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## Report of the Commissioner of Corporate Services

### **Sublease South Services Centre 50 High Tech Road, City of Richmond Hill**

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#### **1. Recommendation**

1. Council authorize sublease agreement with Catholic Community Services of York Region commencing on November 1, 2024 until December 30, 2031, for existing office space on the ground floor at 50 High Tech Road, City of Richmond Hill.
2. Commissioner of Corporate Services be authorized to execute a sublease agreement with Catholic Community Services of York Region and all necessary documents to complete the transaction.

#### **2. Purpose**

This report seeks Council approval to enter into a sublease agreement with Catholic Community Services of York Region as shown in Appendix A.

Council approval is required because the proposed sublease falls under the Material Leases category in the Region's Leasing of Real Property Policy.

Private Attachment 1 will be considered in private session pursuant to section 239(2)(c) of the *Municipal Act, 2001*, because it relates to leasing of property by the Region.

#### **3. Background**

##### **The Region has been leasing the South Services Centre since 2001**

The building at 50 High Tech Road in Richmond Hill is referred to as the South Services Centre. It is a five-storey office building containing 111,650 gross square feet. The building contains a variety of mixed office uses, including publicly accessible services for public health and transit offices. The

building provides nearly 400 parking spaces and is easily accessible by the public by car and public transit.

The Region and Condor York Holdings Inc., the landlord, entered into a 20-year office lease commencing on June 1, 2001. In [August 2014](#), the lease was extended until December 31, 2031. In [November 2023](#), Council approved a lease amendment related to the maintenance, repair and replacement of the large-scale building components and systems.

### **Courts Services vacated the ground floor and relocated to Newmarket**

On April 29, 2024, Court Services relocated from the South Services Centre to 17150 Yonge Street in Newmarket, leaving 15,451 square feet of ground floor space vacant. With no immediate or future Regional need for the space, Staff explored subleasing to recover lease costs.

### **Catholic Community Services of York Region agreed to sublease the vacated space**

Catholic Community Services of York Region (“CCSYR”) is a federally funded organization that provides settlement, counselling, employment, and community services to newcomers to Canada residing in York Region. It operates separately from the Region, with some of its programs aligning with the Region’s.

In March 2024, CCSYR approached the Region about subleasing the vacated space as leases at two of its locations were expiring on June 30, 2024. The Region and CCSYR entered into a temporary Occupancy Agreement on June 10, 2024 to allow CCSYR access to the space and the Region to decommission the Court Services space. The Occupancy Agreement will terminate when a sublease is executed.

The office space was provided to CCYSR in an “as-is, where-is condition”, except for removal of courtroom fixtures and demising wall renovation by the Region. Furniture no longer required by the Region was left for CCSYR’s use. The Region retained the right to take back the furniture at the end of the sublease.

CCSYR will be completing and paying for all its own leasehold improvements in compliance with standards set and approved by the Region and landlord.

## **4. Analysis**

### **Region’s lease costs are offset by subleasing**

The Region is obligated to pay rent for all space until the end of the lease. The lease permits the Region to sublease space to a third party and recover and retain reasonable costs from a subtenant for operating and maintaining the subleased premises. These costs include janitorial, security, general repairs and maintenance.

Collecting sublease rent will off-set rent payment obligations to the landlord and reduce the Region’s overall operating budget.

Consolidation of Courts space and the subsequent lease of the vacated space to CCSYR is part of York Region's comprehensive portfolio management approach to maximize efficient use of available space.

## 5. Financial Considerations

This report does not present current or anticipated financial changes to the Region's budget or fiscal position. Base rent and additional rent paid by the Region to the landlord for this space will be charged to CCSYR and passed through to the landlord. The subtenant will also pay its proportionate share of operating costs incurred by the Region for the building.

## 6. Local Impact

CCSYR, as a subtenant, will provide Regional residents with access to programs which are complementary to those offered by the Region.

## 7. Conclusion

The sublease will allow the Region to recover lease costs from CCSYR, which would otherwise be borne by the Region.

CCSYR offers community services in alignment with Regional programs. It is recommended that the Region enter into the sublease as outlined in this report.

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For more information on this report, please contact Michael Shatil, Director of Property Services at 1-877-464-9675 ext. 71684. Accessible formats or communication supports are available upon request.



Recommended by:

**Dino Basso**

Commissioner of Corporate Services



Approved for Submission:

**Erin Mahoney**  
Chief Administrative Officer

September 26, 2024  
#16317098

Appendix A – Property Schedule and Location Map  
Private Attachment 1 – Sublease South Services Centre (#16317103)

**Property Schedule  
Sublease South Services Centre  
50 High Tech Road  
City of Richmond Hill**

<b>No.</b>	<b>Owner</b>	<b>Municipal Address</b>	<b>Legal Description</b>	<b>Summary of Sublease</b>
1.	Condor York Holdings Inc.	50 High Tech Road Richmond Hill	Part of Lots 37 and 38, Concession 1 set out as Parts 18, 21, 22, 23, 24 and 25 on Reference Plan 65R-24488, City of Richmond Hill	<ul style="list-style-type: none"> <li>• 15,541 square feet on ground floor</li> <li>• Term: November 1, 2024 to December 30, 2031</li> <li>• As-is, where-is condition</li> </ul>

**LOCATION MAP**

