


**HRM Grants Committee
July 9, 2012**

TO: Chair and Members of HRM Grants Committee



SUBMITTED BY:

Greg Keefe, Director of Finance & Information Technology



Peter Stickings, A/Director Planning & Infrastructure

DATE: July 3, 2012

**SUBJECT: Property Matter: Less than Market Value Sale of 2041 Hammonds
Plains Road, Hammonds Plains (PID#00421438), to Hammonds Plains
Fire Hall & Community Centre Association**

ORIGIN

April 17, 2012 – Request that staff prepare a report to Regional Council regarding options for the continued operation of the Hammonds Plains Fire Hall & Community Centre located at 2041 Hammonds Plains Road, Hammonds Plains.

RECOMMENDATION

It is recommended that the HRM Grants Committee recommend that Regional Council:

1. Authorize the Mayor and Municipal Clerk to enter into an Agreement of Purchase and Sale whereby the property located at 2050 Hammonds Plains Road, Hammonds Plains, be conveyed to Hammonds Plains Fire Hall & Community Centre Association for the sum of \$1, plus all costs associated with this conveyance, subject to the preparation of site survey, legal description and documents of conveyance, and the terms and conditions set out in Table 1 of this report;
2. Set a date for a public hearing as required under Section 63(2) of the HRM Charter.

BACKGROUND

In 1961, the former Hammonds Plains Community Social Club donated a vacant parcel of land (2050 Hammonds Plains Road) to the Hammonds Plains Fire Commissionaires for the purpose of constructing a fire station. In 1969, a de-commissioned school property adjacent to the fire station (2041 Hammonds Plains Road) was conveyed to the Fire Commissionaires by the former Municipality of Halifax County. The Fire Commissionaires operated the former school site as a community hall in relation to the fire station. The Hammonds Plains Community Social Club appears to have ceased operations by 1995.

The Hammonds Plains Fire Commissionaires, being a service commission as defined under Section 2(a)(e) of the HRM Act, was dissolved in 1996 as a result of Section 8(1) of the Act which reads: “*Upon the incorporation of the Regional Municipality, the City of Dartmouth, the City of Halifax, the Town of Bedford and the Halifax County Municipality, together with all villages and **service commissions** in the County of Halifax, are dissolved and their assets and liabilities are vested in the Regional Municipality*” [Emphasis added]. This transfer was not limited to property directly associated with operating a fire protection service and included the community hall.

Section 73(3) of the HRM Act required HRM to transfer the property of the Fire Commissionaires to any society formed for the purpose of continuing to provide fire protection services. This section reads: *The Halifax Regional Municipality shall transfer, free of cost, any property of a rural fire district or service commission or other fire department dissolved by this Act to any body that was **incorporated before April 1, 1996, to provide fire protection services in the area served by the rural fire district, fire commission or fire district that was dissolved***” [Emphasis added]. The Hammonds Plains Fire Services Society incorporated on February 29, 1996, for the apparent purpose of acquiring the assets of the Fire Commissionaires. The Society voluntarily dissolved in 2002 without formal steps having been taken while it was a going concern to transfer the former lands of the Fire Commissionaires from HRM to the Society.

In 2003, rural fire area rates were discontinued and the delivery of municipal fire services consolidated under HRM Fire & Emergency Services. Capital and operating budgets for fire stations and firefighting equipment were incorporated under the general tax rate. HRM operated the fire station but the hall continued to operate informally under the stewardship of local volunteers. In 2009, the Hammonds Plains Fire Hall and Community Centre Association incorporated as a non-profit society; this volunteer group has operated the premises sustained by bar proceeds, non-recurring room rentals, and fundraising. HRM Community Recreation has also rented the facility for summer camps and leisure classes. There is no lease agreement on file. The Association has requested title to the property for the sum of \$1 for the purpose of continuing to operate a community hall.

On April 27, 2012, HRM staff met with a representative of the Hammonds Plains Fire Hall and Community Centre Association to review options for the continued operation of the property. It should be noted that due to deferred maintenance the building requires significant capital

investment to address safety concerns and operating inefficiencies. It is anticipated that, in the immediate, the community hall's operating viability may rely on municipal tax exemption (excluding any sub-leasing or commercial activity).

DISCUSSION

A less than market value sale is recommended on the basis of the municipal government's historical relationship with the Hammonds Plains volunteer fire service as demonstrated by the donation of the subject property to the Hammonds Plains Fire Commissionaires in 1969 by the former Halifax County.

