



SQUARE FEET

**The Artist's Guide to Renting
And Buying Creative Space**

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Glossary terms appear in [blue](#).

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INTRODUCTION

Whether it's because you've outgrown your dining room art studio; whether the studio you rent is in a building that was just put up for sale; whether you're worried you'll be evicted from your informal live-work space or whether you're a small arts organization that needs its own office and studio space; you're in the market for real estate.

Artists look to Toronto Artscape Inc. ("Artscape") for help in their search for space in which to work. This manual will guide you through your search for space so you can make informed decisions about whether to [lease](#) or buy, how much you can spend, what kind of space suits you best, where to look for it, and how to cope when things go awry.

Some of you will be interested in leasing, and others will want to explore your options for buying. While buying property may seem out of reach, there are creative ways of obtaining [financing](#) and **alternative ownership models** that may make buying feasible. 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.

Leasing or buying space is a business transaction and the best way to approach a business transaction is to be well-informed about your needs and the available options before signing on the dotted line. Once you are equipped with a clear understanding of your financial profile and the various options for buying and leasing, you will be able to approach your search with assurance.

THIS MANUAL IS FOR YOU

Although Artscape has a Toronto mandate and some information in this manual is Toronto-specific, much of the information is relevant to the needs of artists across Ontario. Artists from communities in the rest of Canada and elsewhere will find much of the general advice and information useful as they plan their space search. We imagine that those of you using this manual will fall into one of the following categories:

- I Individual artists, or administrators and board members of small arts organizations, looking for work space in a commercial or industrial building;
- I Artists who can work from residential premises; or
- I Artists who are looking for live-work space.

The kind of work that you do will, to a certain extent,

determine the kind of space you can occupy. If you're a writer or a visual artist who does not use toxic materials, you may be able to work from a residential unit. If you have clients coming and going or your work creates heat, dust, noise or odours, you may need a commercial studio. You may also need special ventilation, soundproofing or safety equipment. If your work or your equipment is large, you may need access to a freight elevator. If you're coming and going with materials, you may need a studio with a dedicated parking space. All of these factors will shape the kind of space you can occupy. Keep them in mind as you move through the sections of this manual.

This manual does not need to be read from beginning to end. You can skip around and read the sections that are most relevant to your situation. However, it is highly recommended that you read and reflect on **Chapter 1: Getting Ready**. This first chapter guides you through several decision-making processes including:

- I Do I want a live-work space or studio space?
- I How much space do I need and what amenities do I need in my new space?
- I What can I afford to pay?

Having clear answers to each of these questions is critical before moving forward. Once those are answered, you can read only those sections that are relevant to you.

Chapter 2: If You Lease, is all about leasing both commercial and residential spaces. It explains the rights and obligations of both landlords and tenants and offers suggestions for how to ensure that you fully understand the terms of a [lease](#) before you sign.

Chapter 3: If You Buy, is all about buying property – both commercial and residential. It includes information on getting a mortgage, what happens if you fall behind on your payments, alternative models of ownership including co-ops, and how to access legal help.

Chapter 4: The Hunt, offers suggestions for finding your ideal space. It includes resources for finding space on your own, tips for using a [realtor](#), and explains regulations like zoning and building permits.

Chapter 5: When Things Go Wrong, offers suggestions for resolving disputes with your neighbours or your landlord and what to do if you find yourself without a place to live or work.

ABOUT ARTSCAPE

Established in 1986, Artscape is a not-for-profit organization that makes space for creativity and transforms communities. Artscape projects provide below-market space for creativity while generating positive cultural, economic, social and environmental impacts. Artscape has transformed a portfolio of underutilized buildings across Toronto into dynamic community assets that serve to enable innovation and creativity, including the award-winning Artscape Wychwood Barns and multi-tenant arts facilities in the Queen Street West, Liberty Village, Toronto Island and Distillery Historic District neighbourhoods.

Artscape seeks to support artists and non-profit arts organizations across Canada by offering resources like this manual as part of its Knowledge Exchange program.

www.torontoartscape.on.ca

THE IMPORTANCE OF GETTING SECURE TENURE

This manual is designed to guide you through the process of getting legal, secure [tenure](#) in a space that suits your needs. What does secure [tenure](#) mean? It means the ability to work and/or live in your space without fear of eviction. It means knowing that you are occupying your space legally and that, as long as you are abiding by the terms of your [lease](#), no one can force you out (with only a few limited exceptions). Having legal, secure [tenure](#) gives you the peace of mind you need to plan for the future of your business and focus on your creative ventures.

However, having secure [tenure](#) also brings responsibilities. You must abide by the terms of the [lease](#) and all the applicable legislation, including how you use and take care of your space and relate to your neighbours. It may require that you alter your unit to bring it up to residential [building code](#) standards if you're going to live in it. It may require that you seek the advice of a professional, such as a lawyer or a paralegal, to ensure that you are entering into a [lease](#) agreement that suits your needs and protects your rights. These hurdles can be a hassle but the reward of enjoying secure [tenure](#) in your space will make them worthwhile.





CHAPTER 1: GETTING READY

CHAPTER 1: GETTING READY

First, you need to think about what type of space you need for your work. Does it make sense to have a separate studio or is live-work space better suited to your needs? How big an area do you really need and what special amenities and services are required to make things work? What can you really afford? This section will guide you through those decisions.

A) LIVE-WORK VS. STUDIO SPACE

Consider whether you want a live-work space or a separate studio space. If you want a separate studio, can you work from a residential space (i.e.: a rented room in an apartment or house) or do you need a commercial/industrial studio?

The answer to this question is partially about personal preference – whether you want one live-work space or whether you want a separate studio. It may also be about the nature of your work and whether your work generates odours or noise that are not compatible with living spaces. There are also issues concerning zoning, which is the way municipalities regulate what sort of activities are permitted in different types of buildings and locations (*see the **section on zoning** for more information*). Zoning may prevent you from engaging in certain business-related activities in a residential area or may make it illegal for you to live in certain types of commercial or industrial spaces.

Knowing what type of space you want is important because the residential and commercial studio real estate markets operate separately. Brokers and listings are different in the two markets and so are the leases and the types of obligations and protections available to you as a tenant. Some of the differences between residential and commercial leases are addressed in **Chapter 2: If You Lease**. If you're buying, the residential and commercial real estate markets and [mortgage](#) options also operate differently. These are generally explained in **Chapter 3: If You Buy**.

B) HOW MUCH SPACE DO I NEED?

How big is big enough? What can you actually get done in 300 square feet? Should you be looking for a larger shared studio for your work? Assessing space requirements is a challenging exercise even with the help of an architect or interior designer. For many creative professionals their work is idiosyncratic and they don't actually think about the numbers but rather have 'gut' or intuitive feeling for what's the right size space for their work.

For those more visually inclined the following short videos will help you get a sense of what different size spaces actually look like in use.

VIDEO CLIPS: Small, Medium and Large Spaces

Videos by James Wehmeyer of Henryboy Productions

300 sq. ft.	560 sq. ft.	1100 sq. ft.
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Space Requirement Chart

If you are more inclined to think about numbers or you represent an arts organization that has a good sense of the size and type of space you require, the following chart can help you assess your size requirements.

When estimating the size of rooms you'll need in a future space keep in mind how the room will be used and what furniture and equipment will be in it. It may also help to consider the space you currently have and what you would change in terms of square footage and dimensions to improve it. You could also measure your existing space to get an idea of size.

Once you have the total square footage for the rooms you will need, you must plan for the spaces between them. This includes hallways between enclosed rooms as well as circulation areas around work spaces in open rooms. You need to add 15% to 30% to your total square footage to account for circulation (a [realtor](#) can also help you with these estimates).

For spaces of 1,500 square feet and larger 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. When completing the following chart, please disregard categories that do not apply to your situation.

TIP Start by figuring out how big a space you need, either by looking at these video clips or by completing the *How Much Space Do I Need?* chart.

HOW MUCH SPACE DO I NEED?				
	CURRENT SITUATION		FUTURE REQUIREMENTS	
	# of Spaces	Approximate area & dimensions	# of Spaces	Approximate area & dimensions
Studio space				
Reception area				
Storage area(s)				
Shared/private bathrooms				
Kitchen or lunchroom				
Office space				
Open work areas				
Meeting room or common area				
Copier/office supply area				
Other (specify)				
Sub-Total (sq. ft.)				
Add 15 to 30% for hallway and/or circulation space				
TOTAL (sq. ft.)				

C) WHAT DO I NEED IN MY NEW SPACE?

Now you need to think about what kinds of features and amenities you'll need in your new space. You can do this by reflecting on the space you currently occupy and then identifying what you want and *need* in a new space. The following chart is meant to stimulate your thinking to help you identify what you *need* in your space beyond simply wanting a certain number of square feet for a certain price. The chart can be used whether you are an individual artist, a collective, or small arts organization. Again, disregard sections that are not relevant to your particular situation.

Assessment of Current Space: Think about each feature in your current space. Is the parking sufficient? Is the ventilation good or bad? Can you control the heat? Make a note in the chart for each amenity in your current space.

Nice to have/Must have: Think carefully about how important each element is to you. Which elements are absolutely essential for you to have and which would be nice but aren't crucial? Mark each element with *must have* or *nice to have*.

Requirements in the New Space: Having completed the first two columns, think about what you require in your new space and write in the third column. This will help you prioritize certain elements. For example, if you simply can't work without soundproof walls, your search will have to focus on spaces that are soundproofed or can be retrofitted to meet your needs.

WHAT DO I NEED IN MY NEW SPACE?			
ITEM	Assessment of Current Space	Nice to have/ Must have in new space	Requirements in new space
Size of premises	sq. ft.		sq. ft.
Layout			
Ceiling height			
Heating			
Air conditioning			
Electrical outlets			
Water (in studio or nearby)			
Noise/soundproofing			
Garbage disposal			
Ventilation			
Lighting/brightness			
Storage			
Windows (size, exposure)			
Freight elevator			
Passenger elevator			
Wheelchair access			
Loading dock			
Bathrooms			
Parking spaces			
Parking price			
Access by public transit			
Bike storage			
Local amenities (print shop, café, corner store, etc.)			
Personal safety (in the building, in the area)			

You should now have a sense of the size of space you want and a list of features that are important for you to have in that space. Now we'll turn to assessing what you can afford to pay.

D) WHAT CAN I AFFORD TO PAY?

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

For individual artists an important first step in figuring out what you can afford is to establish a personal budget that

TIP Canada Mortgage and Housing Corporation (CMHC), Canada's national housing agency is a great source of unbiased information on all matters related homeownership and rental housing in Canada.

accounts for all regular monthly income and expenses. There are a number of great online tools that can assist you with this including an excellent budget calculator at Canada Mortgage and Housing Corporation. Visit www.cmhc.ca and use the internal search tool to type in 'Household Budget Calculator.' There are other household budgeting tools available including templates from **Google**

Docs and **Microsoft Excel**. Select one that works for you and take the time to complete it thoroughly.

You may be tempted to skip this step and simply guess how much you can afford to pay for your studio. Don't give in to this temptation! Having a clear and realistic understanding of your financial profile is tremendously valuable. By taking the time to understand your budget you may see places where you can cut expenses or share costs and you will avoid future pitfalls such as committing to a space you can't afford.

With a good understanding of your personal budget, you need to return to the question of whether you are looking for live-work space or industrial/commercial studio space. For those looking for live-work space the budget question is obviously also about the cost of housing. For those looking for industrial/commercial studio space, the budget question is about funds left over *after* housing and other household expenses have been covered.

SETTING YOUR BUDGET FOR LIVE-WORK SPACE

A simple way to think about a budget for live-work space is to

use the same guidelines that are commonly applied for those seeking regular housing. These rules are based on experience over time and establish housing expense limits that most people should not exceed (although many do out of necessity). The rules are a little different between ownership and rental housing and can be summarized as follows:

TIP If you're renting live-work space, your total housing cost (rent plus utilities) should not exceed one-third of your gross income.

For rental, your housing cost should not exceed one-third of your gross (pre-tax) income. This one-third rule for rental also includes all utilities you have to pay. This rule is just a guideline and although it is not recommended, there are no rules that prevent anyone from renting housing that costs more than one third of their gross income. You may also want to budget a small amount for savings to put toward future housing purchase or retirement.

For ownership, a similar housing-cost-to-income ratio applies although here the rules are a little more complicated and are rigidly enforced by lenders and **mortgage** insurers.

The **first** rule for ownership is that your monthly housing costs should not be more than 32% of your total gross (pre-tax) income. Housing costs include monthly **mortgage principal** and **interest** payments, taxes and heating expenses — known as P.I.T.H. for short. For a condominium, P.I.T.H. also includes half of the monthly condominium fees. Lenders add up these housing costs to determine what percentage they are of your gross monthly income. This figure is known as your Gross Debt Service (GDS) ratio. Most lenders require that it be 32% or less of your gross household monthly income meaning they will only lend you an amount that puts your Gross Debt Service ratio at 32% or less of your gross income.

