TIP: Talk to an accountant about how to write off work space expenses from your income.

Accountants. There are pages that explain aspects of the accounting profession, and which outline briefly what CAs do and what CA firms can do for you. There is also a “How to find a CA firm” search tool. This page is set up to search by region for local (one office), regional (more than one office in Ontario or in Ontario and up to two other provinces) and national (offices in three other provinces) CA firms. The listings provide firm names, addresses and contact information.

Certified General Accountants of Ontario

The CGA industry site at cga-ontario.org contains “For the Public” and “For Employers” selections on the home page navigation bar. “For the Public” provides helpful resources which include “How to select an accountant” as well as an “Accountant Referral Service”. The information provided in “How to select an accountant” is a great tool to help you define what you need from an accountant. The selection approach suggested is realistic because it considers time, how to determine the expertise needed and cost for the service.

The “Accountant Referral Service” connects people with self-employed CGAs who have chosen to be listed in this database and offer accounting and financial services to the public. A number of criteria may be included in the search, such as the service required or the name of a city. The search result generates a list of names and contact information. (You can also contact the Accountant Referral Service at 416-322-6520, extension 398 or accountant@cga-ontario.org.)

The “For Employers” button brings you to a page from which you can choose to view the “volunteer posting service”. This service is for non-profit organizations looking to advertise for a volunteer accountant. There is a form to fill out that is posted for CGA members who are looking for a volunteer position. (You can also contact the Volunteer Accounting Service at 416-322-6520, extension 219 or shadley@cga-ontario.org.)

Resources: Accountants

Business and Professional Income, available free from Canada Customs and Revenue Agency offices, by mail at 1-800-959-2221 or electronically at www.ccra-adrc.gc.ca under “forms and publications”. This booklet identifies eligible tax deductions and how to calculate the percentage of your live/work space expenses that can be deducted from income.

Institute of Chartered Accountants of Ontario (ICAO)

T: 416-962-1841 or 1-800-387-0735 (toll free)

E: custserv@icaoo.on.ca Website: www.icaoo.on.ca

Certified General Accountants of Ontario

T: 416-322-6520 or 1-800-668-1454 (toll free)

cga-ontario.org

Chapter 13: Spaced... Out?

Section 7:

Major Capital Projects

Square Feet provides the tools to help artists and small arts organizations looking to lease or purchase work space. We have focussed on individual space or small buildings. The far-reaching topic of buying, renovating, developing, financing and managing public spaces such as performance venues and public galleries is beyond the scope of this guide. So too is advice on buying, developing and managing large-scale industrial buildings – in effect becoming a commercial landlord. However, we can provide some advice and direction for those of you interested in major capital projects.

1. Developing Work Space and Live/Work Space

Toronto Artscape has a proven track record in developing and managing buildings that house work space and live/work space for artists. Artscape can attest to the up-front time and resources required to realize such a major project, and to the stability that this management model provides to artists who work in their own space. If you are considering the purchase of a large industrial or commercial building to be used for artists' work space, Artscape can help you with advice and direction based on their vast experience.

2. Developing Public Space

If your interest is in developing public space – a gallery or performance venue for example – you will need outside expertise to guide you. As a start, you may want to review the following extracts from *Spaced... Out? A Study of Facility Needs of Small and Mid-Sized Performing and Visual Arts Organizations in Ontario*. The study, among other things, includes pertinent information on:

- A. Pre-planning
- B. Why problems arise
- C. Project planning
- D. Public funding
- E. Recommendations for arts organizations considering capital projects

The following extracts from the report are published with the permission of the organizations that commissioned the study: Association of Artist Run Centres & Collectives of Ontario; Dance Umbrella of Ontario; Ontario Association of Art Galleries; Orchestras Canada; Professional Association of Canadian Theatres; Theatre Ontario; and Toronto Theatre Alliance. The full report is available on the Theatre Ontario website at www.theatre-ontario.org.

A. Pre-planning (*Spaced... Out*, pages 15-16) Challenges to Be Met in Facility Projects

SUCCESSFUL FACILITY PROJECTS REQUIRE REALISTIC, HONEST APPRAISALS AND PRE-PLANNING, TIME, PATIENCE AND PERSEVERANCE

ALWAYS REMEMBERING THAT ARTS FACILITIES SHOULD ADVANCE AN ARTS ORGANIZATION'S ARTISTIC MISSION AND ENRICH THE AUDIENCE'S ARTS EXPERIENCE, IGNORE AT YOUR PERIL:

Financial Challenges

Among the factors that lead to future financial difficulties are unrealistic capital campaign budgets; unrealistic fundraising campaigns and targets; insufficient planning and time; excessive debt burdens; the unexpected increases in annual operating costs of a new or expanded facility; unrealistic cash flow projections; and loss of earned income during renovations or because a building wasn't designed correctly or doesn't function properly. As one example, a lack of financing compromises the building of dressing rooms, so the theatre cannot serve the market they were supposed to be building for, and rentals and rental income suffer.

Artistic or Programming Compromises

Programming can be affected negatively by facility projects. Programming may be reduced over the long-term because of financial instability, or curtailed or artistically compromised in the short term because staff is distracted by the burdens of a project. Sometimes programming is impaired because of the inadequacy of an improperly constructed or designed facility. Skimping on project management can translate into leaky roofs, which cancels classes or rehearsals. Too much debt can affect choices. Artistic directors may be forced to devote excessive time to fundraising rather than artistic pursuits.

Short-Term and Long-Term Institutional Stress

Cultural facilities usually exceed the financial and management capacities of arts organizations, whatever their size. They can take two to ten years to complete and are costly and technically complex. Projects exact a toll on organizations in that management, development and artistic staff may spend upwards of 50% of their time on a project.

Facility projects that are transformational (reconfiguring or expanding a company's scale and staff structure) can create major change in programs and alter the economic structure. Projects such as these can place impossible expectations on the organization, placed there by unrealistic Boards of Directors or the local community, who see the organization in a different light as a result of the newly transformed facility. Few organizations are prepared for such challenges. More than one facility project has resulted in major staff and board turnover.

B. Why Problems Arise (*Spaced... Out*, pages 17-18)

WHAT ARE THE ORIGINS OF FACILITY-RELATED PROBLEMS?

The origins of problems with arts facility projects are found in the very nature of the project development process, as well as in the culture of arts organizations. Often a shortage of money is not the primary cause of problems, although it is most frequently cited as the culprit when things go wrong. In fact, the problem is more likely to be cash flow; funds are mismatched to need, or ill-timed, or are difficult to draw on. This, combined with several larger areas of concern, creates an environment that can hamper sound facility projects. These areas of concern include:

Lack of Appropriate Technical Assistance

Most arts organizations serve as developer of their own projects, but most staff do not have access to the information needed to feel confident in their undertakings. Their concerns are about the facility as a whole or about critical areas of planning, financing or project management. Most arts managers could use an information and resource centre to go for help and are not interested in becoming real estate developers at the expense of their theatres.

Inadequate Technical Assistance

Facility projects demand highly specialized skills, but many arts organizations feel they cannot afford to purchase project services. Arts organizations seek as much of their technical assistance as possible from pro-bono providers. This assistance can be beneficial, but limited. Professional liability stops architects, engineers and designers short of implementation. Volunteers are rarely able to commit full time. The real estate, legal and financial professionals who serve on the boards of arts organizations are a good source of guidance and often give helpful advice. But through no fault of their own, many do not understand the difference between commercial real estate and the unique limits and needs of not-for-profit arts organizations, particularly the nature of their growth and market.

Most technical assistance used by arts organizations for facility projects focuses on the facility itself or on fundraising. Whether professional or pro-bono, the assistance is highly specialized, addressing a narrow aspect of a complex process. Many organizations therefore undertake projects without fully considering organizational development and market issues, nor do they use project planning, project packaging or project management services when these are needed.

Too often, strategic planning for organizational development has not been a fundamental step in facility projects, on either a formal or informal basis. Few seem to include an assessment of the market for their services as part of the project. Feasibility studies must be used in any campaign and must provide an opportunity for broad assessment of organizational capacity, along with fundraising

capacity and project cost. Feasibility studies must address the issue of whether the project makes sense for the organization.

Insufficient Use of Resources

Costs of facility projects are often higher than intended caused by inadequate planning or shortcomings in project management services. Some are not prepared to use debt financing when necessary to bridge funding gaps. Often costs increase because of the stop-start nature of the process.

Using volunteers as project managers is risky, as they often cannot stay on top of things and companies can end up in court with the contractors. Even if they win, the project funds may be spent and the project is only half finished. Financing can take many months of negotiations. Loan guarantees can incur legal fees, so contractors are on hold or working in bits and pieces and costs rise. Have a decent contingency in your project budget.

The Funding Processes Magnify These Problems

The way in which funding for arts organizations is delivered is frequently incompatible with the facility project development process.

Lack of Early Money

This situation has actually improved in Ontario and grants are available for feasibility studies that support project planning and pre-development, which can avoid costly problems later in the process.

Fragmented Resources

Project support must be assembled from a variety of unrelated sources. Public funders should appreciate more fully the process, and design capital support programs that can be more responsive to the realities of capital projects. Too often funders do not approve and deliver support until the project is underway. The unpredictability of debt financing also adds to uncertainty.

Inaccessibility of Debt Financing

Few banks regularly provide financing for the arts. Loans are usually the result of a very carefully nurtured relationship with a bank or credit union by an individual arts organization. Most banks seem to feel arts organizations are not well managed – a false perception, which needs to be debunked – and they are leery of loans or even lines of credit. Some negative credit experiences with arts organizations also make it harder for arts organizations to borrow. However, an essential element of a successful capital campaign is developing a good relationship with a financial institution. It may be needed!

C. Project Planning (*Spaced... Out*, pages 19-21)

**PLANNING FOR YOUR SUCCESSFUL FACILITY PROJECT ...
THE MOST SUCCESSFUL FACILITY PROJECTS ARE DRIVEN
BY THE RESIDENT ORGANIZATION(S)' STRONG SENSE OF
THEIR ARTISTIC MISSION, THEIR INSTITUTIONAL CAPACITY
AND THEIR KNOWLEDGE OF THEIR MARKET.**

Broad-Based Planning Is Essential

For success, a facility must be framed in light of the organization's artistic mission, the market for its program and its management capacity. However, participants in facility projects, arts organizations and funders alike almost always focus their attention and energy on how much can be raised. Architects, consultants or board members often focus too narrowly – on the building or space itself – not on the artistic mission, the institutional capacity or the market. Furthermore, they concentrate on what must be raised thinking of the project as a one-time fundraising event NOT on the organization's ability to support the facility over time. This focus makes it hard to plan well for facilities, and lack of planning can lead to problems later.