- The proposed condition of sale includes a Buy-Back Agreement giving the Municipality the option to re-acquire the property in the event that the Hammonds Plains Fire Hall and Community Centre Association cease operations or wish to convey title to a third party. This supplementary agreement does not oblige HRM to acquire title to the property but does ensure that a formal decision of Regional Council will be sought at some future date in the event of dissolution, or if ownership or a substantive change in use were proposed.
- The property abuts the HRM-owned Eisenhower baseball field that is heavily used. Despite the provision of public parking at the rear of the baseball field, the community hall's parking lot is heavily used by sports teams and spectator's because it is conveniently located at the facility entrance.
- The continued occupancy of the property in the absence of a lease agreement between HRM and the Hammonds Plains Fire Hall and Community Centre Association is an unacceptable level of risk to both the Municipality and the occupant.
- The proponent has accepted HRM's proposed terms and conditions of sale.

Table 1. Summary of Key Terms and Conditions (Proposed)	
Civic Address	2041 Hammonds Plains Road, Hammonds Plains
Site Area	33,672 sf
Zoning	P-2 Community Facility Zone. The operation of a community hall complies with current zoning.
Assessed Value	\$100,900
Proposed Sale Price	\$1
Tax Status	To date, the property has been assessed as Exempt Commercial. A sale will trigger re-assessment for Commercial property taxes. Any request for tax assistance requires the owner make separate application under HRM By-law T-200.

	The proponent is not a registered charity, therefore deed transfer tax is payable at 1.5% of the purchase price.
Specific Terms and Conditions	A Buy-Back Agreement shall provide HRM with the option to re-acquire the property should the Purchaser cease to operate the premises for a community purpose, elect to sell or convey the property, or in the event of dissolution. The Buy-Back Agreement, with the written consent of the Municipality, may be postponed or held as a second charge on the property to enable financing required to re-capitalize the asset. The purpose of the conveyance shall be for the operation of a community hall.
Closing Date	As soon as possible pending confirmation of financing by the Purchaser.
Cost of Sale Recovery	The Purchaser shall pay all municipal expenditures associated with this sale, including but not limited to legal fees, site survey, environmental assessment, deed registration, advertising.

BUDGET IMPLICATIONS

Using the 2012 assessment value of \$100,900, a sale price of \$1 would decrease HRM's potential revenue by \$100,900 and the applicable deed transfer tax of \$1,513.50 for a combined in-kind contribution of \$102,413.50. However, the sale will create property taxes where previously there were none and relieve HRM of any immediate liabilities and future re-capitalization.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

The HRM Charter (2008) permits the sale of municipal property at less than market value to a non-profit organization. If valued over \$10,000 the sale must be approved by a two-thirds majority of Council present and voting at a public hearing. Legislation requires the general public be notified of the hearing through an advertisement published in a newspaper circulating throughout the Municipality. Any member of the public may present a written or verbal opinion for or against the sale.

ALTERNATIVES

1. The Grants Committee could recommend a full market value sale or limit HRM's in-kind contribution to a percentage of full market value.

This action is not recommended: The former school was donated to the Hammonds Plains Fire Commissionaires in support of the local volunteer fire service. The hall raised funds to supplement the rural fire area rate with access extended to local residents and non-profit groups. Title reverted to HRM with the dissolution of Fire Commissionaires at amalgamation but has continued to operate under volunteer stewardship.

2. The Grants Committee could recommend retention of the property by HRM and execution of a lease agreement with the Hammonds Plains Fire Hall and Community Hall Association.

This action is not recommended: The property is surplus to municipal operational requirements and HRM Community & Recreation Services have confirmed a municipal facility is not required at this location given the proximity of other public amenities.

A less than market value lease for \$1/year in lieu of capital and operating costs does not aid the Association's sustainability. To the contrary, leasing would disqualify the Association from some government and philanthropic assistance programs, and mitigate using the asset to secure financing for major re-capitalization. As owner, the Association has the option of sub-leasing a portion of the premises to generate recurring revenue or, given the building's proximity to a public sports field, to petition HRM to permit joint ownership with another non-profit entity.

3. The Grants Committee could recommend demolition of the building and retention of the property for use in relation to the abutting HRM baseball field, or as parkland/green space.

This action is not recommended: The HRM baseball field is already served by an abutting HRM-owned parking lot. Presently, there is no municipal budget provision for demolition and site re-development.

ATTACHMENTS

1. Site Map and Photograph.

Property Matter:
2041 Hammonds Plains Road, Hammonds Plains

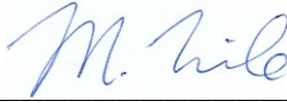
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