For ownership, there is also a **second** budget rule. This rule is that your entire monthly debt load shouldn't be more than approximately 40% of your gross monthly income. This includes housing costs and other debts, such as car loans and credit card payments. Lenders add up these debts to determine what percentage they are of your gross household monthly income. This figure is your Total Debt Service (TDS) ratio. Most lenders require that this ratio be no more than 40% of your gross monthly income.

EXAMPLES

Your monthly pre-tax income is \$3,000 and you make payments of \$300/month for your student loan, car payments or other non-housing debts.

Renting live-work space: You should not spend more than one third of your gross income on housing related expenses. This amounts to \$1,000 per month for rent and utilities.

Buying live-work space: Your monthly housing costs should not exceed 32% of your gross income. This amounts to \$960 per month and this is your Gross Debt Service. Your entire debt load should not be more than 40% of your gross income so all your debts should add up to no more than \$1,200 per month. This is your Total Debt Service. Since you pay \$300 per month for non-housing debts, you only have \$900 per month available to put to housing expenses. Banks and other **mortgage** lenders will not let you borrow more than you can repay at \$900 per month.

SETTING YOUR BUDGET FOR COMMERCIAL/INDUSTRIAL SPACE

Establishing a budget for a studio space that you don't live in is a simpler exercise than budgeting for live-work space. For individual artists this budget is simply the amount you feel you can comfortably cover after paying for all other monthly expenses, including housing, food, transportation expenses, savings and contingencies. Again, a budgeting tool like the one at **CMHC** (use the internal search tool and type in 'household budget calculator') is a great way to establish your budget and figure out how much is left over for a studio. As a guideline, you should not spend more than 80% of your residual income (after accounting for all other expenses) on your space.

EXAMPLE

Your monthly pre-tax income is \$5,000. After taxes and all your expenses, you have \$700 left per month. You should not spend more than 80% of this - \$560 - on your studio space.

THE TRUE COST OF SPACE

So you have established your ideal type and size of space and worked out your monthly space budget. You may have already begun to look at some listings and started to get a sense of prices for space in areas you are interested in. But before you plunge into the market you should consider the true cost of space; not just the rent or the cost of a **mortgage**.

There are substantial costs associated with the use of property. If you are purchasing, you will be responsible for all the property taxes, utilities, leasehold improvements, maintenance or repair charges and insurance. As a tenant, depending upon your **lease**, you may pay some or all of these charges directly, or they may be included in your rent. If you're leasing

industrial or commercial space, you'll be paying HST along with other expenses.

In this section of the manual we consider all of the other costs beyond rent or **mortgage** payments that must also be covered by your monthly space budget and which will impact the price you will be able to afford in the market.

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

Property Tax

You will pay municipal property tax on the property in which you live and/or work. The tax is based on the value of the property and is billed by the municipality to the owner of the property.

If you are a tenant, you will be paying all or part of the property tax either directly to the municipality or indirectly through rent payments to your landlord. Before signing a **lease**, find out whether the rent includes property taxes or whether your landlord will be billing you for taxes separately. If you have a **gross lease**, all costs, including property taxes,

are included in your rent. If you have a **net** or a **net-net** or a **net-net-net** lease, you will pay other expenses on top of your rent. Be sure to find out what these will be. (More details can be found in the section called **What's included in the rent?**)

TIP Some charitable organizations and theatres may be eligible for property tax reductions. Check with your local municipal tax office.

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

Property taxes are based on the assessed value of a piece of property. The provincial government establishes the value of all property in the province through the **Municipal Property Assessment Corporation** (MPAC). The higher the value

of your property, the higher amount of property tax you will pay. Commercial and industrial property taxes are calculated using higher tax rates and are therefore much higher than residential taxes.

MPAC uses a variety of measures to determine the value of a piece of property. See **Understanding Your Assessed Value** for more information. 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. Keep in mind, these figures can change from year to year and the municipality has the ability to raise the amount of the assessment and therefore the corresponding property taxes.

If you are interested in buying a property your **realtor** or the current owner can provide you with the property's current assessed value and the annual tax amount. You can also check the assessed value of a property by looking up the address in the assessment rolls at municipal city halls. These are available for free public viewing (in person, not online). See **Access to Assessment Rolls** for details on viewing Toronto's assessment rolls. You'll then have to calculate the taxes using the formula and current tax rates on the City's website under **Property Tax Rates**.

Charitable Organizations and Theatres May Qualify for a Property Tax Rebate

Ontario's **Assessment Act** allows for tax exemptions for "any charitable, non-profit philanthropic corporation organized for the relief of the poor if the corporation is supported in part by public funds." (Section 3(1)). 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.

In Toronto, the rebate is available to federally registered charitable organizations who own or lease commercial or

industrial property (see *details on Toronto's website*). In Hamilton, the rebate is available to federally-registered charitable organizations who lease commercial or industrial property. Charities that own their own buildings will be assessed as residential property and are therefore not eligible for the rebate (*for more information see the City of Hamilton's website*). In Waterloo, charitable organizations that provide benefits to only a narrow segment of the community may not be eligible for the rebate (*see the City of Waterloo's website*). Eligibility criteria vary from city to city. Please check with your local municipality for details.

Applications for rebates must be made each year. If you are leasing space, your landlord must complete part of the application form and it can be time consuming. You may also have to provide proof of your organization's charitable status and a copy of your lease. Be sure to leave enough time before the deadline every year to have the forms completed and submitted to the municipality.

Ontario's Assessment Act also exempts certain theatres from paying property tax (*see Section 3, paragraphs 26 and 27 of the Act*.) Theatres that have 1000 seats or fewer can apply to be exempted from paying property tax. Theatres used for drama, comedy, music, opera, or dance performance may be eligible. If operated by a non-profit

TIP Find out what each of the utilities cost over an entire year, since items like heating fluctuate seasonally and the period of coverage differs for different utility bills.

TIP Registered charities and small theatres can apply to have their property taxes significantly reduced. Contact your municipal tax office to find out if your organization qualifies and be sure to apply every year.

corporation, larger theatres with more than 1000 seats may also be eligible for a reduction in property taxes. Contact your municipal tax office for details on how to apply for the exemption.

Utilities

You'll want to have a good estimate of the utility costs for your new space. These

include heating, air conditioning, electricity, water and waste collection service. The best way to determine what they cost is to ask the current owner, your real estate agent or a current tenant. You should ask to see a recent bill and be sure to check the period covered by the bill: heating costs during the summer will be a lot lower than in the winter, so you need to know the total cost for a one-year period.

Heat, Air Conditioning and Electricity

Be sure to find out if your unit is air conditioned or not and how the heating and air conditioning is billed. Many spaces have individual air conditioning units which are run off electricity, which in turn, must be paid for by the tenant. This cost can be significant in a particularly hot summer.

When you move into a new space, you can continue to purchase your gas or electricity from a principal supplier, such as Toronto Hydro or Enbridge Gas, or you can purchase through electricity retailers or gas marketers. 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. Be wary of door-to-door sellers offering rebates or asking to see a copy of your bill. You might check out **www.energyshop.com**, an independent website that provides price comparisons for various service providers, as well as a useful FAQ section that explains the pros and cons of buying utilities through a marketer.

If you are leasing a space, you need to know what type of heating system is in the building, what your approximate heating and cooling costs will be, and whether or not you will have control over your heating and cooling levels.

TIP If you are renting a studio and being billed for electricity 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.

Water

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 by the municipality on a flat rate. 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 your studio has shared slop sinks and bathrooms, be sure to find out from the landlord, current tenant or current owner how much your share will cost.

The City of Toronto is installing new automated water meters in all homes and businesses in the city through its **Water Meter Program**. Once the new automated water meters are installed, all homes and businesses will pay for the water they actually use. Implementation is expected to be completed by 2015. Once all buildings are metered, you will only pay for the water you use. The City publishes its **current water rates** online.

Waste Collection

Garbage, recycling and green bin (compost) waste are collected weekly from most residential units (houses and small apartment buildings) in Toronto. Residents must pay for garbage collection based on the size of their garbage bin. The smallest bins carry no charge and come with a small rebate which is used to offset your water and sewer charges while the largest bins cost \$190 per year. Details of each bin size and its cost are found on the **City's website**. There is no charge for collection of recyclables and green bin contents.

Businesses in commercial buildings may register for the City's **yellow bag program**. The yellow garbage bags must be purchased at Canadian Tire stores. Recycling and green bin pick up is included at no charge. Businesses must meet certain **eligibility criteria** and must apply for garbage collection through the yellow bag program.

TIP Some commercial buildings and all industrial buildings use private waste collection services so you should find out how much you will be charged for this service.

There is no municipal waste collection for industrial buildings and for commercial buildings that are ineligible for the yellow bag program. Owners and tenants in these buildings must use private collection services. If you are leasing or buying industrial space or commercial space in a larger building, be sure to find out whether you are responsible for paying for your share of the building's waste collection and how much it will cost.

If your work requires you to handle flammable or toxic substances be sure to understand from your lease who is responsible for the disposal of this type of waste and how that is to be handled and charged.

Insurance

There are several types of insurance you may need to purchase. You will pay an annual premium on each. These insurance costs must be factored into your annual budget.

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

Contents Insurance

If you are renting a space, you should have contents insurance. This insurance will protect your possessions, your artwork and equipment, and all other contents of 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. Make a list of your artworks or materials, plus any other valuables, along with their value. While artwork is irreplaceable, try to put a value on your work so that you have some financial compensation in the event of damage or loss.

Liability Insurance

Liability insurance protects 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 should cover you in such a situation.

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

Property Insurance

If you are renting under a [net-net-net lease](#), or if you buy the space, you generally are required to have property insurance. This insurance covers the building itself. If you own a property and it burns down, you need the insurance money to rebuild. Property insurance alone does not cover the contents of the building.

If you are purchasing a condominium, you should 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](#).

How to Buy Insurance

If you investigate buying any type of insurance, you will likely be offered the other types. For instance, if you are renting and you want contents insurance, the insurance company will want to sell you liability insurance as well. This is fine as long as you are aware of what you're buying and are confident that you have all the insurance you need – and no more.

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

There are three principal channels through which property and contents insurance is sold: 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. See the **Insurance Brokers Association of Canada**.

Insurance agents represent 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 you

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) work like insurance agents 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.

Many insurance providers offer quotes and sell insurance 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

Insurance Canada offers an online directory of insurance providers and services. **Kanetix** is an online 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

Moving Costs and Closing Costs

Don't forget to calculate the one-time costs associated with moving to a new space. If you are leasing, these may include:

- Moving charges
- First and last month rent deposit
- Telephone, internet, cable installation
- Building modification costs (e.g. ventilation, soundproofing, decorating)
- Renovation costs (e.g. moving walls, major remodeling)
- Loss of productivity (the cost of taking time off to move)
- Change of address including re-printing stationary

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

If you are buying a live-work space, these one-time costs may include:

- Building inspection
- Legal fees and disbursements
- Incorporation fees or other legal costs (for collective purchase)
- Land Transfer Tax
- **Deposit and down payment**
- Moving charges
- Telephone, internet, cable installation
- Building modification costs (e.g. ventilation, soundproofing, decorating)
- Renovation costs (e.g. moving walls, major remodeling)
- Loss of productivity (the cost of taking time off to move)
- Change of address including re-printing stationary
- Closing costs (for example, legal and land transfer fees) equivalent to 1.5% to 4% of the purchase price

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.

CALCULATE YOUR ANNUAL LEASING COSTS

Once you have estimated all the additional expenses associated with your space, you can complete the form (*next page, top left*) to determine how much the space will cost you annually. The items marked with an asterisk may be payable on top of your stated rent, depending on the nature of your **lease**. Use annual totals in all worksheets, and include HST when applicable.

CALCULATE YOUR ANNUAL OWNERSHIP COSTS

Your **down payment** plus the value of the **mortgage** you can carry (meaning the amount you can borrow and pay back

ANNUAL LEASING COSTS

Rent	
(Plus HST for Commercial/ Industrial space)	
Property taxes*	
Insurance (property, contents, liability)*	
Parking*	
Utilities* (electricity, water, heat)	
Telephone/internet/cable	
Waste collection	
Other	
TOTAL	\$
Monthly cost (divide by 12)	\$
Plus one-time moving and closing costs	\$

*May be charged on top of your rent

monthly, including [interest](#)) determines the price you can afford to pay for a piece of property. For example, if you have \$50,000 as a down payment and have been told that you can afford to carry a [mortgage](#) of \$250,000, you will be looking for properties in the \$300,000 price range.

You need to work out how much it will cost to maintain a property of that value, annually, to be sure you're looking in the right price range. Use the information (*top right*) to estimate the cost of purchasing and moving into the property along with the ongoing operating and maintenance costs.