An Emphasis on Rapid Growth – Time and Sophistication are Essential

Operating in a risk-oriented culture, arts organizations are not rewarded for practicing incremental growth. Many do not use managed growth as a guiding principal for their programs or their facility projects. Thus we see organizations of all sizes undertaking projects that are quite large in scale compared to the human and financial capacities of the organization. You are in a situation where you must raise funds several times your annual revenues while at the same time you must undertake your annual operating fundraising. **Be prepared for a multi-year fundraising process.**

If undertaking a major facility project, **plan for the acceleration of change within your organization.** Major projects add levels of complexity to your operation and may alter the public's perception, even your Board's, of what and who you are.

Believing in the Angels May be Dangerous to Your Health

"Gifts", in-kind or not, can be unkind. Arts organizations may seek (or be offered and then must respond to) tremendous "one-time-opportunities". A magnanimous donor offers a building or an astounding financial contribution, or a building becomes available that would be "ideal" as a theatre complex. This can create difficulties in maintaining a sense of proportion, and organizations can find themselves undertaking ambitious, risky projects involving large amounts of grants and insupportable levels of debt. Caution and research is essential in such cases. **Again, phased-in planning stages that are appropriate for the arts organizations concerned is everything.**

Take a Good Look at the Facility Situation & Resources in Your Community

Too often, large facility projects are undertaken by staff and board members acting in isolation. The guidance of experienced peers is not often sought, or perhaps available; there is no counsel to question and evaluate assumptions, no way to challenge the myths or share information gathered from other sources. As well, arts organizations keep their facility projects to themselves, only to find others in the community are also considering such projects, which can be

counter-productive and competitive, sometimes destructive as more than one Ontario community can attest.

WHAT STEPS ARE ESSENTIAL FOR FACILITY PLANNING AND DEVELOPMENT?

NOTE: The excellent Massachusetts Cultural Facility Project has successfully recommended and/or incorporated the following steps in pre facility project planning. Some can be undertaken internally, but many should be led by facility planning experts in the various areas.

1. **A Conceptual Overview**, which includes:

- Organizational change, facilities and program choices
- Questions to be asked about your programming
- Common facility project justifications
- Your project's size
- Mistakes made with large projects
- Assessing your financial readiness
- Costs to be included in your capital campaign
- What every successful capital campaign needs
- Feasibility studies

2. **Organizational Assessment**, which covers:

- Demand assessment
- Organizational capacity readiness – human resources capacity and readiness: staff/boards/volunteers
- Program feasibility study
- Readiness indicators

3. **Financial Assessment**, which covers:

- Financial warning signs
- Financial feasibility study
- Administrative costs of growth
- Project budget sheet
- Revenue sheet
- Cash flow sheets

4. **Selecting the Appropriate Facility Option**, which covers:

- Assessing options
- Incremental growth
- Characteristics of your option, are you renovating or building?
- Analyzing your space needs
- Facility requirements checklist
- Building program
- Site and project feasibility study

5. Selecting the Appropriate Facility Project Cost, which covers:

- How much will it cost
- Project costs
- Cost rules of thumb
- Hard and soft costs
- Rent versus buy
- Project cash flows and worksheets

6. Project Fundraising, which includes:

- What you may not know about capital campaigns
- Keys to capital campaign readiness
- Stages of a capital campaign
- Distribution of grant resources
- Gifts
- Donor prospect evaluation and rating
- Government support programs
- Hiring a fundraising consultant
- Project and capital campaign budget updates

7. Project Payment and Financing, to cover:

- Borrowing money is not fundraising
- Types of debt
- Approaching a lender
- Debt service calculating
- Sources of debt

8. Implementing the Project, including:

- Implementing time lines
- Maintaining control of the project
- Request for proposals
- Selecting an architect, contractor
- Can you manage construction risks, are resources on hand locally?

D. Public Funding (*Spaced... Out*, pages 38-44)

CURRENT OR UPCOMING CAPITAL FUNDING OPPORTUNITIES FOR THE CULTURAL SECTOR

All capital fundraising, whether from public or private sources, is extremely competitive across the province and requires perseverance and patience. Facility projects require a comprehensive and realistic case for support, including a realistic fundraising strategy and evidence of the organization's capacity to operate the renovated or new facility.

Political support from all levels of government is essential and for the newly announced programs at the provincial and federal level, MUNICIPAL APPROVAL IS KEY!

To succeed in any government program, support of a project by the local MP, MPP and others is crucial. Interested parties should keep in constant touch with constituency staff as well as Ontario Ministry of Tourism, Culture and Recreation field offices and Department of Canadian Heritage regional offices.

FEDERAL:

Cultural Initiatives Program (CIP)

For many years there was no facilities program within the CIP envelope. From time to time funding was “found” at the Department of Canadian Heritage for a facility project and funneled to the recipient through the Cultural Initiatives Program. Such recipients had well developed facility campaigns in place and on file at the Department, just in case. They had politically well-connected boards or champions, and they had been lobbying for support at all levels of government, with both political and public service staff.

May 2001 – the federal government announced a major funding package for the cultural sector. Part of this package is for **Cultural Spaces Canada**, a national \$80 million fund to be allocated over three years. This is in addition to the national infrastructure program previously announced (see below). The program goal is to improve the cultural infrastructure and public access to performing arts, visual arts, media arts and museum and heritage displays. A particular focus will be the repair and upgrading of arts and heritage facilities.

This funding is greatly needed, and very welcome. It is particularly helpful in light of how small and mid-sized organizations were virtually shut out of the Canada-Ontario infrastructure program. However, it will not go very far toward meeting the cultural facility needs of the entire cultural sector, across the whole country. It will be very competitive. The best scenario would be if the government is willing and able to maintain this level of support beyond the current three year span, which would enable the department – if they are willing to do so – to explore some different ways of structuring the program.

Applications can be submitted anytime. However, those received after October 31st may not be considered for funding until 2002/2003. The Department will contribute 33% of eligible costs for construction and renovation, and for transforming buildings not previously used for cultural purposes. For specialized equipment purchases and feasibility studies, the Department will contribute 50% of eligible costs.

The assessment criteria are described on their website. They include questions about how a project will benefit other cultural organizations locally, regionally, provincially or nationally; and how it will contribute to, or complement, existing networks or inventories of cultural spaces. The better an organization can make a case for

doing so, the better its chances. This may be a barrier for smaller, locally-based organizations, which may not be able to argue broad geographic impact, but may still be critical to their communities.

Federal Infrastructure Program:

The last Speech from the Throne and the 2000 federal budget announced a \$2.7 billion five-year modern physical infrastructure program for Canada, including projects in tourism, telecommunications and culture. The federal government negotiated agreements with provincial and municipal partners to describe how this program would be implemented in each province. The program will contribute \$680 million in Ontario, in collaboration with Ontario's SuperBuild program. The federal priority is green municipal infrastructure, which will receive 40% of the funding in Ontario. Secondary priorities include culture, recreation and tourism initiatives. Municipal governments play an important role in the federal program, and special allowances can be made for projects of a regional nature, involving more than one municipality. In Ontario the province has effectively become the gatekeeper to the federal funding, through SuperBuild.

Human Resources Development Canada (HRDC):

Job creation grants are available through HRDC for applicants who can illustrate significant employment opportunities during facility construction and afterwards. Such grants are obviously determined by the size of the project. Working with local politicians and their staffs, particularly federal MPs, is essential for any success through this program.

Official Languages Act:

Support may be available for Francophone theatres through this program. Call the Department of Canadian Heritage if you think your company is eligible. Ottawa's La Nouvelle Scène received substantial support from this federal program.

FedNor:

This is short for Federal Economic Development Initiative in Northern Ontario, an Industry Canada initiative. FedNor's priorities include improving telecommunications infrastructure; supporting other infrastructures that are linked to economic performance, and emphasizing the quality of life in Northern Ontario, particularly through tourism development.

Grants of up to \$100,000 are available for not-for-profit organizations in northern communities. Thunder Bay's Magnus Theatre was a successful grant recipient through FedNor's Northern Ontario Economic Development Fund. The funding covered professional fees for the project's architecture firm. This fund covers costs for wages and benefits, special services, liability insurance, and so on. A new capital program under this fund will grant up to \$200,000 for capital costs and materials for eligible projects.

Community Futures Program:

This is a community partnership initiative of Industry Canada for

rural communities. Economic, social, cultural and environmental factors important to the community are considered. This program provides resources for building capacity to adapt and manage economic change including an effective development process and development of people, organizations and infrastructure.

Other:

Last year Federal Heritage Minister Sheila Copps announced plans for a tax-crediting system to encourage the preservation of heritage buildings. Now called the **Historic Places Conservation Initiative**, this program is still in development. The Department is currently working to complete a register of historic places, and standards and guidelines for conservation. Organizations should keep in touch with regional DOCH offices or their website for future announcements.

PROVINCIAL:

SuperBuild Sports Culture and Tourism Partnerships Fund:

Announced in the May 2000 Ontario budget, SuperBuild Sports, Culture and Tourism Partnerships is a \$300 million program to be delivered over five years, with \$60 million available in 2000-2001. More than 450 applications with funding requests totaling more than \$1 billion were received for Round 1 of the Fund. Of these, the Minister of Tourism, Culture and Recreation, Tim Hudak, reports only thirteen applications from arts institutions. The Stratford Festival has been approved already as an eligible project at \$2 million. Several other cultural facility projects that were submitted to the Ministry prior to the Fund's announcement are also anticipating approval.

The criteria for Round 1 of SuperBuild were released in December 2000, with letters of intent due in February 2001. Selected applicants were invited to proceed with a rigorous application in April. Decisions will be made by the Cabinet, with recommendations first coming forward from the Ontario Ministry of Tourism, Culture and Recreation to the SuperBuild Secretariat. This certainly suggests that, as in all government programs, political interests will be at play. As mentioned at the beginning of this section, hard and ongoing advocacy work, at all levels, is the order of the day.

The SuperBuild program structure made it almost impossible for small and mid-sized organizations to apply. There were two streams. In the **Municipal stream**, each municipality, regardless of size, was permitted to select and submit only one project as its highest priority in sports, culture or tourism. (To be eligible, municipalities must first be in compliance with the province's new Clean Water guidelines.) In the **Provincial stream**, organizations were able to come forward without municipal sanction, provided they could make a case for significant tourism or regional economic impact. This is of benefit to large groups like The Shaw Festival or Roy Thomson Hall, major community projects well into the development and fundraising cycle, like the Art Gallery of Hamilton or Belleville's Quinte Cultural Centre or provincial agencies like the Ontario Science Centre.

