



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council

August 7, 2007

September 11, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Wayne Anstey, Acting Chief Administrative Officer

DATE: August 3, 2007

SUBJECT: **Property Matter: Transfer of Title to Former Housing Demonstration Project Properties to City of Halifax Non-Profit Housing Society (Harbour City Homes).**

ORIGIN

An In Camera report dated June 25, 2007, was approved by Regional Council re: a settlement agreement with Harbour City Homes. The agreement makes reference to the resolution of outstanding property title issues. Four of the proposed property transactions listed in this report were approved by the HRM Grants Committee at their meeting of November 6, 2006. This report has been updated to include a fifth property, 2421 Creighton Street, Halifax, recognized by the Housing Demonstration Project partners, revised assessment values, and deed migration costs.

RECOMMENDATION

It is recommended that Regional Council:

1. Authorize the Mayor and Municipal Clerk to enter into an Agreement of Purchase and Sale whereby title to 2014-2020 Maynard Street, 2386-2388 Gottingen Street, 2350-2361 Gottingen Street, 2444-2450 Barrington Street, Halifax, and 2421 Creighton Street, Halifax, be conveyed to Halifax Non-Profit Housing Society for the sum of \$1 each, subject to site survey and legal description, and as per the conditions stated in this report.
2. Set a date for a public hearing.

BACKGROUND

Under Section 51 of the Municipal Government Act (1998) any sale of municipal property at less than market value exceeding \$10,000 must have the approval of two-thirds of Regional Council present and voting at a public hearing. Section 109 of the Act gives municipalities the discretionary authority to exempt a registered non-profit from deed transfer tax if the property is not used for any business purpose.

In October, 2004, HRM staff submitted two reports to Regional Council regarding a request from Harbour City Homes for the donation of a total of eleven (11) properties owned by HRM. Regional Council approved the transfer of title for seven (7) properties but none of the agreements have been executed because Harbour City Homes refused to accept the buy-back provision placed on four properties. See: **Attachment 1**.

In June, 2007, Regional Council approved the execution of a settlement agreement with Harbour City Homes that included resolution of outstanding property requests and, with the consent of funding partners, propose the buy-back provision on former Housing Demonstration Project properties be revoked. See: **Attachment 2**. This report addresses only five (5) former Housing Demonstration Projects. Separate reports will be issued to address additional properties. See: **Attachments 3 to 8** for site maps and photographs.

DISCUSSION

A. Former Housing Demonstration Projects

In June, 1986, the former City of Halifax agreed to contribute \$1,344,000 towards an inter-governmental initiative for the construction of 132 units of affordable housing in the city's urban core. Of that amount, \$797,200 was the value of city-owned lands to be leased to Harbour City Homes. The Government of Nova Scotia contributed \$1,369,478 and the federal government \$290,787. A mortgage for the balance of funds was "...arranged by Harbour City Homes as owner" (p.1, Item 5)¹ and guaranteed by the Nova Scotia Housing Development Corporation. In March, 1987, the former City of Halifax, Nova Scotia Department of Housing, and Harbour City Homes formally entered into a project agreement. The land leases were executed in November, 1987, to be used exclusively for the provision of the non-profit housing project (Item 2.a). The lease agreement included a total of six (6) properties to be developed under the terms of the agreement.

Under the terms of the agreement the lands were to be leased to Harbour City Homes for \$1/year for a period of 30 years (expires 2017). The lease contains several terms and conditions pertinent to the disposal of these properties, namely:

- The lessee shall pay all applicable property taxes and charges (Item 1);
- The lessee shall at their sole expense construct, operate and maintain the premises (Item 2.a);
- The lease recognized the right of any leasehold mortgage holder to participate in any arbitration proceedings (Item 1.6);
- If in default of the agreement the lessor (HRM) shall provide notice to the tenant and the leasehold

¹ Project Agreement Re: Provincial/Municipal Demonstration Housing Project Agreement, March 16th, 1987.