REALITY CHECK: MATCHING EXPECTATIONS WITH ECONOMIC REALITIES

Once you have filled out the worksheets in this section you will know what you can afford to spend on your studio space, what it costs to [lease](#) space and what it would cost to purchase property that you can afford. For many creative professionals, particularly in places like Toronto, this can be

ANNUAL OWNERSHIP COSTS

Mortgage payments	
Property taxes	
Insurance (property, contents, liability)	
Parking	
Utilities (electricity, water, heat)	
Telephone/internet/cable	
Waste collection	
Other	
Subtotal	
Contingency fund**	
TOTAL	\$
Monthly cost (divide by 12)	\$
Plus one-time moving and closing costs	\$

** 5% of subtotal to save for major expenses such as roofing, windows, new furnace, etc. Remember: there may be unexpected increases in property taxes and/or utility costs.

a moment of despair as the reality of your relative place in the real estate market begins to come into focus. Don't panic! There are creative ways you can meet your needs within your budget. Read through the next chapters and, as you become more familiar with the nuances of leasing vs. buying and alternative ownership options, you can place yourself within one of these six options before hitting the streets to find your new space:

Option 1: Buy a live-work space

Option 2: [Lease](#) a live-work space

Option 3: Buy a studio

Option 4: [Lease](#) a studio

Option 5: Buy a shared/cooperative studio

Option 6: [Lease](#) a shared/cooperative studio

TIP

You may be able to deduct your work space expenses from your pre-tax income, thereby reducing your income tax payable. If you have a live-work space, you may be able to deduct the portion of the space in which you work. See the Canada Revenue Agency's website for information on how to calculate these deductions.

Remember, the size of space you want and the amenities you need in that space all affect the final cost. If you find that you simply cannot afford the kind of space you wanted, re-visit your space requirements and the amenities you selected and give some thought to what you might sacrifice or change in order to find a space you can realistically afford.

E) RESOURCES: GETTING READY

Here are some helpful websites that we have identified, however, the list below is not comprehensive.

Budget Calculators:

- I **Canada Mortgage and Housing Corporation:** www.cmhc.ca/en/index.cfm
Use the internal search tool to type in 'Household Budget Calculator.'
- I Household budgeting tools are available from **Google Docs** and **Microsoft Excel**

Taxes:

- I **Municipal Property Assessment Corporation:** www.mpac.ca
- I **Municipal Property Assessment Review Board:** www.arb.gov.on.ca
- I **City of Toronto Property Tax** info: www.toronto.ca/taxes/property_tax/index.htm
- I **Viewing Toronto's Assessment Rolls:** www.toronto.ca/assessment/index.htm
- I **Toronto's Property Tax Rates:** http://www.toronto.ca/taxes/property_tax/tax_rates.htm
- I **Toronto's Property Tax Rebate Program** for registered charities: http://www.toronto.ca/taxes/property_tax/rebate_charity.htm

- I **Hamilton's Property Tax Rebate program:** www.hamilton.ca/CityDepartments/CorporateServices/FinanceBudgetTaxes/PropertyInformationTaxes/TaxRebatePrograms.htm
- I **Waterloo's Charitable & Non-Profit Property Tax Rebate program:** www.waterloo.ca/DesktopDefault.aspx?tabid=736

Utilities:

- I **Principal suppliers in Toronto:** Toronto Hydro www.torontohydro.com and Enbridge Gas www.enbridge.com
- I **Ontario Energy Board:** www.oeb.gov.on.ca.
Regulates Ontario's electricity and natural gas sectors. Website includes a list of licensed energy retailers and marketers.
- I **EnergyShop.com:** www.energyshop.com.
Price comparisons for natural gas prices and electricity rates.
- I **Bullfrog Power:** www.bullfrogpower.com. A green energy provider and source of information on sustainable electricity service.

Water:

- I **Toronto Water:** www.toronto.ca/water
- I **Toronto Water Meter Program:** <http://torontowatermeterprogram.ca/>
- I **Toronto's current water rates:** http://www.toronto.ca/utilitybill/water_rates.htm

Waste Collection:

- I **City of Toronto Solid Waste Management:**
<http://www.toronto.ca/garbage/index.htm>
- I **Garbage bin sizes and fees:**
http://www.toronto.ca/garbage/single/bins_garbagebinsizes.htm
- I **Yellow Bag program** for commercial buildings:
<http://www.toronto.ca/yellowbag>

Insurance:

- I **Insurance Canada:**
www.insurance-canada.ca. An online directory of insurance providers and services.

- I **www.kanetix.com** 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.
- I **Insurance Brokers Association of Canada:**
www.ibac.ca Allows you to search for a list of brokers that deal in all types of insurance, along with their contact information.

Income Tax:

- I **Deductions for business use of home expenses.** <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/slprtnr/rprtnng/t2125/ln9945-eng.html>





CHAPTER 2: IF YOU LEASE

CHAPTER 2: IF YOU LEASE

What is the difference between renting and leasing? Generally you will be renting for a month at a time so rent is the amount you pay every month to your landlord. The lease is the written agreement which creates a relationship between you, as the tenant and the landlord. It sets the terms, conditions, rights and responsibilities for both parties regarding your use of the space. It is a legal and binding contract.

In the first part of this chapter we discuss issues relating to commercial leases, while in the second we discuss residential leases. Your rights and obligations will differ quite a lot, depending on which type of space you wish to occupy and therefore the [lease](#) you sign will reflect different terms, conditions and responsibilities.

TIP Become familiar with the definition of gross, net, net-net and net-net-net leases found in this section

A) COMMERCIAL LEASES

The type of space you occupy and the type of building it is in will dictate what type of lease you will have and the legal relationship you will have with the landlord. Commercial leases do not apply to spaces that permit living or sleeping.

The law governing commercial tenancies treats landlords and tenants as equals who are able to decide what their respective rights and obligations will be and what should be contained in the lease. The law generally treats both the landlord and tenant as having read, understood and agreed to every word contained in a signed [lease](#) and will therefore assist parties in enforcing the terms of the [lease](#) in a court. The main piece of legislation guiding these agreements is Ontario's Commercial Tenancies Act and its regulations.

Month-to-Month Tenancy: You'll have a monthly tenancy if there is no [lease](#) agreement signed by the tenant and the landlord; when a [lease](#) has expired and you stay on month-to-month; or when the [lease](#) specifies that its duration is only for one month. The tenant has the use of the 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 space or the tenant gives the landlord notice to end the tenancy. In either case, one

calendar month's notice must be given.

Subletting: You may be interested in subleasing a space – which allows you to assume a lease which is already established and take over any remaining time left on the lease. Often the space is available for a shorter term than 12 months or the rent is cheaper than market rent. To [sublet](#) means that you sublease the space from another person or company that already has a lease established with the landlord (that agreement is referred to as the head lease). The person or company you [sublet](#) from becomes your landlord, and your landlord is then responsible to his/her landlord who holds the head lease. The relationship created by a sublease is different because your landlord remains financially responsible for rental payments and/or damage charges to the head landlord if you default.

If you want to [sublet](#) a space, you should get a copy of the head [lease](#) from the person you will be renting from. You should have a copy as you will be bound by the terms of this head [lease](#). The landlord has the right to approve or reject the proposed subleasing arrangements so to eliminate potential problems you should get a letter from the head landlord approving your subleasing agreement. It is also a good idea to have a written agreement between yourself and the person you are [subletting](#) 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. It is important that you understand what you and your landlord's responsibilities are to the head landlord under the sublease. For example, if you pay the rent to your landlord you want to ensure that money is given to the head landlord or you may be evicted from the space for non-payment of rent.

Assignment of a Lease: An [assignment](#) of a [lease](#) takes

place when an existing tenant ‘assigns’ – or transfers – his or her [lease](#) to another person. 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. The original tenant will no longer be bound by the terms of the head lease. This is different than a [sublet](#), where the original tenant remains on the head lease and continues to be legally liable for the obligations contained within it. You should read the [lease](#) carefully before agreeing to an [assignment](#), as you will be bound by its contents. The [assignment](#) of a [lease](#) must be approved in writing by the landlord.

WHAT’S INCLUDED IN THE RENT?

The **Commercial Tenancies Act** in Ontario does not regulate rent increases the way the **Residential Tenancies Act** does. This means that, in the event that a commercial lease does not deal with rent changes or increases, or the [lease](#) expires, the landlord may increase the rent at any time by any amount. For this reason, it is important that your [lease](#) outline in detail the amount of rent charged and the frequency of rent increases.

You will probably look at many different spaces during your search and will want to compare prices. However, it can be difficult to make 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 a [net lease](#). 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.

Commercial and industrial rents are usually 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 a net price. A gross price, or [gross lease](#), includes all your costs and there will be no additional charges from your landlord. 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.

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](#), a [net lease](#), a [net-net lease](#) or a [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 whether you, the tenant, must pay them on top of 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 (and charges you an amount that covers your share of these expenses).

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 electricity: if your unit has a separate meter, your lease might stipulate that you are responsible for paying electricity charges 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 municipality in the case of property tax. If you are renting a

TIP Commercial and industrial space are usually 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.

studio within a larger building, the landlord will charge you a portion of the 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.

If you are in any type of **lease** other than a **gross lease**, the amount you pay may vary from month to month and can increase considerably. Charges for **common area** maintenance, taxes and insurance are sometimes referred to together as 'additional rent.' Your additional rent charges can increase during the term of your lease as the landlord passes on increases in utility charges, taxes or undertakes costly repairs. Additional rent charges are a common source of tension in the commercial landlord/tenant relationship. Where you want the certainty of knowing what your monthly rent and charges will be, the landlord wants protection from unexpected rises in taxes or the costs of providing services to the property. Make sure you understand what kind of lease you have and be sure that you understand the terms of your **lease**. Make sure it is clear who is responsible for paying what expense. This information is extremely important to ensure clarity in your monthly costs and that you are able to adequately budget for any increases in charges above your basic rent.

SIZE OF SPACE AND THE GROSS-UP FACTOR

Let's say 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 (also called the rentable/usable factor).

The **gross-up factor** is how the landlord recoups his or her cost for the **common areas** of the building – for the corridors, bathrooms, 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

TIP 'Additional rent' to cover common area maintenance, taxes and insurance can increase considerably during the term of your lease.

TIP When commercial space is advertised, the square footage includes the unit itself plus the gross-up factor. 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.

and layout of the building. The wider the corridors and the larger the lobbies, the higher the gross-up. The **gross-up factor** is calculated by dividing the amount of rentable space (the amount you pay rent on) by the amount of usable space (the amount of space you can use in your unit).

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.

Before you sign any lease, be sure that you and your landlord agree on the square footage or have agreed on a method of determining the square footage of the space you wish to occupy. Be sure that this information is included in the lease. Especially in the case of commercial leases, additional rent or charges are often determined on the amount of square footage you lease.

QUESTIONS FOR THE LANDLORD

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.

T 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.

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 municipal buildings department 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 buildings department. If the landlord denies consent, it might signal that there are problems and you should seriously consider whether you want to move in.

Whether or not your landlord uses part of the building, you will probably be dealing on a day-to-day basis with a property management company or staff hired by the landlord to maintain the premises. You could be dealing with a range of people including the superintendent, building manager and maintenance and cleaning staff. You should get to know these people 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 good tenant the landlord will want you to stay on to save the costs of advertising and re-leasing the space – and potentially the loss of revenue if the space sits vacant for some months.

Here are some questions you may want to ask your potential landlord. 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.

T 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.

- I Uses:** 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.
- I Repairs:** 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. 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.
- I Financial**

questions: What is the rent? Is this a gross or net figure? Who is responsible for property taxes, utilities and other charges? What is included in the additional rent? What are the anticipated 'additional rent' costs? Are these costs estimates or actuals? How often do they go up? What kind of notice is given before an increase?

"With commercial leases they're good about remembering to raise your rent. The rent does increase over the years."
- I Hours:** During what hours will utilities and services be provided? Many commercial leases specify that electricity, heat, air-conditioning and elevator service will be provided during business hours only. You may need these services 24 hours a day, seven days a week. Who has control over heat and air-conditioning levels?
- I Length of lease:** For how many years is the landlord willing to rent the premises? The longer the **lease**, the greater your stability. 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. Depending on the terms of the **lease**, a long **lease** may provide security of **tenure** even if the landlord sells the building.

- I **Increases:** What will be the increases in rent each year of the [lease](#)? Will there also be increases in the additional rent?
- I **Renewal:** Will the landlord grant you the option to renew or extend the [lease](#) when it ends?
- I **Subletting:** Are you allowed to [sublet](#) or [assign](#) the [lease](#) to 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 an [assignment](#), 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.
- I **Dealing With Complaints:** What is the system for dealing with complaints about your space, the services or utilities, the common space or dealing with problems with other tenants? Is this reflected in the lease?

“Leases do hold you accountable. Don’t overlook that process. We’re trying to get out of our lease right now. Either we have to find a new tenant or sublease it. The landlord is saying we owe him this money even though he’s a nice guy. He gets to use that document [the lease] to protect his interests which is to get paid.”

- I **Early Termination of the [Lease](#):** What options are available to you should you need to terminate the lease before the end of the term? If you do not want to sublease or [assign](#), what provisions will allow you to terminate the [lease](#) without penalty or adverse financial impact? 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](#).