The concept of public-private partnership is integral to SuperBuild. Applicants needed to be able to go forward with confirmed cash contributions from the private sector. Only those who were well-advanced in their capital projects will likely have much to report in the way of confirmed partnership contributions.

In a significant departure from previous federal/provincial capital programs, the province receives all applications through SuperBuild, and chooses which projects to forward to its federal infrastructure counterparts for consideration under the Canada-Ontario agreement. This means that small and mid-sized organizations are not only limited at the provincial level, but their access to federal infrastructure funds is also severely curtailed.

The province was inundated with requests, and despite the province's best intentions for rapid turnaround, no results are expected until the fall of 2001. This means that the the timing of Round 2 is up in the air, nor have the priorities for Round 2 been announced, and they could change dramatically from Round 1. This may be an opportunity for the cultural sector, as it might be possible to influence the terms of Round 2 in an advantageous way. Perhaps. A cautionary note, however. Although SuperBuild was announced as a five-year program, at this point no nominal allocations have been made beyond the anticipated but unconfirmed second round.

Ontario Trillium Foundation Programs:

The Ontario Trillium Foundation has been the sole provincial source for capital support for the cultural sector through its Community and Province-Wide grant programs since 1999. Close to 300 capital grants of up to \$75,000 have been made through these programs, including Georgian Bay Folk Society, Gibraltar Point Centre for the Arts on Toronto Island, Chatham Capital Theatre, Goderich Little Theatre, Guelph Youth Music Centre, London's Palace Theatre, North Bay's White Water Gallery, Ottawa Valley Artists' Association, Toronto's Opera Atelier, Sault Theatre Workshop, Regent Theatre In Picton, Stirling Festival Theatre, Tillsonburg District Craft Council, Visual Arts Centre of Clarington and Waterloo Community Arts Centre. After years without capital support programs, the Trillium support has been very valuable for smaller capital projects.

Ontario Trillium Foundation grants are made with reference to eight goals, including making better use of existing community facilities, land, and other tangible resources; supporting economic opportunity; and improved access and participation in all aspects of community life. Capital grants for up to \$75,000 can be for renovation and repairs, or for equipment purchase and Internet access.

Applicants should talk to a Program Officer about local priorities in the sixteen catchment areas of the province, but strategies that increase use of under-used assets or which encourage shared or multiple use are encouraged. The process for funding decisions can be lengthy – up to four to six months for larger grants.

Trillium support programs have become extremely competitive. Other sectors have become as proactive with applications for support as the arts and culture sector was in the past year, and more arts organizations are applying. Some arts organizations are becoming concerned that Trillium is setting expectations in the community which may not be fulfilled, if the government decides to end the program, or change the program focus. The new Minister, Tim Hudak, was quoted in the June issue of Arts Advocate to the effect that “what the Premier wanted to see from Trillium was more direct support of general government initiatives.”

Ontario Heritage Challenge Fund:

This is the newest provincial program to support the creation of endowments and cultural projects in the cultural sector. The Heritage Challenge Fund Community program provides not-for-profit organizations, First Nations Councils, municipalities or local service boards and conservation authorities with matching funds for:

Capital projects to conserve and restore eligible heritage properties, and related feasibility studies, architectural plans and conservation master plans, or

Endowments created specifically to provide income for the ongoing capital costs of conserving eligible heritage properties.

NOTE: Applicants can apply for capital project assistance or endowment funds, but not both. Applications for funding will be accepted until March 31, 2002. It is on the web at: www.gov.on.ca/mczcr. This program is delivered in cooperation with the Ontario Heritage Foundation, which you can find on the Ministry's website under Agencies, Boards and Commissions.

Northern Ontario Heritage Fund:

The May 2, 2000 budget renewed and improved this fund to \$60 million annually. The Northern Ontario Heritage Fund Corporation (NOHFC) currently reviewing its programs and developing new guidelines and funding criteria.

The Fair Municipal Finance Act – this 1997 act eliminated the Business Occupancy Tax and exempted small and mid-sized theatre facilities – facilities of fewer than 1,000 seats – from property taxes.

NOTE: As occurs federally, funding is occasionally “found” within Ministry budgets, usually nearing the end of the fiscal year, and a few facility projects have received special grants from the Minister. Obviously, these projects have already been on file at the Ministry and have been lobbied for by the company in question. There is a trend federally, and certainly in Ontario, to support capital projects that assist tourism and regional development.

MUNICIPAL:

Many Ontario cities are actively considering the role of arts and culture in their communities, and after years of concentrating on recreational facilities, are considering capital projects designed to

improve their cultural assets. Arts organizations can capitalize on this growing interest at the municipal level.

It is important that such planning be part of a municipality's overall plan, addressing anticipated population growth and change, reflecting needs of the local arts community, and exploring the regional audience demand. Assessing a municipality's needs and establishing municipal policy with regard to cultural assets is complex, specialized work. Municipalities can benefit greatly from the contribution of knowledgeable consultants and the experience of other municipalities.

Two distinct examples are Barrie and Oshawa. Barrie is the fastest growing city in Ontario, and known for its recreational infrastructure. It has a new library and a visual arts centre. However, its performing arts infrastructure is poor. With encouragement from the local Arts Council, the city recently commissioned a status report on two existing venues (neither of them city-owned) and a community needs assessment. As a result it is now planning for the construction of a large new venue, while also acknowledging a demand for a much smaller multi-purpose performing arts venue.

In Oshawa, another rapidly expanding region of the province, the city's initiative was driven by the sudden opportunity to purchase and restore the old Regent movie theatre, located in a disadvantaged part of the downtown core. The Regent project will most likely result in a multi-purpose venue for local dance, theatre and music organizations.

In both these cities – in all cities undertaking capital planning – the process of understanding the most appropriate use of an existing building, and how it could meet (or fail to meet) the community's dreams and aspirations is crucial. Is the building part of an overall plan for a neighbourhood or the city? Who will own and operate such a building? Why, and for whom?

In Barrie and Oshawa – and most Ontario cities – funds for cultural capital projects must come from the city's general capital budgets. Some cities, however, have separate budgets.

In its general capital fund, Thunder Bay provides support for maintenance and upgrades of the four major cultural organizations in the City: the museum, art gallery, community auditorium, and sports hall of fame. Grants range from \$7,000 to \$250,000.

The city of Ottawa has recently reinstated its capital grants budget, for studies and minor capital projects. It provides partial funding, with maximum grants of \$7,500. The city is trying to reinstate its fund for major capital projects. In the past these programs have assisted Great Canadian Theatre Company, La Nouvelle Scène (both in converted garages), the Orpheus Society and Ottawa Ballet. The city of Ottawa has two suburban municipal facilities (CentrepoinTE Theatre and Cumberland Town Hall Theatre) and one downtown venue, Arts Court. Over the past twelve years Ottawa has spent about \$10 million on this heritage building (a former court-

house) which houses several arts organizations, a gallery space and a small performing venue.

In contrast, the City of Toronto owns 78 cultural facilities (including heritage sites), 44 of which it also operates. It is estimated that the Culture Division needs to spend about \$7 million annually in maintenance and upkeep, roughly double its current state-of-good-repair budget. Toronto does not have a capital budget to meet the needs of cultural facilities it does not own. However, it supports the operations of most of those organizations through the Toronto Arts Council. It has a vested interest in the health and vitality of the entire sector, and the Culture Division recognizes that most small and mid-sized organizations have critical capital needs that must be addressed. Toronto has created a Cultural Facilities Reference Group as part of its current cultural policy review process.

Not many communities can make an Olympic Games bid such as undertaken recently by Toronto, but from time to time cities bid for other large events, such as international sports championships. Bid organizers are interested in lasting legacies, and upgrading cultural infrastructure may fall in with their plans.

While capital support programs are virtually non-existent at the municipal level, today, there are other ways municipalities can, and do, assist with the development of cultural facilities. Organizations need to be creative about approaching city governments, determined, persistent, and patient to make these things possible. They will not happen without support and good will from staff and politicians at the local level.

Loans (Kitchener's loan/grant of \$94,000 to The Registry Theatre) and lines of credit; access to vacant public buildings (Kitchener's offer of former Waterloo County Registry Office building to The Registry Theatre); rent or tax exemptions; capital grants through economic or neighbourhood development programs; donations of land or equipment; heritage building designations, and density transfers have all been used in Ontario to help arts organizations realize a facility dream – on a project by project basis, not as regular programs.

DON'T FORGET PRIVATE FUNDRAISING:

Current capital support programs at any level of government now require matching or significant private investment in the project. Before a final decision is taken to undertake a facility project of any substance, organizations should conduct a fundraising review to determine their ability to conduct a fundraising campaign of sufficient size.

Once committed to a facility project of any size, organizations should begin immediately to research locally and nationally those corporations, foundations or individuals that may be interested in investing in any of a variety of ways. Include naming possibilities in your plan, which have been key components of successful facility campaigns. An influential local leader, widely respected within a

community, can be very helpful in championing your project.

Occasionally private funders or donors who do not normally support capital projects are willing to provide bridge financing or loans to organizations. When this happens it is nearly always because the donor/funder has already had a long-term or special relationship with the organization. For instance, the Laidlaw Foundation has held a first mortgage on Toronto's Theatre Passe Muraille since 1983, and in 1999 made a \$200,000 loan to Toronto's Factory Theatre that is guaranteed by the City of Toronto. If you have corporate and private partners who have a vested interest in the future of your organization, talk to them about your capital project. A special request might be considered.

Community foundations can be important partners, while local lottery funds also contribute to many capital projects.

Capital and endowment fundraising are particularly challenging for small and mid-sized organizations. But a facility is a long-term initiative, with ongoing operating costs. The ideal plan, if at all possible, is to raise enough funding over and above your capital goal to create an endowment that will provide annual contributions toward upkeep and maintenance.

On an ongoing basis, many organizations institute a special surcharge on the sale of each ticket, which is allocated specifically to capital maintenance and repairs.

E. Recommendations (*Spaced... Out*, pages 59-60)

RECOMMENDATIONS FOR ARTS ORGANIZATIONS

If a capital funding project is in your near or distant future plans:

Ensure that your Board of Directors is firmly behind the project and committed to assuming leadership throughout its various stages.

Undertake a visioning and planning process to clearly identify your organization's mission and/or focus, community outreach and awareness, artists and audience needs.

Keep abreast of all potential facility support opportunities through continual surveillance of programs at all levels of government, as well as private sources.

Undertake a fundraising review to assess your company's fundraising capacity and opportunities before proceeding with a feasibility study.