Lease Agreement Between City of Halifax and City of Halifax Non-Profit Housing Society, 1987.

mortgage holder of any intent to terminate or re-negotiate the lease (Item i.b.i).
 The documentation cited above forms the basis for staff's recommendation to transfer title to five (5) properties and formally terminate HRM's participation in land lease agreements related to the inter-governmental Housing Demonstration Project. These recommendations are consistent with Regional Council's approval, in 1997, for the dissolution of the partnership between the former City of Halifax and Halifax Non-Profit Housing Society. Further, staff have amended their initial recommendation and revoked the buy-back condition placed upon transfer of title, subject to the approval of Nova Scotia Community Services (Housing Division) and Canada Mortgage & Housing Corporation (as per Item 2.a of the initial agreement). Harbour City Homes shall be responsible for notifying any applicable mortgage holder.

Property	Description	Land Area	Zoning	Assessment Value
2014-2020 Maynard Street, Halifax	4-unit rental accommodation. Former Housing Demonstration Project	2,586 sq.ft	R2	\$204,000
<p><i>Staff recommend the sale of 2014-2020 Maynard Street, Halifax, to Halifax Non-Profit Housing Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of CMHC and Nova Scotia Housing Corporation.</i></p> <p><i>The property shall be used for the purpose of affordable housing.</i></p> <p><i>The property shall be taxed.</i></p> <p><i>Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.</i></p>				

Property	Description	Land Area	Zoning	Assessment Value
2386-2388 Gottingen Street, Halifax	24-unit apartment building. Former Housing Demonstration Project.	12,546 sq.ft	R3	\$960,000
<p><i>Staff recommend the sale of 2386-2388 Gottingen Street, Halifax, to Halifax Non-Profit Housing Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of CMHC and Nova Scotia Housing Corporation.</i></p> <p><i>The property shall be used for the purpose of affordable housing.</i></p> <p><i>The property shall be taxed.</i></p> <p><i>Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.</i></p>				

Property	Description	Land Area	Zoning	Assessment Value
2350-2362 Gottingen Street/5515 Gerrish Street, Halifax	16-unit apartment building with street level retail and office leasing. Former Housing Demonstration Project.	20,303 sq.ft	C-2	\$855,000

Staff recommend the sale of 2350-2362 Gottingen Street, Halifax, to Halifax Non-Profit Housing Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of CMHC and Nova Scotia Housing Corporation.

The property shall be used for the purpose of affordable housing.

The property shall be taxed.

Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.

Deed transfer tax must be paid on the Commercial portion of assessment for an estimated cost of \$2,000.

Property	Description	Land Area	Zoning	Assessment Value
2444-2450 Barrington Street, Halifax	23-unit apartment building with HCH office.	25,172 sq.ft	R-3	\$1,081,000

Staff recommend the sale of 2444-2450 Barrington Street, Halifax, to Halifax Non-Profit Housing Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of CMHC and Nova Scotia Housing Corporation.

The property shall be used for the purpose of affordable housing.

The property shall be taxed.

Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.

In the original staff report (December, 2006), retention by HRM of the property located at 2421 Creighton Street, Halifax, was recommended given the size of the lot and the potential for future development for affordable housing. Subsequent meetings with CMHC and Nova Scotia Community Services (Housing Division) have upheld Harbour City Home's claim that the property was part of the former Housing Demonstration Project. Specifically, the land was acquired in relation to the abutting property at 2386-2388 Gottingen Street, Halifax. As such, the partners are in agreement that this land be transferred to Halifax Non-Profit Housing Society.

This site is located behind 2386-2388 Gottingen Street, Halifax, a 24-unit apartment building that has limited provision for tenant or visitor parking. Currently, the land is used for a playground. The size of the lot allows for future development, for example a 3-4 unit apartment building. To secure the land's use for affordable housing staff recommend that consolidation with the abutting property be a condition of sale.

Property	Description	Land Area	Zoning	Assessment Value
2421 Creighton Street, Halifax	Vacant land used for playground.	6,250 sq.ft	R-2A General Residential Peninsula North Area 7.	\$54,800

Staff recommend the sale of 2421 Creighton Street, Halifax, to Halifax Non-Profit Housing Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of Nova Scotia Housing Corporation and CMHC. The sale shall be conditional upon consolidation of the lot with the abutting residential property located at 2386-2388 Gottingen Street, Halifax.

The property shall be used for the purpose of affordable housing.

The property shall be taxed.

Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.