NEGOTIATING THE COMMERCIAL LEASE AGREEMENT

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 *below* on **The Role of A Lawyer**.) See **Appendix A** for plain-language explanations of the language in a Standard Form Commercial Lease Agreement.

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 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 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.

“I was main lease-holder and was able to sublet to other tenants. That was a scary responsibility because I was liable if anyone took off or didn’t pay rent. One person backed out at the last minute so we spoke to the landlord and changed the lease a bit so that everybody had to sign it. Then they’d understand that they were just as liable as I was.”

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 well before your move-in date.

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 resists, this should be a red flag to you and you may want to investigate another building.

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](#) and the schedules. Often the schedules contain more important financial details than the body of the 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.

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. Remember a lease is a contract and if you do not fulfill your obligations under the lease, you could be held financially responsible for the rent for the full term of the lease, whether you occupy the space or not.

“Don’t rush. Really take your time and put in the research now because nine times out of ten you’re going to be committing to some sort of long-term lease whether it’s six months or three years.”

Appendix A 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. If you have questions or concerns that are not answered fully by the landlord or [realtor](#), speak to a lawyer.

CAUSES OF EVICTION OR EARLY TERMINATION OF THE LEASE

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 include seizing your possessions or terminating 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, 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 consult a lawyer immediately if the landlord takes steps to terminate the [lease](#) or seize [assets](#).

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.

Generally, you can be evicted for three reasons: failure to pay your rent, other contraventions of the lease (such as damaging the space), and the sale, renovation or demolition of the building. Although not technically an eviction, if you are renting month to month, a landlord can terminate the tenancy without your agreement with one month’s notice.

Cause 1: Failure to Pay Rent

A tenant has the entire day on which the rent is due to make the payment. 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 if they are informed before 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.

If you fail to pay rent, the landlord must decide whether he or she wants to terminate the [lease](#) or 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 sell them to cover the rent you owe.

Termination of 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 your [lease](#) says otherwise. If this occurs, the landlord should allow you reasonable access to the unit to remove your property.

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.

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

Continue the Lease: The landlord may decide not to

terminate the lease for non-payment of rent; perhaps if he or she 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. This is available only as a means of recovering the rent in [arrears](#) and does not require a court order.

[Distraint](#) (or [distress](#)) is often used as a threat. You will be served with a notice stating the amount in arrears, and that you have five days in which to pay before the landlord will seize your [goods](#). Typically tenants are able to find the funds or reach an agreement with the landlord within this time frame. If not, the landlord can hire a bailiff who can seize and sell your [goods](#) 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 [distrain](#) 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 [distraint](#) can only be undertaken to recoup rent that is owed to the landlord. The landlord can only legally seize [assets](#) belonging to the tenant or the person responsible for the rent. The landlord can only seize sufficient [goods](#) to satisfy the amount of rent in [arrears](#) and the costs of the process including bailiff’s fees and legal fees.

After taking possession of the [goods](#), the landlord must wait five days and have the [goods](#) appraised by two separate independent appraisers. Then, after ensuring that any money that the tenant owes to any provincial or federal authority has first been paid, the landlord can apply the proceeds to the outstanding rent. There are several rules governing this process:

- The [goods](#) must be sold for the best price that can be had for them.
- After the sale, the landlord must give the tenant an accounting of the revenue, expenses, appraisal and

sale, and any balance due.

- **Goods** can only be seized between sunrise and sunset, and not on Sunday.

If the landlord breaks these rules, the **distrain** 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.

Cause 2: Other Contraventions of the Lease

If you pay your rent but don't meet other obligations under the **lease** such as repairing the premises or keeping the space clean and tidy, the landlord can take action against you. Most leases will entitle the landlord to perform the repairs or clean-up on your behalf and charge you 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**. The law does give the landlord the right to re-enter the space for a non-monetary **breach** of the **lease**. However, before doing so, the landlord must give you notice that identifies the **breach** of the **lease** and give you reasonable time after the notice to remedy the **breach** or reimburse 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 within a reasonable time period, your **lease** can be terminated.

Cause 3: Sale of the Building, Renovation or Demolition

If it is set out in the **lease**, the landlord has the right to terminate the **lease** if the building is sold, remodeled or demolished. Typically, written notice has to be given. The sample Standard Form Commercial Lease in **Appendix A** states 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 usually only has to give you one month's notice to leave.

THE LANDLORD'S RESPONSIBILITIES

A landlord's responsibilities stem from the **Commercial Tenancies Act**, the common law, and the **lease**. A careful review of a typical commercial lease reveals that it is the landlord's responsibility and obligation to provide you with exclusive use of the premises, 'quiet enjoyment' (which means the landlord will allow you peaceful, undisturbed use of the premises), to maintain the basic structural elements of the building (such as the roof and exterior walls) and to provide heat, possibly air-conditioning, water and any other services agreed to by the parties. Rarely does the lease require the landlord to take on any other responsibilities or duties for your space. If the landlord fails to fulfill any of these obligations, do not, under any circumstances, withhold rent. Doing so will give the landlord the right to evict you.

It is always best to look at your lease first to see what the landlord's responsibilities are and to check if the lease provides any guidance on how to deal with complaints, issues or conflicts. Look to see if there is a requirement to notify the landlord in writing of your issues. It is always best to communicate with your landlord about your concerns. Try to 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.

You could also try mediation to resolve your conflict. 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 the section on **Mediation Services**) Your final recourse is to consult a lawyer (see **The Role of A Lawyer**). A

TIP If your landlord is not taking good care of the building, do not withhold your rent. Under a commercial lease, not paying rent can give the landlord grounds to evict you.

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 or her obligations.

COLLECTIVE ACTION IN COMMERCIAL/ INDUSTRIAL SPACES

If you have a problem with your landlord and other tenants are experiencing a similar problem, you will have a stronger voice if you approach the landlord together. As a group you will have more authority and more resources at your disposal. A landlord who has ignored complaints from one tenant is likely to pay attention if a group of tenants share their concerns and potential solutions together.

Organizing a group of tenants takes a lot of hard work, but sometimes may be the only way to get problems remedied.

The Federation of Metro Tenants' Associations is an organization that offers advice and resources to tenants who want to organize collective action or need support in their dealings with a landlord. Search online for other types of tenant assistance organizations in your jurisdiction.

B) RESIDENTIAL LEASES

As a residential tenant you have more legislative protections than commercial tenants if problems arise during tenancy. Ontario's **Residential Tenancies Act** sets out certain minimum rights and obligations of both the landlord and the tenant, which cannot be contracted away. Your lease may set out more or better terms and conditions and should address those issues not set out in the legislation. It is harder for a landlord to evict you from a residential space and there are more supports available for residential tenants facing eviction or problems with their landlords. Disputes between residential landlords and tenants that cannot be resolved among themselves are referred to the Ontario government's **Landlord and Tenant Board** (the "Board").

RENT

You and the landlord agree to the rent at the beginning of the [lease](#) period. Generally the lease will state that 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 cannot be more than the equivalent of one week's rent. The landlord will hold this deposit and pay you [interest](#) on this deposit each year. The FAQ section of the **Landlord and Tenant Board** website has details on many topics including the amount of [interest](#) landlords must pay on deposits.

The landlord must give 90 days notice in writing of any rent increase (with a few limited legislative exceptions). The Ontario government sets a rent increase guideline each year and details on the guidelines can be found on the **Landlord and Tenant Board** website. The landlord can apply to the Board 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 these will undoubtedly impact upon your rent in future years.

RESIDENTIAL TENANCIES ACT

Ontario's **Residential Tenancies Act** came into effect in 2007. This law sets out the rights and responsibilities of landlords and tenant who rent residential properties.

If you have a legal live-work space in a building zoned for Residential or Commercial-Residential uses, you may be covered under the provisions of the Act. The reason you may be covered is because an exemption in the Act states: "5. This Act does not apply with respect to, [...] (i) premises occupied for business or agricultural purposes with living accommodation attached if the occupancy for both purposes is under a single lease and the same person occupies the premises and the living accommodation."

If you are in a live-work space and are having problems with your landlord, staff at the **Landlord and Tenant Board** can help you determine whether your tenancy is protected by the Act. You may have to file an application to be heard by the Board to determine whether or not the Act applies to your situation. The application can be downloaded here: www.ltb.gov.on.ca/en/Forms/STEL02_111308.html

and carries a \$45 filing fee.

Be open and clear with your landlord if you plan to live in your leased space. If you live there illegally or without your landlord's knowledge or consent, you will likely not have the protection of the **Residential Tenancies Act**. 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.

LANDLORD AND TENANT BOARD

The **Landlord and Tenant Board** is the legislative arbiter in disputes between residential landlords and tenants. If you have a complaint against your landlord, and you were unsuccessful in

negotiating a settlement personally with the landlord, you can refer the matter to the Board for resolution. You will be required to follow the Board processes which include filing certain documents with the Board and serving your landlord with documentation. If the matter cannot be resolved through mediation, it will be considered at a hearing before the tribunal. The Board is a quasi or semi-judicial body, and an application to it constitutes a legal proceeding. You have to prove your case to the Board using evidence so keep copies of all your correspondence with your landlord.

The **Landlord and Tenant Board** has a comprehensive website which clearly outlines the responsibilities of landlords and tenants in a range of situations. If you have a complaint about your landlord or want to speak to staff at the Board you can phone **1-888-332-3234**.

RENEWING, ASSIGNING AND SUBLETTING UNDER A RESIDENTIAL LEASE

At the end of your **lease** period, with the landlord's agreement, you can often negotiate to renew or extend 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 (within the guidelines set annually by the Ontario government), and

TIP If you were to have a complaint against your landlord under a residential lease, you would file it through the Landlord and Tenant Board.

there is no longer a fixed **term** to the rental agreement. You are still fully covered by the **Residential Tenancies 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 written notice of your intention to move out. Your notice of termination must state that the lease will end on the last day of a month unless the landlord agrees otherwise.

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 are no longer bound by the agreement. You will need the landlord's approval for this **assignment**. A **sublet** is different from an **assignment**, in that the original tenant has temporarily vacated the space, granting occupancy to a subtenant for a set period of time. The original tenant is still bound by the terms of the lease. Again, the landlord's permission is required.

MAINTENANCE, PEST CONTROL AND REPAIRS

The landlord is obliged to maintain the building to health, safety, housing and maintenance standards set out in provincial laws and municipal by-laws; and is responsible for repairs and maintenance of the property. The landlord must meet and maintain these standards even if the tenant was aware of problems before he or she agreed to rent the unit. In general, this means that the landlord is responsible for maintaining and repairing elements that include electrical, plumbing, heat, appliances owned by the landlord, carpets, walls, roofs, ceilings, windows, doors, locks, lighting, garages and **common areas**. He or she must also make an effort to control mold.

The landlord is also obliged to make an effort, using generally accepted practices, to control pests, such as cockroaches, ants, mice, and bedbugs. As a tenant, you should alert the landlord if there is an issue with pests and allow the landlord a reasonable period of time in which to attempt to control the situation before you take action against your landlord. You must allow reasonable access to the rental unit in order to allow the landlord to control the pests.

As a tenant, you are obliged to keep your rental unit to a standard that most people would consider ordinary

cleanliness. In other words, it should be kept in a condition that does not attract pests which present a health problem, or be cluttered in such a way as to pose a fire hazard thus endangering others.

As a tenant, you are responsible for any property damage (beyond reasonable wear and tear) as a result of your activities or that of your guests. This includes not only damage to your unit, but also damage to the [common areas](#). If you damage something, you must either repair the damage or pay for its repair or replacement.

If you believe the landlord is negligent in his or her responsibility for maintenance and repairs, speak to your landlord first. If you can't resolve the issue together, get in touch with your municipality as it is the municipal bylaw 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 **Landlord and Tenant Board**, asking the Board 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.

Your landlord may also file an application with the Board if you have failed to comply with your obligations. However, without an order from the Board evicting you, your landlord cannot change the locks or interfere with the supply of vital services like heat, electricity, gas or water. Your landlord has no power to distrain (i.e. seize your property) under the **Residential Tenancies Act**.

CAUSES OF EVICTION OR TERMINATION OF THE LEASE

Under the **Residential Tenancies Act** your landlord can evict you if:

- the landlord, their spouse, or a child or parent of either, wants to live in the apartment;
- the landlord needs to do major renovations or repairs that require vacant possession;
- you have failed to pay your rent;

- there are too many people occupying the unit in contravention of health, safety or housing standards;
- you or your guests have committed illegal acts on the premises; or
- 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 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 should explain what this is, and give a deadline for you to comply. If you comply by the deadline, the notice of termination is void and the tenancy continues.

If you have not complied with the deadline, the landlord may apply to the Board for eviction. The Board will likely order a hearing at which you will have an opportunity to tell your side of the story. A landlord can only evict you if he or she has received an order from the Board terminating your lease. Note that a landlord cannot physically evict you themselves. The order can only be enforced by a Sheriff.

Details on how a landlord can evict a tenant are found here in the **How a Landlord can Evict a Tenant** section of the Board website.