Determine the impact of any interim facility closing on your operations and bottom line;

Begin early on comprehensive community outreach to develop enthusiasts and champions of your work. Such outreach should include other organizations or activities that contribute

to the community's quality of life, the Mayor and City Council, your MP and MPP and their staffs, your bank. They should receive routine bulletins on your work generally, and during facility projects they should receive updates on the progress.

Ensure that broad based community and grassroots support is heard by corporate and governments sectors.

Begin early to develop a volunteer base in advance of any small-budget facility project, a base that can donate invaluable volunteer time for specific components of a facility project that do not require professional expertise. Schedule project work during any regular closing period, to minimize any financial loss during construction.

Court banks and credit unions, as they can be very helpful and supportive at crucial points during a facility project. Better yet, have a bank manager on your board or fundraising committee. If you are working closely with a bank, alert them immediately if there are financial difficulties with the project.

Begin immediately to shape your campaign and alert funders at all levels of government as to the scope of the project and its budget requirements. Funders must be aware of your plans even if they are in the future. Your updates help keep the facility issue on the agenda.

Begin building the support of your city council, MP and MPP – and their staffs – for your project. This support is crucial for current public programs.

Begin the capital fundraising campaign *now* and designate a paid individual to direct the activity and ensure its drive and focus. The more private support you can bring to the table, the stronger your application to public funding programs. New infrastructure programs require significant private support

Arts managers should share their facility experiences and know-how by mentoring companies considering launching projects. Too often arts managers work in isolation.

Arts organizations with facility needs should consider organizing locally from time to time, perhaps through local arts councils, to brainstorm, share ideas, and initiate collective efforts as appropriate for capital projects.

Seek out creative arrangements with corporations that may have appropriate space in their buildings. There may be opportunities for free space and money for renovations if the not-for-profit company can pass along property tax or zoning breaks to the corporation in question. BUT consider such opportunities carefully.

Break down civic barriers. Identify civic leadership/champions for the project and include them as appropriate in major strategy sessions and definitely in presentations to politicians.

Enlist support and advice from your arts service organization(s) for the project. Théâtre Action was invaluable in the early development of Ottawa's la Nouvelle Scène (the renovation of the former National Arts Centre Atelier), and actually did the feasibility study for the facility for the four theatres involved.

Be prepared to gamble – to some extent – or you can falter and lose the project. Major facility projects are not for the faint of heart.

Factor into your project budgets and projections escalating labour and materials costs, particularly in multi-year planning and implementation. Many projects can take several years from genesis to completion and costs can double in that period.

Be prepared for the impact that hold-ups with building permits, zoning problems, the possibility of labour strikes, work-to-rule stoppages and materials shortages may have on your project and company operations. They can affect the completion timetable and the bottom line. Beware sub-contractors who lowball bids and costs or materials.

Specific to visual arts projects:

Allow sufficient lead time and factor in the personnel required if the project involves moving out a collection. It can be an enormous challenge for small staffs to sort, date, catalogue and pack, sometimes collection by collection, to determine the packing order, and then find an appropriate storage site. The Agnes Etherington Art Centre ended up storing its collections in Hull, Quebec during renovations.

Allow time after a project that includes environmental controls to balance relative humidity and temperature before re-introducing artwork into the space. Adjustments will be required.

Partnerships with school boards and post secondary institutions are often essential in developing your projects.

Appendix A

Glossary of Terms

Abatement: Reduction of rent, interest, or an amount due.

Amortization: The period of time required to reduce a debt to zero when payments are made regularly. Amortization periods are most often fifteen, twenty or 25 years long.

Appraisal: A process that determines the market value of a property. The market value may or may not match the purchase price of the home. An appraisal done for mortgage lending purposes is carried out for the benefit of the lender or the mortgage insurer.

Appurtenance: An accessory, a belonging.

Arrears: Rent that is unpaid, but due to be paid.

Asset: The entire property of a person, association, corporation, or estate applicable or subject to the payment of debts.

Assign: To transfer one's right to property.

Assignment of Lease: Occurs when an existing tenant "assigns" (or transfers) his or her lease to another person. This is sometimes called a substitution. The assignee will agree to all terms and conditions in the head lease between the landlord and the original tenant and will be legally liable for the obligations contained in the lease.

Assignee: Person to whom property is transferred.

Bankruptcy: Insolvency (see below).

Breach: Break.

Building codes: Laws specifying minimum standards of building construction for the protection of public health and safety.

Chattels: Moveable property (e.g. furniture).

Collateral: Property (as securities) pledged by a borrower to protect the interests of the lender.

Common area: Space that is not used and occupied exclusively by tenants, such as lobbies, corridors and stairways.

Conventional mortgage: A mortgage loan up to a maximum of 75% of the lending value of a residential property.

Covenant: To enter into formal agreement.

Default (on a mortgage): Failure to abide by the terms of a mortgage loan agreement. A failure to make mortgage payments, may give cause to the mortgage holder to take legal action to possess (foreclose) the mortgaged property.

Deregulation: No longer controlled (by the government).

Demise: Transfer.

Deposit: A sum of money placed in trust by the purchaser when an Offer to Purchase is made. The sum is held by the estate representative or lawyer until the sale is closed, and then it is paid to the vendor.

Distrain: (verb) To seize a person's goods in order to compel them to pay rent.

Distress: (noun) Lawful seizure of property in order to enforce a right to payment such as rent.

Down payment: The portion of the purchase price the buyer must pay up front from personal resources, before securing a mortgage. It generally ranges from 5%-25% of the purchase price for a residential purchase and at least 20% for a commercial or industrial purchase.

Egress: Exit or way out of a unit or building.

Equity: The difference between the price for which a property could be sold and the total debts registered against the property. Equity usually increases as the outstanding principal of the mortgage is reduced through regular payments. Market values and improvements to the property also affect equity.

Execution: The act of completion in a legally valid form.

Financing: The act or process or an instance of raising or providing funds; also: the funds thus raised or provided.

Fixtures: Articles that have been attached to the property and are regarded as part of the property (e.g. a light fixture).

Foreclosure: A legal procedure in which the lender gets ownership of the property if the borrower defaults on the mortgage loan.

Goods: All property that is not money.

Gross lease: The tenant pays an agreed-upon rent to the owner and does not see any additional charges or bills. The owner pays all the expenses associated with owning the property.

Indenture: A deed between two parties, which transfers property from one to another, by which both parties assume obligations.

Insolvency: Inability to meet financial obligations that are due.

Interest: The cost of borrowing money for a given period of time. Interest is usually paid to the lender in installments along with repayment of the principal loan amount.

Lease: An agreement where a landlord gives the right to possession of a property to another, while retaining ownership.

Leasehold improvements: Renovations done to a leased space.

Lessee: The tenant in a lease.

Lessor: The landlord in a lease.

Liquidation: The closing of a company or business by realizing its assets, paying its debts and distributing the balance to the shareholders.

Maturity date: The last day of the term of the mortgage agreement. On this day the mortgage loan must be paid in full or the agreement renewed.

Mortgage: Security for a loan to purchase property. It is the purchaser's personal guarantee to repay the loan and a pledge of the property as security for the loan.

Mortgage life insurance: Insurance to pay off your mortgage in full if you die. Many lenders offer this insurance and add the premium to your mortgage payments.

Mortgage loan insurance: Insurance required by lenders for high-ratio mortgages (more than 75% of the purchase price). It is available from CMHC or a private insurer for a cost of between 0.5% and 3% of the amount of the mortgage.

Mortgage payment: A regularly scheduled payment that is blended to include both principal and interest.

Net lease: The tenant pays rent to the landlord and is responsible for certain other expenses, as outlined in the lease. One such expense might be hydro: if the unit has a separate meter, the lease might stipulate that the tenant is responsible for paying hydro directly to the supplier; if there is no meter, the landlord may pay the bill for the whole building and charge back a percentage of the cost to each tenant.

Net-net lease: With a net-net lease the tenant pays rent plus a share of maintenance and operating expenses, plus property taxes. Responsibility for these charges will be noted in the lease.

Net-net-net-lease: On top of the rent, the tenant pays all maintenance and operating expenses, plus property taxes and insurance. As with a net-net lease, the tenant may pay these charges directly to the supplier or the landlord, depending upon the type of space and the terms of the lease.

Net worth: A person's total financial worth, calculated by subtracting total liabilities from assets.

Offer to purchase: A written contract setting out the terms under which the buyer agrees to buy. If accepted by the seller, it forms a legally binding contract subject to the terms and conditions stated in the document.

Principal: The amount of money borrowed.

Realtor: A real estate representative who is a member of an organization of persons engaged in the business of buying and

selling real estate, such as the Canadian Real Estate Association.

Refinance: To pay off a mortgage or other registered encumbrance and arrange for a new mortgage, sometimes with a different lender.

Second mortgage: An additional mortgage on a property that already has a mortgage.

Statute: A law.

Subletting: Leasing of premises by a tenant to a third party.

Survivorship: The legal right of the survivor of persons having joint interests in property to take the interest of the person who has died.

Tenure: The act of holding property.

Term: The length of time during which a mortgagor pays a specific interest rate on the mortgage loan. The entire mortgage principal is usually not paid off at the end of the term because the amortization period is normally longer than the term.

Thereof: The place, thing, event just mentioned.

Title (freehold or leasehold): Legal possession. A freehold title gives the holder ownership of land and buildings for an indefinite period of time. A leasehold title gives the holder a right to use and occupy land and buildings for a defined period of time. In a leasehold arrangement, actual ownership of the land, sometimes along with the buildings, remains with the landlord.

Voidance: The act of discharging or making invalid.

Voidable: Dischargeable; able to be annulled.

Whereof: Of which, of what or of whom.

Witnesseth: Witnesses.

Writ of possession: A formal order granted by the Courts demanding the tenant give up possession of the premises .

Appendices

Appendix B

Decoding the Standard Form Commercial Lease

What follows is a **paragraph-by-paragraph** review of the contents and meaning of a typical standard-form commercial lease. Be aware that the lease you are presented with may differ in wording, and therefore in meaning, in a few places or in many. In addition, the text of many commercial leases will refer to the landlord as male, and that custom has been followed in the lease text. No disrespect or exclusion of female landlords is intended.

Where appropriate, inherent problems and suggested amendments are noted. Sample text has been inserted in underlined areas of the lease so you will know what sort of information is required there. Asterisks (*) in the text highlight where you may want to insert, change or remove wording. These are referred to and explained in the paragraph following that area of the lease.

Remember that even the landlord may not understand the complexities of clauses – the best advice would be to have a lawyer look over the lease for you – see the section on legal services.

It is up to you to decide which provisions you can and cannot live with. The extent to which a landlord will agree to amendments will depend on their reasonableness and on how far the landlord is willing to compromise in order to rent the premises.

Any changes that you and the landlord agree upon should be crossed out or written in to the lease and initialed by both yourself and the landlord.

Please Note!

Although we are providing this Standard Form Commercial Lease, it must be understood that it is not necessarily what you will receive from your landlord. The clauses outlined in the following pages may or may not appear in the lease you receive. In most situations, the lease is customized for each building and/or individual.

Please note that if some of the following clauses are not in your lease and you would like them to be, you can ask your representative why they are not and if you may add them. Alternately if some of the clauses you receive are not in this sample form and explained below, please seek legal advice before signing.

All clauses listed below are subject to change as the laws do. You should *always* have a lawyer and/or real estate agent advise you on commercial leases.

STANDARD COMMERCIAL LEASE FORM

THIS INDENTURE, made the 3 day of January two thousand and 02 in pursuance of the Short Forms of Leases Act between

The term "indenture" refers to the document (the lease) itself. The date is that on which the agreement to enter into the lease is made: it is not necessarily the same date you are to take possession of the premises. The reference to the Short Forms of Leases Act means that certain provisions in the lease embrace an expanded meaning as set forth in that Act.

CHRIS LANDLORD

of A Big Company

in Toronto,

hereinafter called the "Lessor" OF THE FIRST PART

and

SAL TENANT

of company name or N/A

in Toronto,

hereinafter called the "Lessee" OF THE SECOND PART

This section names the parties to the lease: the Lessor is the landlord and the Lessee is the tenant. Only these parties will be subject to the rights and obligations under the lease. If you are going to be renting the premises together with other people, you should be reluctant to be the only Lessee, since that will make you and only you liable to the landlord. You should ensure that all the people who are involved as tenants or landlords are named in the lease.

PREMISES

WITNESSETH that in consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the said Lessee, to be paid, observed and performed, the said Lessor has demised and leased and by these presents doth demise and lease unto the said Lessee

This clause states the landlord's agreement to rent the premises to the tenant in exchange for the tenant's obligations as set out in the lease. In other words, this indicates that a bargain has been struck between the landlord and tenant.

ALL THOSE CERTAIN PREMISES excluding any part of the external walls known and described as: Unit Z, 000 Fringe Rd., Toronto .

This clause describes exactly what you have rented and by implication identifies what part of the building has not been rented to you. Note that the exclusion of the exterior walls is to your advantage, since it means that any maintenance or repair to the exterior walls will be the landlord's responsibility, not yours. If the lease you are presented with does not exclude the exterior walls, you should insert

the necessary wording and have the amendment initialed by all parties to the lease.

TERM

TO HAVE AND TO HOLD the said demised premises for and during the term of three (3) years to be computed from the 1st day of February 2002 and from thenceforth ensuing and to be fully completed by and ended on the 1st day of February 2005.

This clause states the number of years or months the tenancy will run and when the tenancy begins and ends.

RENTAL

YIELDING AND PAYING THEREFOR yearly and every year during the said term hereby granted, unto the said Lessor, the sum of \$9,600 per annum, payable at par at A Big Company in equal monthly installments of \$800 each in advance on the 1st day of each and every month during the said term, the first payment to be made on the 1st day of February .

The said Lessee covenants with the said Lessor to pay rent.

This clause says how much the rent is and when you have to pay it. The rent is expressed in terms of both annual and monthly amounts. Note that the rent for each month is due "in advance" at the beginning of that month – on time. Also appearing in this clause is your agreement, your "covenant", to pay the rent. Make sure that the monthly amounts equal the yearly amount.

BUSINESS TAXES

AND to pay all business taxes in respect of the business carried on by the Lessee in and upon or by reason of their occupancy of the premises hereby demised;

This clause ensures that if your activities in your studio lead to the levying of business taxes against the premises, you will have to pay them. The term "demised" refers to the landlord's giving you the right to use the premises.

REPAIR

AND to repair (reasonable wear and tear, and damage by fire, lightning and tempest only excepted);

AND that the said Lessor may enter and view state of repair;

AND that the said Lessee will repair according to notice in writing (reasonable wear and tear, and damage by fire, lightning and tempest excepted);

* AND that they will leave the premises in good repair (reasonable wear and tear, and damage by fire, lightning and tempest only excepted);

The first clause states that you agree to repair any damage to the premises (except that caused by reasonable wear and tear, and damage by fire, lightning or tempest). By the second clause you agree to permit the landlord enter your studio in order to check on the repairs you've made. The third clause says that if and when the landlord gives you written notice to make any repairs, you will make them (unless the damage is the result of normal wear and tear, fire, lightning or tempest). The fourth clause says that when you move out of your studio, you will you will leave it in good repair (except, again, for damage caused by normal wear and tear or by fire, lightning, or tempest).

There is a catch in this item hazardous enough to warrant your altering the wording. If the studio was in bad repair when you moved in, the wording of this clause as it stands makes it your responsibility to repair the studio. Many landlords will let you out of this responsibility, but it is best to be sure.

**You should amend the statement so that it reads: "And that they will leave the premises in the same repair as at the commencement of the tenancy (reasonable wear and tear, fire, lightening and tempest excepted)."*

Or if you are undertaking large renovations or improvements to the space (eg: adding walls, etc), negotiate to have the landlord to agree to amend the statement so that it reads: "The tenant shall not be required to restore the premises but shall leave it in vacant broom-swept condition." So at the end of the lease, you will not have to tear down your improvements and spend your money doing so.

ASSIGNMENT

AND will not assign or sublet the whole or any part of the demised premises *without leave; the Lessee hereby waives and renounces the benefit of any present or future act of the Legislature of Ontario which would allow the Lessee to assign or sublet this lease, without leave of the Lessor.

These clauses prevent the tenant from assigning or subletting the whole or any part of the premises unless the landlord consents. They say nothing about whether the landlord must act reasonably in giving or refusing to give his/her consent.

**This should amended to read: "without leave, which leave will not be unreasonably withheld; the Lessee..."*

And the said Lessee covenants with the said Lessor, its successors and assigns:

TYPE OF BUSINESS

(a) THAT the said demised premises will not, during the said term be at any time used for any other purpose than that of an artist's studio.

Any use not stipulated here will contravene the terms of the lease and will entitle the landlord to terminate. If the zoning permits residential and commercial use the lease should state "live-in studio." If only commercial uses are permitted, it should state "artist's studio."

FIXTURES

(b) AND THAT no fixtures, goods or chattels of any kind will, except in the ordinary course of business, be removed from the demised premises during the term hereby demised or at any time thereafter without the written consent of the Lessor, its successors or assigns, being first had and obtained, until all rent in arrears as well as all rent to become due during the remainder of the term hereby granted shall have been fully paid, or the payment thereof secured to the satisfaction of the Lessor or its assigns.

The tenant will not be able to remove any equipment or furniture ("chattels") or artwork ("goods") until all the rent due for the entire tenancy is paid or unless the landlord consents. Exception is made for the removal of items as part of the ordinary course of the tenant's business.

This clause may cause problems if you try to remove equipment and furniture before the end of the tenancy. The landlord will probably oppose any attempt on your part to cross the clause out. It might be best to leave it in and consult a lawyer or a legal clinic if you subsequently encounter problems.

ELECTRIC POWER

(c) THAT the Lessee will not, during the said term or at any time prior to subsequent thereto, purchase, acquire or use any electric current for lighting or other purposes except from the company or corporation which shall for the time supply the Lessor with electric current for such purposes in the said building; the intention being that without the written consent of the Lessor, there shall be only one system of electric lighting in the said building.

(d) THE Lessee hereby covenants to pay all charges for electric energy (for light and power) and gas used by the Lessee in the demised premises.

This clause obliges the tenant to use only the electrical system in place in the premises, and to pay all electric and gas bills in respect of the premises. Be sure that the meters used for such billing record only the consumption occurring in your studio.

PARTITIONS, ALTERATIONS

(e) THAT if the Lessee shall desire to affix or erect partitions, counters or fixtures in any part of the walls, floors or ceilings of the demised premises, it may do so at its own expense at any time and from time to time provided that the Lessee's rights to make such alterations to the demised premises shall be subject to the following conditions;

- 1) THAT before undertaking any such alterations, the Lessee shall submit to the Lessor a plan showing the proposed alterations and shall obtain the approval and consent of the Lessor to the same.
- 2) THAT all such alterations shall conform to all building by-laws, if any, then in force affecting the demised premises.
- 3) THAT such alterations will not be of such kind or extent as to in any manner weaken the structure of the building after the alterations are completed or reduce the value of the building.

(f) THAT except as herein provided, the Lessee will not erect or affix or remove or change the location or style of any partitions or fixtures, without the written consent of the Lessor being first had and obtained which shall not be unreasonably withheld.

(g) THAT, at the expiration of the term hereby granted, or any renewal thereof, all fixtures belonging to the Lessee shall remain upon the demised premises until taken down by the Lessor, and the Lessee shall forthwith, upon the same being taken down, remove the same from the demised premises first paying to the Lessor the expense of such taking down and making good all damage occasioned to the demised premises by taking down or removal thereof.

This section describes the circumstances in which the tenant may construct or remove partitions, counters or fixtures. The landlord's consent to make such alterations will be required. If you intend to make renovations, you should ask the landlord to agree to such renovations in the lease.

As written above, at the end of the tenancy only the landlord may take down partitions, etc. It is not unreasonable for the landlord to require the tenant to reimburse them for the costs of removing trade fixtures or for the repair of damage associated with the removal. However, the tenant should try to avoid having to pay for their removal of physical partitions and other fixed leasehold improvements.

As a standard clause, this is written to protect the landlord. As a tenant you should try to limit your financial exposure associated with replacing or removing physical improvements upon expiry of the lease.

BANKRUPTCY OR INSOLVENCY

(h) THAT, if the term granted or the goods and chattels of the Lessee or any assignee or subtenant shall be at any time seized or taken in execution or attachment, or if the Lessee or any such assignee or an assignment for the benefit of creditors or insolvent, or make a proposal to its creditors, or without the consent of the Lessor being first obtained in sale, under the Bulk Sales Act, in respect of being a company shall become subject to any relating to liquidation or winding up, either voluntary or compulsory, the said term shall immediately become forfeited and void, and an amount equivalent to the next ensuing three months' rent shall be due at once and payable.

If the tenant goes bankrupt and has his or her belongings seized by creditors or sells his or her belongings without the landlord's consent, the tenancy will be immediately terminated and the tenant will owe the landlord three months rent.

RULES

(i) THAT the Lessee and its clerks, servants and agents will at all times during the occupancy of the demised premises observe and conform to such reasonable rules and regulations as shall be made by the Lessor from time to time including rules and regulations set forth in Schedule "A" hereto and of which the Lessee shall be * notified, such rules and regulations being deemed to be incorporated in and form part of these presents.