If you need legal advice, call a lawyer (see **The Role of A Lawyer**). Remember that your community Legal Aid clinic can help you with the interpretation and disputes under the **Residential Tenancies Act**.

GUESTS AND ROOMMATES

Unless otherwise agreed to in a lease, you are permitted to have long term guests or roommates (subject to a prohibition in the **Residential Tenancies Act** against overcrowding). Nonetheless, these people are not parties to the lease, and therefore cannot enforce any rights a tenant has under the lease or under the **Residential Tenancies Act**. Furthermore, you as the authorized tenant are liable to the

landlord for any damage or disruption they cause. You cannot transfer occupancy to another without an approved assignment or sublet agreement. A landlord has 60 days from the discovery of the unauthorized transfer in which to apply to the **Landlord and Tenant Board** for an order terminating the rental agreement. This means, for example, that even if your brother has been living as your roommate for years, if you move out, and your name remains on the rental agreement, your landlord can apply for the termination of the rental agreement because your brother is occupying the unit without authorization.

ABANDONED UNITS OR DEATH OF A TENANT

A landlord may keep, sell or throw out property left over in an abandoned unit, as long as he or she follows certain rules set out in the **Residential Tenancies Act**. The complete rules can be found on the **Landlord and Tenant Board** website.

If your tenancy has expired and you have moved out your landlord can immediately dispose of any property you have left behind in the unit. However, if you have been evicted by a Sheriff, your landlord is obliged to give you 72 hours to collect your property. Note that your landlord is permitted to move your property out of the unit during this time as long as it is safely stored. After the 72 hours has expired the property is your landlord's to dispose of how he or she wishes.

If a landlord has reason to believe that a unit has been abandoned (and rent is in arrears), then the landlord may give notice to the tenant and the Board, (or may apply to the Board for an order saying the unit is abandoned), wait 30 days, and then may dispose of the property. Again the landlord may remove and safely store the property during that time. If the tenant returns to claim the property within 6 months, the tenant is entitled to the money made on the sale of the goods (minus reasonable sale and storage expenses). However, the tenant has no recourse if the landlord decided to keep or throw away the property.

If the tenant has died and there are no other tenants in the unit, then the **Residential Tenancies Act** deems the tenancy to be at an end 30 days after the death of the tenant. The property of the tenant must be left in the unit for that period, and the administrators of the tenant's estate

must be allowed reasonable access to the unit in order to remove the property. After the 30 days have expired, the landlord may dispose of the remaining property. However, the estate of the tenant may collect the money from the sale of the property, or may demand the return of the property if the landlord has kept it, within 6 months after the death of the tenant. If the landlord has thrown the property away, the estate has no recourse.

COLLECTIVE ACTION FOR RESIDENTIAL TENANTS

If you and other tenants in your building are having a common problem with the landlord, and you are unable to resolve the issue after having spoken with the landlord, you may wish to 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 tenants 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** or other similar organizations for resources and support.

SHORT-TERM LEASING FOR INDIVIDUAL PROJECTS

Artists sometimes need short-term non-residential studio space to work on a particular piece that doesn't fit in their apartment, to prepare for a show, or to work on a collaborative project. If this is your situation, you will likely not want to enter into a lease agreement and commit to a particular space for a year or more.

First, turn to your local networks for assistance. If you have a friend who uses his or her studio space during the day, perhaps you can use it in the evenings. You can search for shared work space options on **craigslist** or **kijiji** or post an ad yourself to find shared space. The email lists at **Instant Coffee** may be a good source for shared space as well. See **Finding Space on Your Own**, below, for more tips on where to look.

Sometimes tenants in arts-oriented buildings are looking to share or sublet their space on a temporary basis. Visit Artscape and other artists' buildings and post a notice about what you're looking for.

C) RESOURCES: IF YOU LEASE

- I The **Federation of Metro Tenant's Associations** <http://www.torontotenants.org/>
- I The **Commercial Tenancies Act (Ontario)**: www.mah.gov.on.ca/Page1698.aspx and www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90l07_e.htm
- I The **Ontario Residential Tenancies Act**: www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_06r17_e.htm
- I A guide to the **Ontario Residential Tenancies Act**: www.ltb.gov.on.ca/en/Key_Information/STEL02_111677.html
- I **Landlord and Tenant Board**: www.ltb.gov.on.ca/en/index.htm





CHAPTER 3: IF YOU BUY

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Ownership allows you to protect yourself from insecurity associated with leased space; having less control over when you have to move, and lost productivity through frequent relocation. While buying property might appear to be out of your reach, it is something worth exploring either as an individual or with colleagues. This chapter examines ways in which artists can buy property.

If you're new to purchasing real estate there are a number of great online resources that can provide basic information on the fundamentals of buying including working with lenders and [realtors](#), the types of [mortgages](#) available and what you need to qualify for one. **Canada Mortgage and Housing Corporation (CMHC)**, Canada's national housing agency, provides a wealth of information on these and many other topics. It's a great resource for first-timers as well as those with lots of experience in the real estate market.

Your best resources are your professional advisors, including a [realtor](#), a lawyer and a banker. We encourage you to seek their assistance before you start looking at spaces.

A) PAYING FOR YOUR PROPERTY

Whether you are an individual, a collective or a 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 usually have to make a [down payment](#), which is normally paid in cash from our own resources. It is advantageous to have as high a [down payment](#) as possible as 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\(s\)](#) or other form of loan upon which you pay [interest](#).

With residential property or for a live-work space in a residentially zoned building you may be able to buy with a [down payment](#) as low as 5% of the purchase price as long as you have [mortgage](#) insurance (more on that below). Lenders are more cautious in their dealings with commercial

real estate and therefore usually require a minimum down payment of 20% of the value of the commercial property. If you do not have much cash to put towards a [down payment](#), you may want to consider buying a residentially zoned property, as it may not require such a large [down payment](#), as long as your work is conducive to living and working in a residential area and conforms to the local residential zoning regulations (*see more on [Zoning](#) below*).

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 plan to live in the space, you can use funds from your RRSP towards the [down payment](#). Further details on this option can be found at www.cmhc.ca (use the internal search to look for RRSP Home Buyers' Plan) or see information on the plan from the **Canada Revenue Agency's site**.

Having secured your [down payment](#), you have various options for [financing](#) the balance of the purchase price. Three common methods: a residential [mortgage](#), a commercial real estate loan and a line of credit, are described below.

Also do not forget about the closing costs which are incurred at the time you obtain the property. These closing costs (for example, legal and land transfer fees) can be the equivalent to 1.5% to 4% of the purchase price.

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.

RESIDENTIAL MORTGAGES

A **mortgage** is the most common form of **financing** when buying property. With a **mortgage**, the financial institution (the lender or mortgagee) lends money to you (the borrower or mortgagor) at a certain **interest** rate for a specific period of time (the **term**). You are responsible for paying off the **principal** (the amount you borrowed) and the **interest** over a longer period of time (the **amortization** period).

You can obtain a **mortgage** through a traditional lending institution like a bank, a trust company or a 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 often 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 lender thinks its investment in you might be.

At the end of the **term**, usually five years, you must renew your **mortgage** unless you can pay it off. You can renew with the same bank or find a new lender. Again, shop around to find the best **interest** rates.

TIP 'Homebuying Step by Step' at www.cmhc.ca 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.

When you purchase your property, the lender'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 lender 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 lender is removed from the **title** of the property.

Most conventional lenders will give you a first **mortgage** valued at up to 75% of the **appraised** value of a residential property. If you do not have all of the remainder of the purchase price you can 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 about 0.5% and 5% of the value of the **mortgage**. (See **CMHC**, use internal search to look up mortgage insurance fees)

Be sure to consult with your accountant or lawyer before agreeing to purchase mortgage insurance through your bank. There may be better and more economical options available to you. See the section on **Mortgage Insurance** below.

COMMERCIAL MORTGAGES

You can borrow less from the bank for a commercial **mortgage** than for a residential **mortgage**. Banks will generally 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 generally not flexible about this – they are looking for at least a 20% **down payment** from your own resources.

If you need to finance the balance, you could take out a **second mortgage**. 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. Note that some lenders will not permit secondary **financing**.

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

Most business real estate loans are '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**.

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. 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 the approval process should be faster.

LINE OF CREDIT

A line of credit is a type of loan that 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 you 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 credit limit 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**. 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.

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

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

the current prime rate (set by the bank in relation to the rate set by the Bank of Canada) 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.

A line of credit eliminates the need to re-apply for loans because you will always have access to a set amount. 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. You are charged monthly **interest** on the money you borrow for the time that you have it and you pay down the **principal** any time you can.

TIPS TO MAKE FINANCING EASIER

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.

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 taking advantage of the federal government's Home Buyers' Plan. This initiative allows you to withdraw up to \$25,000 from your RRSP, without paying the taxes on it, to put towards the cost of a residence. This withdrawal must be repaid to your RRSP within 15 years or added to your income and taxed

TIP Confirm your financing arrangements before you go looking for property to be sure that financing will be available when you find the place you want to buy.

accordingly. See the **Canada Revenue Agency's** site for more information.

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.

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

WHERE TO BORROW MONEY: 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** on their websites so you could look there or in the business section of the newspaper 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** and credit history.

WHERE TO BORROW MONEY:

Mortgage Broker

If your bank or trust company does not give you a good **interest** rate or won't lend you the amount 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 and with additional legal or broker fees.

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.

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 **refinance** back with a conventional lender when you have an established track record.

You may want to consider using a **mortgage broker** even 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.

If your **mortgage broker** arranges **financing** from a major financial institution, the broker's fee should be paid by the lending institution, so the service should 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](#) 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**.

MORTGAGE INSURANCE

There are several different types of [mortgage](#) insurance, but two are very common which should not be confused: [mortgage loan insurance](#) and [mortgage life insurance](#). These two forms of insurance have very different purposes. [Mortgage loan insurance](#) protects the lender in the event that a borrower defaults on a [mortgage](#). [Mortgage life insurance](#) protects the 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.

[Mortgage loan insurance](#) is for residential properties only. If you have to borrow more than 75% of the [appraised value](#) of the property, the lender will likely require 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 plus taxes and [appraisal](#) fees. 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 down-payment.

Loan insurance is available through banks and is underwritten by the Canadian Mortgage and Housing Corporation (CMHC). It is specifically for residential purchases and therefore is only available to you for a live-work space. For more information visit **CMHC's website**.

[Mortgage life insurance](#) is intended to cover you, the borrower, in the event of death or disability. 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 monthly [mortgage](#) charges. [Mortgage life insurance](#) would pay off the mortgage, leaving your partner without that financial worry.

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](#).

In all cases we recommend that you seek advice from an accountant or an independent insurance broker to explore all the options available to you. In many cases, you can work with your financial institution to provide the insurance that is best suited for you and your financial needs.

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.

B) DEFAULTING ON YOUR MORTGAGE

Your mortgage or business real estate loan agreement will clearly 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:

- Failure to pay property taxes.
- Failure to have insurance, or sufficient insurance.
- Failure to obey municipal, provincial or federal law as it relates to the premises.
- Deliberately damaging the property that secures the [mortgage](#).
- Leaving the place vacant for an extended period of time.
- Changing the ownership without consent.

If you encounter financial difficulty and will be unable to make your **mortgage** payments, you should speak to your lender and consult a lawyer immediately. If this is a short-term situation (perhaps due to illness or cash flow) many lenders will be willing to make alternative 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. **Foreclosure** has to be approved by the courts. For power of sale, however, the lender has the right to put your property up for sale without resorting to the courts.

Power of sale 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 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 get 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.

C) ALTERNATIVE MODELS OF OWNERSHIP

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 explained 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 discussed here are: Sole Ownership; Joint Tenancy; Tenancy in Common; Condominium, and Co-operatives.

Note that the terms 'Joint Tenancy' and 'Tenancy in Common' have nothing to do with tenancy – as in rental – but are terms used to describe the relationship between owners. Where two or more people co-own property the nature of their ownership vis-à-vis each other may be either 'joint' or 'in common'.

Even if you're not considering buying a space, the information in this section might still be useful. Here are two scenarios to consider:

- I 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 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.
- I Imagine you are one of six artists working in a small industrial building and the building is put up for sale. Faced with an uncertain future, the six of you decide to investigate buying the building together. How could your joint ownership be structured to protect you individually and collectively?

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

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 legal advice before deciding how to structure your ownership model.

A WORD ON CO-OWNERSHIP AND VALUES

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, do your co-owners share these values? Or are they more concerned with achieving a return on their investment and selling the building in a few years if the real estate market is hot?

Your personal values will shape the way you consider the following questions. Be aware of your own views on these questions and be sure to discuss them openly with the people with whom you plan to share space.

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.

- 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?

JOINT TENANCY AND TENANCY IN COMMON

Sole Ownership is the easiest model 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**, 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.

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 the other. Each owner owns the whole of the property, jointly, with the other owner 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 automatically owns the whole of the property. This transfer of ownership to the surviving owner 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.

Tenancy in Common is very different from joint tenancy. In this situation 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 financial contributions towards the purchase price. The right of **survivorship** is different for tenants in common as well. When an owner 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? This is just one question that needs to be addressed before entering into a co-ownership relationship.