The tenant and his/her employees are obliged to obey all reasonable rules that the landlord may make. These rules include those outlined in Schedule "A" of the lease and any other rules which the landlord gives notice of. You should carefully review Schedule "A" (a sample is included following this lease) and make any appropriate deletions or alterations.

**This provision should be amended to state that the Lessee must be "Notified in writing, such..."*

REMODELING AND SALE

(j) That, in the event of the Lessor desiring at any time during the term, or any renewal thereof, to remodel the said building or any part thereof, or to take down the said building, the Lessee will on receiving six months' notice in writing, surrender this lease and all the remainder of the term, if any, then yet to come unexpired, as from the day mentioned in such notice, and will subject nevertheless to the provisions hereinbefore contained thereupon, vacate the premises and yield up to the lessor the peaceable possession thereof. IT IS UNDERSTOOD that the said six months' notice need not expire at the end of any year or at the end of any month, and in the event of the day fixed for termination of the lease expiring on some other day than the last day of the month, the rent for such month shall be apportioned for the broken period.

IT IS AGREED between the Parties hereto that in the event of a sale of the said premises or if the said premises be expropriated or condemned by any Department of the Federal, Provincial or Municipal Governments then the Lessor shall have the right notwithstanding anything herein contained to terminate this lease upon giving three months' notice in writing to the Lessee of his intention to do so or by paying the said Lessee of his intention to do so or by paying the said Lessee a bonus of three months rent, in which latter event the Lessee undertakes to vacate the said premises at the expiration of thirty (30) days from the delivery of such notice.

The landlord must give six months' written notice to the tenant of his or her intention to remodel or demolish the premises, in which case the tenant must vacate at the end of the notice period. The landlord must give three months' written notice that s/he has sold the premises or that they have been expropriated, in which case the tenant must vacate at the end of the notice period. With respect to the latter situation the landlord can force the tenant to vacate within thirty days if s/he pays a bonus to the tenant equal to three months' rent.

PROTECTIVE INSTALLATIONS

THE LESSEE agrees to pay the cost of any installations, additions, or alterations to the said premises that the Lessor may be required to make by any Municipal, Provincial or other governing authority, * or requested by any private protective system used by the Lessees, for the security and protection of the Lessee and his employees and his or their effects including but not so as to limit the foregoing installations, additions and alterations for fire and theft protection and all such installations, additions, or alterations shall forthwith become property of the Lessor.

The first clause in this paragraph requires the tenant to pay for any construction ordered by a government body. An example of such would be an order to bring the premises into compliance with the

applicable building standards. In this regard you should consult the section entitled "Building Standards".

**The second part of the paragraph is vague and confusing and should be crossed out for that reason unless the landlord clarifies what it means and inserts the clarified version in the lease itself. It seems to refer to the tenant paying for any construction ordered by a security system that the tenant uses, and concludes by saying any such construction will then become the property of the landlord.*

DISTRESS

AND the Lessee further covenants, promises and agrees with the Lessor that notwithstanding any present or future Act of the Legislature of the Province of Ontario, none of the goods or chattels of the Lessee at any time during the continuance of the term hereby created on the said demised premises shall be exempt from levy by distress * for rent in arrears by the Lessee as provided for by the said Section of the Said Act, and that any claim being made for such exemption by the Lessee or on distress being made by the Lessor, this covenant and agreement may be pleaded as an estoppel against the Lessee in any action brought to test the right to the levying upon any such goods as are named excepted in the said Section, the Lessee waiving as he hereby does all and every benefit that could or might have accrued to him under and by virtue of the said section of the said act but for the above covenant.

The landlord is permitted to seize all of the tenant's belongings in the event the tenant fails to pay the rent as it fall due.

**The clause should be amended to permit the landlord to seize such belongings only if the rent remains unpaid for at least fifteen days: "...for rent fifteen (15) days in arrears..." This would prevent the landlord from seizing your belongings simply because the rent was a day or two late.*

The Lessor further covenants with Lessee as follows:

TAXES AND RATES

(a) To pay all taxes and rates, municipal, parliamentary or otherwise, including water rates for the normal supply of cold water to the said premises, assessed against the demised premises of the Lessor or Lessee on account thereof saving and excepting any business taxes and taxes upon personal property or income of the Lessee, license fees, or other taxes imposed upon the property, business or income of the Lessee;

This clause states that the landlord agrees to pay taxes and utility charges (including cold water) regardless of whether they are assessed against the premises, but not any taxes against the tenant's income or against any property in the premises belonging to the tenant.

You should note that some leases oblige you to pay property (realty) taxes assessed against the building. Realty taxes can amount to \$1000 per year or more. They are calculated on the value of the land and building in which the premises are located. If the landlord wants you to sign a lease obliging you to pay realty taxes you can argue that these taxes are assessed against his/her property (wealth) and therefore that it isn't fair that you pay for them. But be careful: the landlord might agree to amend the lease as you ask, and then raise the proposed rent to cover the expected amount of the taxes.

PROVIDED THAT:

(i) IN THE EVENT of the Lessee being assessed as a Separate School Supporter, and by reason thereof the amount of taxes payable on the said premises being increased over the amount payable on assessment as a Public School Supporter, then and in such event the Lessee covenants and agrees with the Lessor to pay to the Lessor the amount of such increase upon demand being made therefor in writing by the Lessor. It is understood and agreed that such increase shall be payable by the Lessee notwithstanding the fact that at the time such

demand is made, the Lessee may have ceased to be a tenant of the Lessor. In the event of the Lessee failing to pay the Lessor the amount of such increase upon demand as herein provided, then the Lessor shall have the same rights and remedies for collection thereof as for the rent in arrears.

(ii) THE LESSEE covenants and agrees to and with the Lessor that if there shall be an increase in municipal taxes payable by the landlord over the amount shown by the immediately last tax bill issued by the municipality in which the demised premises are situate prior to the date of this lease the Lessee will pay any such increase apportioned over the term situate prior to the date of this the Lessee will pay any such increase apportioned over the term of the within lease and the renewal (if any) hereinbefore provided and that any such increase in municipal taxes shall be deemed to be part of the rent reserved hereunder and all the remedies available to the Lessor relating to rent both hereunder and at law shall apply, mutatis mutandis, thereto.

The first clause (i) qualifies the preceding one (Taxes and Rates) by stating that the landlord may demand that the tenant pay the amount of any increase in the taxes assessed against the building if that increase is attributable to the tenant's being a separate school supporter. If the landlord does make such a demand, s/he must make it in writing. If s/he does so and the tenant fails to pay, the landlord will have the same rights as s/he would if the tenant failed to pay the rent – the right of re-entry, distress, etc.

The second clause states that the tenant is responsible for the payment of any increase in municipal taxes over the amount of such taxes shown on the immediately preceding tax bill. Municipal taxes include realty and perhaps local improvement taxes. The tenant is responsible for paying any increases in municipal taxes during the term of the lease over the taxes paid in the year prior to the lease. If these taxes do increase during this time, the lease prevents the landlord's raising the rent to cover the increase. This clause provides the landlord with a way of passing any such increase along to the tenant. Again, the failure to pay such increases will entitle the landlord to the rights of re-entry, distress, etc.

HEATING

(b) To heat the said premises between the 15th day of October and the 1st day of May next ensuing in each year in such manner as to keep the premises at a reasonable temperature for the reasonable use thereof by the Lessee during * reasonable business hours except during the making repairs, and in case the boilers, engines, pipes or other apparatus or any of them used in affecting the heating of the said premises shall at any time become incapable of heating said premises as aforesaid, or be damaged or destroyed, to repair said damage or replace said boilers, engines, pipes or or apparatus or any of them or (at the option of the Lessor) substitute other heating apparatus therefor within a reasonable time, provided, however, that the Lessor shall not be liable for indirect or consequential damages for personal discomfort or illness arising from any default of the Lessor.

*This clause obliges the landlord to supply heat during winter months. Note that the clause is vague as to what the temperature should be at what times. "Reasonable business hours" means the landlord will not have to supply heat during the night. This could be problem if you decide you want to work and live on the premises. * If the landlord knows you are going to live on the premises or use them during the evening hours, you should delete the reference to "reasonable business hours" and make the wording clearly indicate that the landlord must heat the premises during "all hours".*

If the heating system breaks down the landlord is obliged to repair it within a reasonable time, but will not be responsible if you catch a chill or if your plants die.

ACCESS

(c) To give the Lessee, his agents, clerks, servants and all persons transacting business with the Lessee, in com-

mon with other persons, the right to enter the demised premises by means of the main entrance on Fringe Street and free use of the stairway and passages from the street to the said premises * at all reasonable times, subject to rules and regulations in regard to the said building as may be passed from time to time.

*This clause obliges the landlord to permit you access to the premises at all reasonable times. You should insert the streets on which the access points to the premises are situated. Use of the phrase "reasonable times" raises the possibility that the landlord could keep the building locked at night. * If you intend to come and go at all hours, amend the lease to say "at all times."*

PROVISO for re-entry by the said Lessor on non-payment of rent or non-performance of covenants.

This clause gives the landlord the right to re-enter the premises if you fail either to pay the rent or fulfill your other obligations. Re-entry for non-payment of rent is a standard feature; re-entry for non-fulfillment of other obligations is not. But the landlord may object to deleting the latter part of this clause. If you agree with him/her, you will have to fulfill all your obligations or you might find yourself locked out of your studio.

VOIDANCE OF LEASE; VACANT OR IMPROPER USE IT IS FURTHER DECLARED AND AGREED that in case the said premises, or any part thereof, become and remain vacant and unoccupied for the period of fifteen days, or be used by any other person or persons, or for any other purpose than as above provided, without the written consent of the Lessor, this lease shall at the option of the Lessor, cease and be void, and the term hereby created expire and be at an end anything hereinbefore to the contrary notwithstanding and the proportionate part of the current rent shall thereupon become immediately due and payable, and the Lessor may re-enter and take possession of the premises as though the Lessee or other occupant or occupants of said premises were holding over after the expiration of the term; or in such case instead of determining this lease as aforesaid and re-entering upon the demised premises, the Lessor may take possession of the demised premises, or any part or parts thereof, and let and manage the same and grant any lease or leases thereof upon such terms as to the Lessor or its assigns may appear to be reasonable, and demand, collect, receive and distrain for all rental which shall become payable in respect thereof, and apply the said rentals after deducting all expenses incurred in connection with the demised premises and in the collection of the said rent including reasonable commission for the collection thereof and the management of the demised premises, upon the rent hereby reserved, and the Lessor and its assigns and every such agent acting as aforesaid from time to time, shall in so acting be the agents of the Lessee, who alone shall be responsible for their acts, and the lessor and its assigns shall not be accountable for any monies except those actually received, notwithstanding any act, neglect, omission or default or any such agent acting as aforesaid.

This wordy clause basically states that if you leave the premises vacant for fifteen days, if you let someone else use the premises while you are not present, or if you use the premises for any purpose except that specified in the lease, the landlord will have the right to re-enter or otherwise terminate the lease unless you obtain his/her written consent to the use.

The latter part of the clause (beginning with "...and the proportionate of the current rent shall thereupon become immediately due and payable...") deals with a complicated aspect of landlord and tenant law. It gives the landlord the right to hold you accountable for the rent you agreed to pay over the term of the lease. Until a new tenant is found, you will be responsible for the rent. If a new tenant pays a lower rent than yours because of conditions in the rental market at large, you will be responsible for paying the landlord the difference between the two amounts until the expiry of the lease.

WATER AND GAS DAMAGE

AND IT IS FURTHER DECLARED AND AGREED THAT the Lessor shall not be liable for any damage to any property at any time upon the demised premises arising from gas, steam, water, rain or snow, which may

leak into, issue or flow from any part of the said building, or from the gas, water, steam or drainage pipes or plumbing works of the same or from any other place or quarter or for any damage caused by or attributable to the condition or arrangement of any electric or other wires in the said building.

The Lessee shall be liable for any damage done by reason of water being left running from the taps in the demised premises or from gas permitted to escape therein.

Note the list of what the landlord is not liable for. The landlord is not responsible for any damage to the tenant's property caused by substances which may leak into the premises or by electricity.

The tenant is liable for any damage caused by leaving the water or gas taps open.

RISKS OF INJURY

And the Lessor shall not be responsible for any personal injury which shall be sustained by the Lessee or any employee, customer, or other person who may be upon the demised premises or in the said building or the entrances or appurtenances thereto. All risks of any such injury being assumed by the Lessee, who shall hold the Lessor harmless and indemnified therefrom*.

*The landlord is exempted from any liability for injury to the tenant or his guests while on the premises or in the building itself. It would be a good idea to amend this clause so that it won't apply if the landlord is negligent. *Simply add "unless caused by the negligence of the Lessor, or anyone for whom the Lessor is responsible, by law." to the end of the clause.*

NOTICE OF ACCIDENT

The Lessee shall give the Lessor prompt written notice of any accident or other defect in the sprinkler system, water pipes or heating apparatus, telephone, electric or other wires on any part of the premises.

This clause is self-explanatory.

INSURANCE

THE Lessee covenants with the said Lessor that his said business to be so carried on in the said premises will not be of such a nature as to increase the insurance risk or cause the Lessor to pay an increased rate of insurance premiums on the said premises by reason thereof and it is distinctly understood that in case said business so carried on by the Lessee is or becomes of such a nature to increase the insurance risk or causes the Lessor and/or other occupants of the said building to pay an increased rate of insurance premiums, that the Lessee will from time to time pay to the Lessor the increased amount of insurance premiums which the said Lessor and other occupants of the said building have to pay in consequence thereof; provided that the Lessee covenants that he will not carry on or permit to be carried on any business in the said building which may make void or voidable any insurance held by the lessor or the other occupants of the said building.

This clause protects the landlord from any increase in his insurance premiums by virtue of the nature of the work carried on in the premises. The tenant will have to cover such an increase, and in any case is prevented from carrying on any dangerous or illegal business.

BUSINESS NOT TO BE A NUISANCE

PROVIDED that the Lessee will not do or permit anything to be done on the said premises or permit to keep anything therein which may be annoying to the Lessor or other occupants of the said building or which the said Lessor may deem to be a nuisance and that no machinery shall be used therein which shall cause any undue vibration in or to the said premises and in that case of the Lessor or any other occupants of the said building reasonably complaining that any machinery or operation or process is a nuisance to it or them or which causes any

undue vibration or noise in the said premises, that upon receiving notice thereof, the said Lessee will immediately abate such nuisance. The said Lessee covenants not to obstruct or interfere with the rights of the Lessor or other occupants of the said building or in any way injure or annoy them or conflict with any of the rules and regulations of the Board of Health or with any Statute * or municipal by-law.

This clause protects the landlord from the tenant's doing anything on the premises that constitutes a nuisance to the landlord or other tenants. Note that the tenant will have to immediately stop the nuisance upon receiving the notice, provided of course, that the complaint in the notice is reasonable.

It is very important to note that the clause also requires the tenant to abide by municipal health standards or by-laws. Zoning is, of course, covered by municipal by-laws. Therefore, using the premises contrary to the zoning by-law will constitute a breach of the lease.

** If the landlord knows you will be making use of the premises contrary to the zoning by-law, amend the clause by deleting any reference to "municipal by-laws." That way the landlord won't be able to reconsider and try to claim you have failed to abide by this term of the lease.*

SIGN

IT IS HEREBY FURTHER AGREED by and between the said Lessor and the said Lessee that no sign, advertisement or notice shall be inscribed, painted or affixed by the said Lessee on any part of the outside or inside of the building whatever, unless of such manner, colour, size and style in such places upon or in said building as shall be first designated by the Lessor, and, furthermore, the Lessee, on ceasing to be Lessee of the demised premises, will, before removing his goods and fixtures from the said premises, cause any sign as aforesaid to be removed or obliterated at his own expense and in a workmanlike manner to the satisfaction of the Lessor.

This clause self-explanatory. You will need the landlord's permission to erect and take down signs on the building.

ELEVATOR

THE Lessor undertakes to maintain elevators in said building which to be run during the ordinary business hours of every business day of the year,* but not during public holidays or Sundays, except at the option of the Lessor. The Lessee shall, subject to the Lessor's rules and regulations, have free use of such elevators in common with others lawfully using the same, but the Lessee and its employees and all other persons using any such elevator shall do so at its, his, her or their sole risk and under no circumstances shall the Lessor be held responsible for any damage or injury happening to any person whilst using such elevator, or occasioned to any person by such elevator or any appurtenances and whether such damage or injury shall happen by reason of the act, omission * or negligence or otherwise of the Lessor, or any of its employees, servants, agents or otherwise howsoever.

This clause is self-explanatory. Notice that the wording does not require the landlord to ensure there is elevator service outside of regular business hours, on Sundays or public holidays.

** If you intend to use the premises seven days a week and need the elevator, discuss this with the landlord. If s/he is amenable, stroke out the exception to the landlord's general obligation to maintain the elevator and initial the change.*

*Notice also that the landlord excludes himself from any liability for injury sustained while using the elevator. *You should delete the phrase referring to the landlord's negligence, since you would want to hold him/her liable in such a case.*

WATER

THE Lessor agrees to pay for normal water consumed on the said premises but in the event of any abnormal consumption of water either by reason of the character of the business carried on by the Lessee or by the use of

mechanical or other contrivances the Lessee consents to the installation of a water meter at his own expense, if necessary, and further agrees to pay for the excess water consumed on the said premises.

This clause is self-explanatory. If your water consumption is more than what the landlord normally pays, the landlord has the right to demand that you install a water meter, at your expense, and pay for the excess consumption.

PLATE GLASS

THE Lessee agrees at his own expense to replace any plate glass or other glass that has been broken or removed during the term of the within lease or of any renewal thereof and will during the said term keep the plate glass fully insured in some company approved by the Lessor.

This clause requires you to repair or replace broken or removed plate glass in the windows or doors of your premises. Maintenance of windows is covered by the earlier clause dealing with repair of the premises; thus, this clause becomes redundant and should be deleted. Otherwise, you might find yourself responsible for insuring your windows.

FIRE

PROVIDED that if during the term herein or any renewal thereof the premises shall be destroyed or damaged by fire or the elements then the following provisions shall apply:

(a) If the demised premises shall be so badly injured as to be unfit for occupancy, and as to be incapable of being repaired with reasonable diligence within one hundred and twenty days of the happening of such injury, then the term hereby granted shall cease and be at an end to all intents and purposes from the date of such damage or destruction, and the Lessee shall immediately surrender the same, and yield up possession of the demised premises to the Lessor, and the rent from the time of such surrender shall be apportioned;

(b) If the demised premises shall be capable, with reasonable diligence, of being repaired and rendered fit for occupancy within one hundred and twenty days from the happening of such injury as aforesaid but if the damage is such as to render the demised premises wholly unfit for occupancy, then the rent hereby reserved shall not run or accrue after such injury, or while the process of repair is going on, and the Lessor shall repair the same with all reasonable speed, and the rent shall recommence immediately after such repairs shall be completed.

(c) If the demised premises shall be repaired within one hundred and twenty days as aforesaid, and if the damage is such that the said premises are capable of being partially used, then until such damage shall have been repaired, the rent shall abate in the proportion that the part of the demised premises rendered unfit for occupancy bears to the whole of the demised premises.

Clause (a) states that if a fire so badly damages your premises that it is unfit to occupy and it is also incapable of being repaired within 120 days, the lease will cease and you will give possession of the premises to the landlord. The rent up to that date will be divided between yourself and the landlord. The lease does not say how the rent will be split.

Clause (b) states that if a fire so badly damages your premises that it cannot be occupied, but the damage is capable of being repaired within 120 days, any prepaid rent will not be applied while the landlord is repairing the premises. If the rent is not prepaid, then it will not be payable while the landlord is repairing the premises. Rent will recommence once the repairs are completed.

Clause (c) states that if the damage to the premises is capable of being repaired within 120 days and part of the premises capable of being occupied, then you will be responsible only for a portion of the rent. The amount you pay will depend on the extent of the damage and the portion of the studio that is capable of being occupied.

NO ABATEMENT OF RENT

THERE shall be no abatement of rent or reduction of the rent due hereunder, nor shall the Lessee be entitled to damages, losses, costs, or disbursements from the Lessor during the term hereby created on, caused by or on account of fire, (except as above), water, sprinkler systems, partial or temporary failure or stoppage of heat, light, elevator, live steam or plumbing service in or to the said premises or building, whether due to acts of God, strikes, accidents, the making of alterations, repairs, renewals, improvements, structural changes to the said premises or buildings or the equipment or systems supplying the said services, or from any cause whatsoever, provided that the said failure or stoppage be remedied within a reasonable time.

There shall be no reduction in rent for any of the above incidents so long as the incident is repaired within a reasonable time.

RIGHT TO SHOW PREMISES

THAT the Lessee will permit the Lessor to exhibit the demised premises during the last three months of the term to any prospective tenant and will permit all persons having written authority therefor to view the said premises at all reasonable hours.

This clause is self-explanatory.