A **mortgage** company will require each owner to sign the original **mortgage**. They may 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 they have in the property and their other personal assets. For example, if four of you own the property equally, but only one – Fred – has any other significant **assets**, the **mortgage** company will want Fred to be 100% liable for the whole **mortgage**, and the rest of you may have lesser liability.

When Fred sells his interest, his purchaser will automatically be subject to the **mortgage** and the lender 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 lender releases him – something that lenders are reluctant to do.

CONDOMINIUMS

The term condominium refers to a system of ownership 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 management of the building. They can manage the building themselves or

hire staff to do it. 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 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 the **Canadian Condominium Institute** for more information.

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 his or her 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 or her 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. 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, 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. The municipality may also have policies to restrict the conversion of rental units to condominium units in the interest of protecting the rental stock of housing.

OWNERSHIP CO-OPS

There are two distinct forms of housing cooperatives in Ontario: ownership co-ops and non-profit government-assisted housing co-ops.

In an ownership co-op, also known as equity co-ops, a

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.

co-operative corporation is established under the **Co-operatives Corporations Act (1990)**, and this corporation is the registered owner of the land and buildings. Individual purchasers become members and acquire shares in the corporation.

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 member 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 occupy a unit (and possibly parking or storage space). The **financing** structure of a co-op differs significantly from a condominium. The owner of a condominium unit can take out a **mortgage** that is registered against the title to their unit. In a co-op, the corporation may have 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.

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 lender 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 to assign your share and occupancy agreement to the lender.

A co-op corporation is governed by a board of directors chosen from among the member shareholders. This board is responsible for hiring 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 who can buy into the building and live in it. This power could be abused to discriminate against potential purchasers. Its more useful purpose, 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 the requirement to get the approval of a board of directors before selling your unit.

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 create non-profit housing co-ops. Since there have been no government programs to develop co-ops since 1995, very few have been built since that time. This brief explanation of non-profit co-ops is provided should you want to rent a unit in 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 the 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**, **Beaver Hall Artists' Housing Co-op** and **Lakeshore Village Co-op** are specifically geared for people working in the arts. All have live-work studio space and offer some subsidized units.

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 now nearly impossible. If you are interested in this model, you should be in touch with the **Co-Operative Housing Federation of Toronto** or the **Co-operative Housing Federation of Canada** who can assist 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 in contact with co-op housing developers.

BELOW-MARKET OWNERSHIP

Within the sole-ownership model, there are alternatives to buying property at market rates. Non-profit housing developers such as **Options for Homes** and **Artscape** offer housing or live-work units with an innovative second mortgage that effectively reduces the price for their units. The

second mortgage is held by the developer (typically for 25% of the purchase price of the unit), while the buyer would use a first mortgage and down payment for the residual value (in this example, 75%).

This second mortgage does not have to be re-paid until you sell your unit and any interest charges are covered by the appreciation of the unit. If the unit doesn't go up in value, only the principal of the second mortgage must be re-paid. This model has allowed **Options for Homes** to build and sell condominiums in Toronto, Waterloo, Collingwood and Ottawa for well below market rates.

WHICH MODEL WORKS FOR YOU?

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.

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 you should incorporate and buy the property as a corporation.

Co-ownership: If you are considering any form of co-ownership, with friends, family or colleagues, you should all 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

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 and working relationships in the future.

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 accountants, can also advise you on the personal and business tax implications of each model.

Collective ownership can work very well if you have like-minded co-owners. The group can collectively purchase space that would be unattainable by any one member alone. 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:

- I What if one owner, Fred, wants to sell his interest? What obligation does Fred have to find a buyer for his interest?
- I What if Fred finds a buyer, but the buyer is not acceptable to the other owners?
- I What 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?
- I 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?
- I Who has responsibility for paying the bills? What happens if Fred gets behind in his payments?
- I What happens when Fred dies?
- I 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?
- I 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 to 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.

D) THE ROLE OF A LAWYER

Do you need a lawyer? It depends. You may 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. In addition to lawyers, there are other resources available to you that can provide basic legal information, such as tenant rights organizations or paralegals.

You definitely need a lawyer if you plan to purchase property, especially if you are considering an alternative model of ownership. The details surrounding the purchase and sale of property are complex, and your financial and contractual obligations require legal expertise. It is common for lawyers acting for a purchaser to also 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.

FINDING A LAWYER

As with all professional help, it's a good idea to start with referrals 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, at no charge, to help you decide whether or not you want to retain them. If you are not satisfied, look for another lawyer.

If you don't find a lawyer through a personal referral, there are other resources available:

The Law Society of Upper Canada's Lawyer Referral Service (LRS) helps people find a lawyer. When you call, a trained 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 receive up to a thirty-minute free consultation. You then decide whether you want to hire that lawyer for your needs. The referral service is free but you will pay the lawyer for their services if you decide to hire them. Call **1-800-268-8326** or **416-947-3330** (within the GTA).

The **Volunteer Lawyers Service** offers free legal support to eligible charitable and nonprofit organizations in Ontario that otherwise could not afford the services of a lawyer. Visit the website to see whether your organization is eligible for their service and to view the application requirements.

Artists Legal Advice Services (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. 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. They specialize in helping artists understand their legal rights with respect to protecting their work.

CARFAC (Canadian Artists' Representation/le Front des artistes canadiens) operates the **Visual Artists' Legal Clinic of Ontario**, in partnership with Torsys LLP. They will provide visual artists with approximately one hour of free legal advice on matters such as commercial leases and tenant's rights.

TIP The Services For the Public section on the Law Society of Upper Canada's website is extensive and has tips on preparing to meet with a lawyer, making the best of your lawyer's services, questions you may want to ask, and much more.

Legal Aid Ontario

provides legal assistance for low-income people throughout Ontario. Their website offers information about legal aid, as well as **a list of community clinics** in Ontario. Please note that Legal Aid does not provide services for the purchase or sale of real estate. However, they will help with interpretations of the landlord and tenant matters, and appearances before the **Landlord and Tenant Board**.

You must meet eligibility requirements 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 must be one that legal aid covers. If **Legal Aid Ontario** cannot help you, they will refer you to someone who can.

Community Legal Education Ontario (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 Board, 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 online.

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 an hourly fee based on the time they spend working on your file.

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

TIP Legal Aid is a legal service available throughout Ontario, dedicated to providing high quality service to low-income individuals.

themselves; others assign much of it to a legal clerk or a junior lawyer. Ask who will be working on your file and the rate that person charges.

You will also have to pay for disbursements. These are the lawyer's expenses such as photocopies of documents, long distance telephone calls, courier services and registration fees. These disbursements can be as high as the fee itself.

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.

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. These costs will be in addition to 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. One lawyer should not act for all the co-owners at once, as this could lead to a 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.

E) RESOURCES: IF YOU BUY

- I **Canada Mortgage and Housing Corporation (CMHC):** www.cmhc.ca
- I **Canada Revenue Agency's RRSP Home Buyer's Plan:** www.cra-arc.gc.ca/tx/ndvds/tpcs/rrsp-reer/hbp-rap/menu-eng.html
- I **Independent Mortgage Brokers Association of Ontario:** www.imba.ca

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 an hourly fee based on the time they spend working on your file.

Models of Ownership:

- I **Co-Operative Housing Federation of Toronto:** www.coophousing.com
- I **Canadian Condominium Institute:** www.cci.ca
- I **Ontario Condominium Act:** www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_98c19_e.htm
- I **Options for Homes:** www.optionsforhomes.ca/
- I **Canadian Cohousing Network:** www.cohousing.ca
- I Non-profit live-work artists' co-ops in the Toronto area:
 - **Arcadia Housing Co-op:** arcadiatoronto.com/
 - **Beaver Hall Artists' Housing Co-op:** www.beaverhallcoop.blogspot.com/
 - **Lakeshore Village Co-op:** www.lvactoronto.com/
 - **Artscape:** www.torontoartscape.on.ca/

Role of a Lawyer:

- I **The Law Society of Upper Canada's Lawyer Referral Service:** www.lsuc.on.ca/faq.aspx?id=1146
- I Tips on preparing to meet with a lawyer and making the best of your lawyer's services: www.lsuc.on.ca/with.aspx?id=1064
- I **The Volunteer Lawyers Service:** www.volunteerlawyers.org
- I **Artists Legal Advice Services (ALAS):** alasontario.com
- I CARFAC (Canadian Artists' Representation/le Front des artistes canadiens) operates the **Visual Artists' Legal Clinic of Ontario:** www.carfacontario.com

ca/~carfacon/services/valco_visual_artists_legal_clinic_ontario

- I **Legal Aid Ontario: www.legalaid.on.ca**
- I Legal Aid Ontario's **list of community clinics:**
www.legalaid.on.ca/en/contact/contact.asp?type=cl
- I **Community Legal Education Ontario (CLEO):**
www.cleo.on.ca





CHAPTER 4:
THE HUNT:
FINDING YOUR IDEAL SPACE

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The market for space is highly segmented: there are hundreds if not thousands of vendors seeking to sell space and landlords seeking to rent space. Some vendors and landlords have lots of properties all over the city while others are focused in one narrow area or have just a single property. While most vendors and landlords are in the private market, there are a number of space options with community-based and public sector agencies as well. Finally, there is no central clearing house for information about the market: some properties are listed on industry-wide services like MLS, while others are on public-sector lists like www.torontohousing.ca and others still can be found through ads in newspapers, email lists and online classified listings like craigslist and kijiji.

While the segmented nature of the market presents a challenge to anyone looking for space, it also presents an opportunity; particularly for those who are able to organize their search creatively. For example, while warehouse space in downtown Toronto may be out of reach, retail storefronts on inner suburb avenues may still be affordable. Or for those of you hoping to own space, your search may include less traditional vendors of space providing [second mortgages](#) or other forms of ownership assistance.

In this section of the manual we suggest ways of broadening your search to take advantage of the segmented nature of the space market and to get beyond the ideals of old industrial lofts and traditional home ownership in central established markets. The idea here is to focus on the types of space, locations and [tenure](#) options (i.e. ownership vs. rental) that meet your needs.

A) BEING IN A COMMUNITY OF ARTISTS

Artists tend to cluster into communities where they will find the services, professional contacts and ambience most suited to their work. In every city there are neighbourhoods known to be artists' hubs. Each has their own character and may attract different types of artists; lots of gallery spaces in one part of town, photography and music studios in another and a cluster of sculptural artists somewhere else. These neighbourhoods offer a sense of community, energy and mutual support for those who are part of them.

Artists' communities are fluid and ever-changing. They can't be reliably mapped or described without the resource becoming hopelessly out of date. In Toronto, artists have moved in to under-used de-industrialized neighbourhoods and revitalized them to the point where they become

attractive to condominium developers and larger-scale commercial enterprises. Often the rent was cheap and the [tenure](#) was informal so that as buildings were sold, the artists were forced to move out (often finding new under-used buildings to move to). The pattern has repeated itself many times so that established artists can tell the story of creative hubs moving westward along Lake Ontario from downtown Toronto all the way to Hamilton.

If it is important for you to be part of a community of artists, you may want to seek out one of these artists' hubs. Online classifieds like [craigslist](#) and [kijiji](#) have listings for rooms for rent as well as community listings for artists (for example, toronto.en.craigslist.ca/ats/) Browse these listings, visit galleries, and talk to artists who do similar work to learn where the hot spots are in your community for the kind of work you do.

B) A WORD ABOUT TRADE-OFFS

In an ideal world you'd be able to find a big beautiful studio in just the right location for just the right price. In reality, you'll have to give some thought to trade-offs. You'll have to decide which factors are most important to you and which are more flexible. For example, if price is the most important factor, decide whether you can reduce the size of space you need or whether you need to look in less desirable neighbourhoods to find something you can afford.

You should be aware that the trade-off for cheap space can often be insecurity of [tenure](#). If you think your studio space will be temporary, maybe it's not important to you that you have secure [tenure](#). If you expect to stay in your space for a long time, put in the time and effort to negotiating a [lease](#) that gives you that security or investigate your options for

“Our studio is affordable but it always feels very tenuous. We put up with a lot of stuff we shouldn’t – like leaks, water on the floor, a broken elevator – because the rent is cheap. It’s affordable but it always feels unstable. We don’t really know about tenants’ rights in commercial spaces. We don’t want to rock the boat because we don’t want a big rent increase. If we were paying a lot more we’d insist on better maintenance.”

purchasing rather than renting space.

If you expect to be walking to and from your studio at night, neighbourhood safety should be a priority and you may have to sacrifice the size of your space or find someone to share with so that you can be in a location that is safe and pleasant at night.

You should not compromise on health and safety. If you work with toxic materials, do not rent a window-less space that cannot be retrofitted with exhaust fans.

C) FOCUSING YOUR SEARCH: BUILDING CHOICES

In this section we explore the features of different kinds of buildings to help you focus or broaden your search to find a space that suits your needs. Be sure to confirm that the zoning for the building allows you to use that space as you intend.

UNITS IN WAREHOUSE BUILDINGS

The term ‘artist studio’ often conjures up the image of a vast light-filled space with high ceilings, exposed wooden beams and walls of windows. Indeed, artists have turned under-used warehouse spaces into beautiful and functional studios. There are many advantages to this type of space, not least of which was the low price they fetched when de-industrialized areas sat under-used and neglected in our cities.

These types of spaces come with some disadvantages, too. They often need a lot of work before they are usable which carries up-front costs. Noise often travels very well in old warehouse buildings which can cause conflicts between neighbours or require costly retro-fitting. If the building is

located in a partially vacant industrial district, there may be very poor neighbourhood amenities and the neighbourhood may be unpleasant or unsafe at night.

Old industrial buildings can also be associated with insecure **tenure**. Artists have often ‘seeded’ otherwise neglected urban industrial areas by moving into a rundown neighbourhood and animating it to the point that it becomes desirable or fashionable. Then, as rents go up or buildings are sold and renovated, most of the artists are forced to move on, losing the investments they made in their studios.

The days of finding big, beautiful, affordable studio spaces in industrial and commercial buildings close to the centre of the city are fading. While these spaces still do exist in places like Toronto’s suburbs and in Hamilton, they are in short supply and are less and less likely to offer opportunities for affordable, legal, secure **tenure**. Depending on your needs, you will do well to broaden your search beyond industrial warehouse buildings and give some thought to how other kinds of spaces might suit your needs.

UNITS IN COMMERCIAL BUILDINGS

There are opportunities to **lease** or buy commercial units along main streets in Ontario’s cities. Retail storefronts and the apartments or commercial units above them may be suitable for many arts-related uses.

Main streets offer advantages such as public transit, proximity to lots of other neighbourhood amenities, and the option to have public visibility in a store-front space.

In Toronto, the Official Plan identifies a number of arterial roads, named ‘Avenues,’ along which development is encouraged. (See **Toronto’s Official Plan**) These streets have been identified as locations for higher densities and public transit investment. While Toronto has many other main streets, the Avenues are a good starting point if you’re thinking of a commercial unit as many of them are ripe for revitalization and will enjoy significant public and private investment in the coming years.

UNITS IN RESIDENTIAL BUILDINGS

Another option is to rent or buy a unit in a residential building. This may mean renting someone’s extra bedroom or attic space or it may mean buying a house

or condominium unit and using part of the space for your work. Either way, be sure to familiarize yourself with the zoning rules (see *the section on **Zoning** below*) so that you don't run into trouble trying to use a space for something that is not permitted under residential zoning. For example, you may not be allowed sell your work out of a residentially-zoned space, or offer music classes in a residential unit unless it is in a detached house.

D) FINDING SPACE ON YOUR OWN

Once you have settled on the type of space you want and have identified a few neighbourhoods where you'd like to look, you have two options for finding your space. You can use the professional services of a [realtor](#) (also known as a real estate agent) or undertake the search on your own. Be prepared: finding space can be a long, laborious process filled with dead ends.

"I found my studio space by walking around the neighbourhood I wanted and calling every number I saw on a "For Lease" sign on any building. I'd see a number on a building and call and ask if they had any smaller spaces. You can call any place – call the building manager if there's a building you like. Be pro-active about it. They might have other spaces for rent besides the sign you see."

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 put the word out through online social networks like **Facebook** or **Twitter** or post an ad on **craigslist** or **kijiji**. 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.

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.

Arts organizations are a good resource and many post ads for studio space (for sale or rent) on their websites. You can also visit the offices of arts organizations and buildings with a high number of artist tenants to look at bulletin boards and notices advertising space for sale, for rent or to share.

As always, Artscape cautions you when reviewing and using certain websites, not to disclose personal information. These links are only provided as a convenience and they are not endorsed by Artscape and these websites are not controlled by us. We are not responsible for the contents of these linked sites, and we make no representation or warranty regarding any linked site or the information, products or services appearing on them. Artscape is not responsible or liable in any way for the accuracy, relevancy, copyright compliance, legality, or decency of material contained in any site linked from this publication, but we provide these websites as suggested resources for you.

Online and newspaper listings:

- I Canadian Real Estate Association's **Multiple Listing Service**
- I **craigslist** online classifieds
- I **kijiji** online classifieds
- I **Instant Coffee:** subscribe to the email list for information
- I **Viewitbiz.ca:** to view commercial real estate for lease
- I **Viewit.ca:** to view apartments for rent
- I **NOW magazine:** a free weekly publication, in print and online
- I **The Grid:** Toronto city news and event listings
- I **The Toronto Star:** Toronto's daily newspaper

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

- **Xtra!:** Toronto's free gay and lesbian biweekly newspaper

To get a sense of the character of the neighbourhood that you are interested in, check these links for Toronto:

- www.torontoneighbourhoods.net/
- www.toronto.ca/demographics/profiles_map_and_index.htm

The **Walk Score** mapping tool gives a 'walk score' for any neighbourhood in North America's largest cities. This score indicates how many amenities are within walking distance of a particular address and can be used to indicate how safe and vibrant a particular neighbourhood might be. Addresses with low walk scores will not have many amenities nearby while addresses with high walk scores will be close to a range of amenities and transit options.

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

is 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

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

to three years and the live-work list has a wait of five to ten years. The details of the application process are outlined on Artscape's website. For short-term space, there is **Artscape Lodge** at Artscape Gibraltar Point.

401 Richmond Ltd. (401 Richmond Street West, Toronto). A historic warehouse in downtown Toronto and home to over 130 cultural producers and entrepreneurs. Check the website for information about getting on the waiting list.

Arcadia Housing Co-op (680 Queens's Quay West, Toronto). 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 Co-op maintains a waiting list for space. Please check the website for more information.

Lakeshore Village Artist's Co-op (101-115 Birmingham Street, Etobicoke). A live-work cooperative open to all artists. There are 92 live-work units and the building's features include a gallery and two common workshops. The Co-op maintains a waiting list. Please check the website for more information.

Performing Arts Lodge (110 The Esplanade). 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. Check the website for eligibility and application information.

Beaver Hall (29 McCaul Street, Toronto). A housing co-operative designed for visual artists. There are fifteen live-work units and a gallery. Contact the co-op for information about eligibility and the waiting list.

E) FINDING SPACE WITH 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 look at. 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.

TIP The realtor's fees are generally 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. Be sure to confirm with the realtor, how their fee is to be paid.

FINDING A REALTOR

It is very important to find a **realtor** 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 – mixed-use buildings with retail at ground level and residential above are often 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 amenities. Call them and ask to meet with one of their **realtors**. Other resources for finding a **realtor** are:

- I **Toronto Real Estate Board:** Through TREB you can find a realtor and search properties for sale in Toronto.
- I The Canadian Real Estate Association operates MLS – the **Multiple Listing Service**. Through MLS, you can search for residential or commercial properties for sale, or find a **realtor** in your area.

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 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, you should work exclusively with him or her. 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.

F) ZONING

Every city has a zoning by-law that lays out the rules for how land in the city can be used. Land is categorized by how it is used; for example: residential uses, commercial uses, employment uses, and open space (parks). It is helpful for you to understand a bit about zoning because you can't, for example, legally live in a building

that is on land zoned for employment uses (in the language of zoning, "employment" often means industrial uses like factories). Once you know what kind of space you need, be it live-work space, studio space or office space, you can focus your search by making sure that the space you're interested in is zoned for the uses you need.

This section is intended to provide you with a general overview of zoning bylaws in Ontario. You will need to contact your city hall to ask about zoning in your city or town. You may be able to view the zoning maps online and should be able to get answers to questions like "what zones should I look in if I want live-work space?" For specific questions, you should contact the municipality and ask to speak with someone about zoning information. They should provide you with more detailed information and advice based on the particular address you're interested in.

You need to know a bit about zoning because 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 operate a gallery from a residentially zoned building – but you could from a commercially zoned building. Municipal property taxes can also be 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 residential building. Finally, [building code](#) requirements are different for each type of occupancy. [building code](#) standards for commercial space may not be designed to protect you if you are living in the space.

TIP If you want to use or alter your space in such a way that it would meet most, but not all, of the zoning provisions, you can apply for a minor variance from the zoning bylaw.

MUNICIPAL ZONING BYLAWS

If you have found a space and want to be sure that you can use it the way you want to, you'll need to find out how it is zoned. There are two ways to do this. You can often look it up on zoning maps online or you can call the city (in Toronto call the information line at 311 and ask for zoning information), give them the address and they'll look it up for you.

Zoning is usually expressed by a one or two letter abbreviation to show the permitted uses, followed by numbers indicating the density that is permitted on the site.

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.

Example: A site may be zoned **CR 2.5 (c2.0; r1.0)**

CR = Commercial Residential zone

2.5 = permitted density (a building with a floor area of 2.5 times the area of the lot is permitted)

c = commercial density permitted

r = residential density permitted

You don't need to worry about the density or any setback permissions that are expressed in the zoning. Most of this information is directed at someone redeveloping the land as it tells them what size and configuration of building is permitted on the site. Occasionally however, the site-specific permissions address uses, but you can make inquiries directly to the city when you are confirming what uses are permitted. It is most important for you to understand the zone itself; in this case CR or Commercial Residential.

Most zoning bylaws have the following types of zones:

- Residential (may include variations to identify areas of detached, semi-detached, apartment or townhouse residential uses)
- Commercial (variations include Commercial Residential zones where both uses are permitted)
- Employment/Industrial
- Institutional
- Parks or Open Space

Within residential zones, artists can usually do their work as long as it does not contravene certain rules set out in the bylaw. For example, in Toronto, you can't have customers or deliveries coming and going and you can't sell your art from your house. You can teach music but only if you're in a detached house. Depending on the details of your work you may be able to use a residentially zoned space. Check with the zoning information staff at your city to be sure.

Buildings zoned for Commercial Residential uses are the ideal place for live-work studios. Work-only studios will likely be permitted in any commercial zone. Toronto's by-law has a long list of uses that are permitted in commercial zones including art gallery, museum, performing arts studio, artist studio and production studio.

If you find a unit in a commercial building and you want to live in it, check the zoning to see whether residential uses (sometimes called 'dwelling units' in the zoning bylaw) are permitted and confirm your interpretation with city staff.

People are generally not permitted to live in Employment/Industrial zones. You may rent or buy a studio or workshop space in an Employment/Industrial district but you cannot live in this space legally. A range of arts-related uses may be permitted in Employment zones such as performing arts studios, artist studios, production studios, and workshops. Many other commercial uses like restaurants and shops are only permitted if they serve the industrial uses nearby so these areas are typically not vibrant mixed-use areas.

Institutional zones may include art galleries and museums but they are not the place for smaller studios or living space. Generally institutional zones are for hospitals, schools and other large community uses.

You will likely want to focus your search on buildings zoned for residential and commercial residential uses.

THE IMPORTANCE OF COMPLIANCE

If everything you are doing in a space is allowed within the zoning regulations for that property then you are in compliance with the zoning bylaw.

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. While the city is legally able to

enforce compliance through the courts, they usually aim to assist a building owner in moving toward compliance either by encouraging them to stop the illegal use or by legalizing it through a minor variance to the zoning bylaw.

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.

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.

Compliance with other by-laws and regulations is important too. For example, even if your music school is a permitted use under a zoning by-law and if you lease, this is a permitted use under the terms of your lease, you are still subject to requirements of the City by-laws which include limitations on such things as noise and hours of operation (for example, see the **City of Toronto Municipal Code, Chapter 591, section 2** as it relates to noise).

GETTING PERMISSION: MINOR VARIANCES

If you want to use a space in a way that contravenes part of the zoning by-law, you may need to apply for a minor variance. You should consider this factor however before you lease or buy the space, because you may not be successful in your application.

Broader changes to the regulations can be made by seeking an Official Plan amendment or a re-zoning but these are very expensive and time-consuming processes. If you discover that a re-zoning or Official Plan amendment would be required for you to use a space in the way you want, your best bet is to find a different space where your intended uses are permitted.

It is possible to apply for minor variances from the zoning by-law if you want to use or alter your space in such a way that it would meet most, but not all, of the zoning provisions. For example, if you want to build a small studio addition to your house and the resulting gross floor area would put your house over the permitted density for the site, you need

a variance to increase your permitted gross floor area. Your first step is to apply for a project review. The City will review your plans and will respond with details of how your plans conform or do not conform to applicable regulations. In Toronto, see **Project Review Programs** and the **list of fees**.

If your project review tells you that you do not meet certain provisions of the zoning by-law, you may apply for a minor variance to the municipality's Committee of Adjustment. To approve any minor variance, the Committee of Adjustment must be satisfied that:

- The proposal is appropriate for the development of the land and/or building.
- The general intent and purpose of the City's Zoning By-law is maintained.
- The general intent and purpose of the City's Official Plan is maintained.
- The variance requested is minor.