NOTICES

THAT any notice which either of the parties is required or permitted to give pursuant to any provision of this lease may, if intended for the Lessee, be given by a writing left at the demised premises or mailed by registered mail addressed to the Lessee at the demised premises, and if intended for the Lessor by a writing left at the premises of the Lessor at A Big Company, 1 Main St., Toronto or mailed by registered mail addressed to the Lessor at the Lessors said premises, and such notice shall be deemed to have been given at the time it was delivered or mailed, as the case may be.

This clause outlines the responsibility of both the tenant and the landlord to either deliver notices directly to the party's premise or to send the notice by registered mail. Make sure an address for the landlord is written in the space provided.

OVER HOLDING

PROVIDED further and it is hereby agreed that should the Lessee hold over after the expiration of this lease and the Lessors thereafter accept rent for the said premises, the Lessee shall hold the said premises as a monthly tenant only of the Lessors but subject in all other respects to the terms and conditions of this lease.

This clause states that as long as the landlord accepts rent from you after the expiration of the lease, you may remain on the premises as a monthly tenant under the terms and conditions of the previous lease. However, over holding is often permitted at a premium. (eg: 150%-200% of gross rent in the last year of the lease.)

The words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender, and words importing persons shall include firms and corporations and vice versa.

Unless the context otherwise requires, the word "Lessor" and the word "Lessee" wherever used herein shall be construed to include and shall mean the executors, administrators, successors and/or assigns of the said Lessor and Lessee, respectively, and when there are two or more Lessees bound by the same covenants herein contained, their obligations shall be joint and several.

These clauses provide guidance as to how the lease is to be interpreted: the terms "Lessor" and

“Lessee” also refer to anyone who works for the landlord and the tenant, and all tenants named in the lease are bound by its rules.

In witness whereof the parties have executed these presents.

SIGNED, SEALED AND DELIVERED

Sal Tenant

Chris Landlord

SCHEDULE A
RULES AND REGULATIONS FORMING PART OF THE WITHIN LEASE

The following is a sample "Schedule A" which generally accompanies a commercial lease. It outlines the rules and regulations that apply to under the terms of the lease. Please note that these rules and regulations may be different within every lease.

1. The sidewalks, entrances, elevators, stairways and corridors of the building shall not be obstructed by any tenants or used by them for any other purpose than for ingress and egress to and from their respective offices, and no tenant shall place or allow to be placed in the hallways, corridors or stairways any waste paper, dust, garbage, refuse or anything whatever that shall tend to make them appear unclean, untidy or filthy.
2. The floors, sky-lights and windows that reflect or admit light into passageways or into any place in the said building shall not be covered or obstructed by any of the tenants and no awnings shall be put over any window; the water closets and other water apparatus shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, ashes or other substances shall be thrown therein and any damage resulting to them from misuse shall be borne by the tenant by whom or by whose employee the damage was caused.
3. All window signs, interior signs and signs on glass doors must be approved in writing by the Lessor before the Lessee engages a sign contractor to paint said signs, and all such signs shall be painted in the form previously so approved by the Lessor.
4. In the event that the Lessor provides and installs a Public Directory Board inside the main entrance to the building the tenant's or tenants' name or names shall be placed on the said Board at the expense of such tenant or tenants, same to be charged to the tenant or tenants in the month's bill for rent rendered, and shall be recoverable as rent.
5. If any sign, advertisement or notice shall be inscribed, painted or affixed by the Lessee on or to any part of the said building whatever, then the Lessor shall be at liberty to enter on said premises and pull down and take away any such sign, advertisement or notice and the expense thereof shall be payable by the Lessee.
6. If by reason of any alterations which the Lessee may make or may permit to be made, with or without the consent of the Lessor, to any part of the demised premises or to any fixtures in the demised premises, the addition of any equipment or the use of any material which the Lessee, its employees or other persons permitted by the by the Lessee to be on the premises may use or keep in the said premises, or any change or in the type of occupancy of the demised premises which the Lessee may make or permit to be made, there is any increase in the insurance premiums payable by the Lessor on any fire insurance which may be in effect or which the Lessor may hereafter place upon the building of which the demised premises form a part, the Lessee agrees to pay to the Lessor the amount of such increase, and the parties agree that a statement by the insurance broker of the Lessor of the amount of such increase shall be final and binding upon the parties.
7. No safes, machinery, equipment, heavy merchandise or anything liable to injure or destroy any part of the building shall be taken into it without the consent of the Lessor in writing, and the Lessor shall in all cases retain the power to limit the weight and indicate the place where such safe or the like is to stand, and the cost of repairing any and all damage done to the building by taking in or putting out such safe or the like or during the time it is in or on the premises, shall be paid for on demand by the tenant who so causes it. No tenant shall load any floor beyond its reasonable weight carrying capacity as set forth in the municipal or other codes applicable to the building.
8. In order that the demised premises may be kept in a good state of preservation and cleanliness, the tenant shall during the continuance of its lease permit the janitor or caretaker of the Lessor to take charge of and clean the demised premises.

9. No tenant shall employ any person or persons other than the janitor or caretaker of the Lessor for the purpose of such cleaning or of taking charge of said premises, it being understood that the Lessor shall be in no wise responsible to any tenant for any loss of property from the demised premises, however occurring, or any damage done to the furniture or other effects of any tenant by the janitor or caretaker or any of its employees.
10. The Lessor shall have the right to enter the demised premises at reasonable hours in the day to examine the same or to make such repairs and alterations as it shall deem necessary for the safety and preservation of the building, and also during the three months previous to the expiration of the lease of the demised premises, to exhibit the said premises to be let and put upon them its usual notice "For Rent", which said notice shall not be removed by any tenant.
11. Nothing shall be thrown by the tenants, their clerks or servants out of the windows or doors or down the passageways and sky-lights of the building.
12. No animals shall be kept in or about the premises.
13. If the Lessee desires a telegraph or telephone, call bell or other private signal connections, the Lessor reserves the right to direct the electricians or other workmen as to where and how the wires are to be introduced, and without such directions no boring or cutting of wires shall take place. No other wires of any kind shall be introduced without the written consent of the Lessor.
14. No one shall use the leased premises for sleeping apartments or residential purposes.
15. Tenants and their employees shall not make or commit any improper noise in the building, or in any way interfere with or annoy other tenants or those having business with them.
16. All tenants must observe strict care not to allow their windows to remain open so as to admit rain or snow, or so as to interfere with the heating of the building. The tenants neglecting this rule will be responsible for any injury caused to the property of other tenants or to the property of the Lessor by such carelessness. The Lessee, when closing offices for business, day or evening, shall close all windows and lock all doors.
17. The Lessee agrees not to place any additional locks upon any doors of the demised premises and not to permit any duplicate keys to be made therefor; but to use only additional keys obtained from the Lessor, at the expense of the Lessee, and to surrender to Lessor on the termination of the lease all keys of the said premises.
18. The Lessee shall give to the Lessor prompt written notice of any accident or any defect in the water pipes, gas pipes, heating apparatus, telephone or electric light, or other wires in any part of the said building.
19. No inflammable oils or other inflammable, dangerous or explosive materials shall be kept or permitted to be kept in the demised premises.
20. The caretaker will have charge of all radiators and will give all information for the management of the same, and the Lessee shall give to the Lessor prompt written notice of any accident or defects in the water pipes or heating apparatus.
21. No bicycles or other vehicles shall be brought within the building or upon the Lessor's property, including any lane or courtyard.
22. Nothing shall be placed on the outside of windows or projections of the demised premises. No air-conditioning equipment shall be placed at the windows of the demised premises without the consent in writing of the Lessor.
23. Spikes, hooks, nails, screws or knobs shall not be put into the walls or woodwork.
24. No freight, furniture or packages will be received in the building or carried up or down the elevator between the hours of 8 a.m. and 6 p.m.

25. All glass, locks and trimmings in or upon the doors or windows of the demised premises shall be kept whole and whenever any part thereof shall become broken, the same shall be immediately replaced or repaired under the direction and to the satisfaction of the Lessor, and such replacements and repairs shall be paid for by the Lessee.

26. No heavy equipment of any kind shall be moved within the building without skids being placed under the same, and without the consent of the Lessor in writing.

27. Any alterations, additions, renewals or changes made in the partitions or divisions of the rooms or linoleum floors during the currency of this lease shall, if made at the request of the Lessee, be done by the Lessor at the expense of the Lessee, and shall be subject to the approval in writing and direction of the Lessor.

28. The Lessor shall not be liable for any damage to any property at any time on the demised premises, nor for the theft of any of the said property, nor shall it be liable for an escape or leakage of smoke, gas, water, rain or snow howsoever caused, nor for any accident to the property of the Lessee.

29. Any person entering upon the roof of the building does so at his own risk.

30. The Lessee shall not enter into any contract with any person or persons or corporations for the purpose of supplying towels, soap or sanitary supplies, etc., ice or spring water, unless the said person or persons or corporations agree that the time and place of delivery of such articles and the elevator service to be used in connection therewith shall be subject to such rules and regulations as the Lessor may from time to time prescribe.

31. Tenants, their agents and employees shall not take food into the elevator or into public or rented portions of the building unless such food is carried in covered receptacles approved by the Lessor in writing.

32. The Lessor reserves the right to restrict the use of the demised premises to the Lessee and/or its employees after 6 p.m.

33. No tenant shall make door-to-door canvass of the building for the purpose of selling any products or services to the other tenants without the written consent of the Lessor.

34. No tenant shall be permitted to do cooking or to operate cooking apparatus except in a portion of the building rented for the purpose.

35. The Lessor shall have the right to make such other and further reasonable rules and regulations and to alter, amend or cancel all rules and regulations as in its judgement may from time to time be needed for the safety, care and cleanliness of the building and for the preservation of good order therein and the same shall be kept and observed by the tenants, their clerks and servants. The Lessor may from time to time waive any such rules and regulations as applied to particular tenants and is not liable to the Lessee for breaches thereof by other tenants.

Appendix C Bibliography

Appendices

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Square Feet Response Form

Toronto Artscape is proud to present the inaugural edition of *Square Feet*. Nonetheless, we look forward to a future revised edition incorporating even more information and resources.

Please take a moment to fill out this form and mail or fax us your comments and suggestions, or e-mail us at:

squarefeet@torontoartscape.on.ca.

1. What part of this guide was most useful for you?

2. What improvements or additions would you suggest?

3. Other comments and suggestions:

4. (Optional) Contact information:

NAME _____ E-MAIL _____

ADDRESS _____

PROFESSIONAL/AFFILIATION _____

Fax: 416-392-1059

Mailing address:

Toronto Artscape Inc.
111-60 Atlantic Avenue
Toronto, Ontario M6K 1X9