Every Committee of Adjustment holds public hearings regularly. A hearing date for your case will be set, normally within a few months, 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 given at the end of the meeting. Minor variances are much more likely to be approved if there is no strong opposition from the building's immediate neighbours. Talking to your neighbours and sorting out any concerns they may have with your proposal before the hearing date will help your case tremendously. You may also want to speak with your local councilor and the municipal planner for your neighbourhood to address any concerns they may have before the hearing date. See **Toronto's Committee of Adjustment website** or the website of your local municipality for more information.

While the prospect of going through this process may seem time consuming and potentially costly, it is best to confront the possibility of misuse before occupying a space. Determine the current zoning and make sure your intended uses are permitted. It is illegal to use a space in a manner contrary to its zoning. Also, you will pay double the regular fee for a minor variance if you get caught after the fact

instead of doing the work in advance.

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.

BUILDING PERMITS

A building permit is the formal permission to begin construction, demolition, addition or renovation on your property. It is not required for all matters but you should confirm with your municipality before doing any construction, demolition or renovation. A building permit 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. For details on when a building permit is required in Toronto, check the **City's Building Permits and Approvals website**.

The owner of the building or someone who has been hired to do so (such as a general contractor) must apply for the building permit. The price of a permit depends on the use of the building and the work that is being done. Check with your municipality's building office for details.

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. Inspectors may visit several times, depending on the project.

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

If a complaint has been lodged about construction that is occurring unsafely or without a permit, a building inspector may visit. Usually the inspector will visit 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, see **Investigation Services – Enforcement**.

G) RESOURCES: THE HUNT

Online resources for real estate listings:

- I Canadian Real Estate Association's **Multiple Listing Service**: www.mls.ca/
- I **Toronto Community Housing Corporation**: www.torontohousing.ca
- I **craigslist** online classifieds: www.craigslist.org
- I **kijiji** online classifieds: www.kijiji.ca
- I **Instant Coffee** subscribe to the email list for information: www.instantcoffee.org
- I **Viewitbiz.ca**: to view commercial real estate for lease
- I **Viewit.ca**: to view apartments for rent
- I **NOW magazine**: a free weekly publication, in print and online: www.nowtoronto.com
- I **The Grid**: Toronto city news and event listings: www.thegridto.com
- I **The Toronto Star**: Toronto's daily newspaper: www.thestar.com
- I **Xtra!**: Toronto's free gay and lesbian biweekly newspaper: www.xtra.ca
- I **Neighbourhood character information for Toronto**: www.torontoneighbourhoods.net/ and www.toronto.ca/demographics/profiles_map_and_index.htm
- I **Walk Score**: www.walkscore.com/

Realtors:

- I **Toronto Real Estate Board**: www.torontorealestateboard.com/

Arts Space Providers in Toronto:

- I Artscape: www.torontoartscape.on.ca
- I For short-term space, there is **Artscape Lodge** at the Artscape Gibraltar Point: www.torontoartscape.on.ca/community/space-related-resources/artscape-lodge
- I **401 Richmond Ltd**: www.401richmond.net
- I **Arcadia Housing Co-op**: arcadiatoronto.com/
- I **Lakeshore Village Artist's Co-op**: www.lvactoronto.com/
- I **Performing Arts Lodge**: www.paltoronto.org
- I **Beaver Hall**: www.beaverhallcoop.blogspot.com/

Zoning:

- I **City of Toronto Planning Department**: www.toronto.ca/planning/
- I **Zoning information**: call 311 and tell the operator that you want to know the zoning for a particular address.
- I **City of Toronto Buildings Department** (building permits) www.toronto.ca/building/building_permits.htm
- I **City of Toronto Committee of Adjustment**: www.city.toronto.on.ca/planning/comm_adj.htm
- I **Ontario Municipal Board**: www.omb.gov.on.ca/english/home.html





CHAPTER 5: WHEN THINGS GO WRONG

CHAPTER 5: WHEN THINGS GO WRONG

Maybe your downstairs neighbour keeps parking in your parking space. Perhaps the landlord claims you were late with last month's rent when you know you dropped it in the mailbox on time. Whatever the situation, as a tenant you may face disputes with those around you.

A) DISPUTES WITH NEIGHBOURS RESOLVING THE CONFLICT YOURSELF

No matter where you work in the city, you will have neighbours. Neighbours can be welcome acquaintances and friends but they can also become the source of conflict. 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, disputes do arise. Usually you should be able to resolve these disputes with a friendly chat. It is always best to try to resolve conflicts personally without going to a third party. Similarly, conflicts with your landlord may be resolved by simply talking it out. If that doesn't work, you can turn to community mediation services to help sort things out before they become legal matters.

MEDIATION SERVICES

If you are unsuccessful in resolving the conflict yourself, you may wish to try mediation. Remember though, mediation only works when all parties agree to participate. 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. Trained mediators 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, the mediator facilitates the meeting and ensures that everybody is comfortable participating and is treating others with respect.

Mediation services can help to resolve many types of issues including:

- Neighbourhood conflicts like noise, parking, fences and property issues

- Landlord/tenant problems like maintenance, privacy, or noise complaints
- Personal property issues like small claims or problems with contractors
- Interpersonal conflicts like those between roommates or business partners

There are many advantages to choosing mediation services. They are usually provided for free by community agencies and can be arranged quickly at a time and place that is convenient to both parties, including evenings and weekends. About 75% of mediations are successful in reaching an agreement that solves the problem or moves toward solving it. Mediation is an informal process that allows you to say what you think is important in your own words so there is no need to bring a lawyer. The process is confidential and your privacy is respected; mediators will not tell anyone anything they hear during the process. A mediation session is not considered resolved until both parties are satisfied.

When a resolution is reached, the mediation service will help you write out an agreement that is acceptable to both parties. 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 for the participants. Mediators do not provide legal advice.

There are local mediation services all over Ontario. They can be found by searching 'mediation services' and the name of your city or town.

Mediation Services in Ontario:

Here are some suggestions:

- I **Durham Region:** Community Justice Alternatives of Durham Region: www.cjadurham.com
- I **Kingston:** K3C Resolve Kingston, K3C Community Counseling Centres. Email resolvekingston@k3c.org
- I **Kitchener-Waterloo:** Community Justice Initiatives of Waterloo Region, www.cjiwr.com
- I **London:** Community Legal Services and Dispute Resolution Centre, www.has.uwo.ca/housing/mediation
- I **Halton Region:** www.oakvilledisputemediators.org/
- I **Toronto-African/Canadian community:** Africanadrian Mediation and Community Services: <http://www.metros.ca/amcs/index.htm>
- I **Toronto, downtown:** Conflict Resolution Service, St. Stephen's Community House www.ststephenshouse.com/crs.shtml
- I **Toronto, North York:** Conflict Mediation Services Downsview, www.cmsd.org
- I **Toronto, Scarborough:** Scarborough Conflict Resolution Services, Warden Woods Community Centre, www.wardenwoods.com
- I **Windsor:** University of Windsor Mediation Service, www.uwindsor.ca/mediation
- I **York Region:** York Community Mediation Service, Email the.ycms@gmail.com

Services are being set up in Brantford, Milton, Mississauga, and Ottawa. Mediators operate more informally at a community level in Sarnia and Sioux Lookout. For more information or to connect with one of these services contact the Conflict Resolution Service at St. Stephen's Community House in Toronto.

You can also contact your local City Councilor or Provincial Member of Parliament, who also may be able to provide suggested resources.

B) SPACE EMERGENCIES AND HOMELESSNESS

It's frightening to think about being temporarily without work or live-work space, but it can happen if you are suddenly evicted and have not found or cannot afford new space for some period of time.

EMERGENCY LIVING SPACE

If you are literally homeless because you were living in your work space and have been evicted, you will undoubtedly turn to friends and family for refuge. If you need an emergency shelter bed in Toronto, call 311 anytime, day or night, and you will be referred to a shelter.

Artscape Lodge at Artscape Gibraltar Point on Toronto Island, offers an affordable temporary lodging service to arts professionals working in all disciplines. Short-term space is available in a variety of flexible packages from weekends 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 and kitchen. Shuttle service for move-in and move-out is provided at no additional cost. Occupancy is restricted to artists 19 years or older and proof of status as an artist is required. For details visit **Artscape Lodge**.

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 province. Contact storage facilities near you and be sure to ask for a climate controlled unit if you need to store items that are sensitive to changes in temperature or humidity.

EMERGENCY WORK SPACE

Your best bet for finding work space during your time in transition will be to temporarily share space with friends or colleagues. If you know someone who only uses their studio during the daytime, perhaps you could use it in the evenings

for a short period of time.

You can search for shared work space options on **craigslist** or **kijiji** or post an ad yourself to find shared space. The email lists at **Instant Coffee** may be a good source for shared space as well.

Artists who need temporary studio space can phone local community centres. Many will rent rooms for an hourly fee. In Toronto, information on room rentals and the process for getting a permit can be found on the Parks, Forestry and Recreation website.

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. A list of community centres in Toronto can be found on the **City of Toronto website**.

C) RESOURCES: WHEN THINGS GO WRONG

- I Conflict Resolution Service at **St. Stephen's Community House** in Toronto
www.ststephenshouse.com/crs.shtml
(see above for a list of mediation services throughout Ontario)
- I **Artscape Lodge: www.torontoartscape.on.ca/community/space-related-resources/artscape-lodge**
- I **Community centres in Toronto: www.toronto.ca/parks/prd/facilities/recreationcentres/index.htm**





ACKNOWLEDGEMENTS

CHAPTER 6: ACKNOWLEDGEMENTS

Thank you to the Advisory Committee for Square Feet:

- I Susan Wright, Director of Operations, Toronto Arts Council (*Original Square Feet committee*)
- I Adele Dobkowski, Executive Director, ArtsBuild Ontario
- I Lori Martin, Senior Cultural Affairs Officer, City of Toronto (*Original Square Feet committee*)
- I MJ Steenberg, Artscape Tenant (*Original Square Feet committee*)

We gratefully acknowledge all of the people and organizations who took the time to answer questions and offer advice as the updated version of this manual was being prepared:

- I Garth Yarde, St. Stephen's Community House
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- I Dawne Jubb, LLB
- I Ann M. Woodruff, LLB

We would like to thank the artists who allowed us to film them and their studios and who shared stories of their real estate experiences with us:

- I Ryan Barrett
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- I Meirion Kelly
- I Catherine Heard
- I MJ Steenberg
- I Elinor Whidden
- I Chris Kang
- I Shona Kearney
- I Hannah Cowan

A NOTE ON THE 2ND EDITION OF SQUARE FEET

The original Square Feet was conceived by Tim Jones, President and CEO of Artscape, and researched and edited by Jennifer Ginder with Carol-Ann Ryan. Since its publication in 2001, Square Feet has been an enormously helpful tool for artists and arts and cultural organizations. Over the past 10 years, of course, much has changed. This significantly revised and updated edition reflects these changes in its content, layout, approach and even title. Continuity with the original has been provided by the involvement of three members of the original Square Feet Advisory Group on our Advisory Group for this edition. We hope that Square Feet continues to be an essential resource to artists and organizations in the future.

Pru Robey
Director, Knowledge Exchange, Artscape
May 2011





APPENDICES

APPENDIX A: DECODING THE STANDARD FORM COMMERCIAL LEASES

What follows is a paragraph-by-paragraph review of a typical standard-form commercial lease. This review is meant for informational purposes only and is not intended as legal or other professional advice. In particular, commercial leases are complex and we encourage you to obtain legal advice early in your negotiation process and definitely before you sign the document.

Be aware that the lease you are presented with may differ in wording, and therefore in meaning, in a few places or in many. Even a few word changes can significantly change the meaning and impact on your legal rights and obligations. Please note that the text of many commercial leases will refer to the landlord as male, and that custom has been followed here. 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. 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 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 you and the landlord.

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. 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 2011 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, 123 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 2011 and from thenceforth ensuing and to be fully completed by and ended on the 1st day of February 2014.

(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, lightening 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, lightening, 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." Be sure to ask whether you intended use is permitted and if there are any restrictions on its use. For example, if you wish to sell your art from the 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. Be sure to ask of there is air conditioning. If there is, find out how is it powered and whether the air-conditioning part of the electrical bill.)

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 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 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 generally is requested to 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 taxes assessed against the building. Property 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 property 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, he must make it in writing. If he does so and the tenant fails to pay, the landlord will have the same rights as he would if the tenant failed to pay the rent – the right of reentry, 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 property 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 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.

Note – you should request a similar clause for air-conditioning, if available or applicable.)

ACCESS

(c) To give the **Lessee**, his agents, clerks, servants and all persons transacting business with the **Lessee**, in common 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, 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 moneys 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 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 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 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 premises 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 judgment 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 B: 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 or item. 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.

Demise: Transfer.

Demised premises: Property subject to Lease.

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.

Gross-up Factor: The rentable square footage divided by the usable square footage. The rentable square footage includes a portion of the common areas of the building such as hallways, washrooms and elevators.

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 broker: A mortgage broker acts as an intermediary who sells mortgage loans on behalf of individuals or businesses.

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.

also

Term: Fixed, non-cancelable period for which a lease agreement is in force.

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.