BUDGET IMPLICATIONS

If approved by Regional Council, CMHC, and Nova Scotia Department of Community Services (Housing Division), the combined value of the five (5) properties donated to Halifax Non-Profit Housing Society is \$3,154,800. This is not a net 'cost' to HRM insofar as the construction of the buildings was cost-shared among the Housing Demonstration Project partners, including Halifax Non-Profit Housing Society. It should be noted that this value is \$269,900 higher than the 2006 value due to assessment value increases (a combined increase of \$215,100 for 4 properties) and an additional \$54,800 for the addition of the Creighton Street property.

The execution of these agreements is estimated to cost HRM \$6,000 in deed migration fees (~ \$1,200 per transaction) and \$47,322 in deed transfer tax waivers; ~\$2,000 increase in revenue is expected in deed transfer tax from the Commercial portion of the premises located at 2350-2362 Gottingen Street, Halifax.

The assessment values shown below in Table 1 have been revised to show 2007 values. Split assessments, showing the value of the land separate from the value of any building(s) are unavailable for the four residential properties under consideration; the fifth property is land only.

Table 1. Summary of Assessment Value and Deed Transfer Tax		
Civic Address	Assessment	Deed Transfer Tax
(1.) 2014-2020 Maynard Street, Halifax	\$204,000	\$3,060
(2.) 2386-2388 Gottingen Street, Halifax	\$960,000	\$14,400
(3.) 2350-2362 Gottingen Street/5515 Buddy Daye Street, Halifax	\$855,000	\$12,825
(4.) 2444-2450 Barrington Street, Halifax	\$1,081,000	\$16,215
(5.) 2421 Creighton Street, Halifax	\$54,800	\$822
TOTAL	\$3,154,800	\$47,322

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and

Operating reserves, as well as any relevant legislation.

ALTERNATIVES

1. Regional Council could withhold approval for a sale of the property and direct staff to retain ownership and execute lease agreements for the properties.

This action is not recommended: the properties are surplus to HRM's operational requirements. Transfer of title will release HRM from any immediate or future capital costs. The proposed transactions also 'recognize' intended ownership under an inter-governmental Housing Demonstration Project (1987) and municipal land use plans that were not executed as intended under the Uniacke Square Sub-Division Plan (1980).

2. Regional Council could approve the sale but direct staff to realize either a market value or a minimum purchase price.

This action is not recommended: HRM has sold property at less than market value in support of affordable housing and homelessness initiatives where capacity exists. Notwithstanding the possible objection of other government funding partners in the Housing Demonstration Project, staff find no substantive reason to withhold such support from a long-term occupant (Harbour City Homes).

3. Regional Council could direct staff to solicit the Nova Scotia Department of Community Services: Housing Services to accept title to the property and either sub-contract operations to Harbour City Homes or to the Metropolitan Regional Housing Authority.

This action is recommended in the event that Harbour City Homes declines HRM's offer to transfer title in accordance with the specific terms and conditions set out in this report. HRM should not assume responsibility for the operation of social housing which is a responsibility of the provincial government.

4. Regional Council could direct staff to donate the properties to another non-profit housing society with similar aims so as to maintain affordable housing stock in the urban core.

This action is recommended in the event that Harbour City Homes declines HRM's offer to transfer title in accordance with the specific terms and conditions set out in this report and the Nova Scotia Department of Community Service: Housing Services declines a transfer of title.

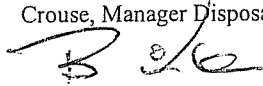
ATTACHMENTS


1. Previous Decisions of Regional Council Regarding Property Requests and Housing Demonstration Projects, 1987.
2. Letter from Housing Demonstration Project Partners.
3. Letter from Nova Scotia Department of Community Services to HRM
4. Site Map and Photograph - 2014-2020 Maynard Street, Halifax.
5. Site Map and Photograph - 2386-2388 Gottingen Street, Halifax.
6. Site Map and Photograph - 2350-2362 Gottingen Street, Halifax.
7. Site Map and Photograph - 2444-2450 Barrington Street, Halifax.

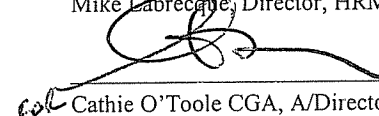
8. Site Map and Photograph - 2421 Creighton Street, Halifax.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead, Tax, Grants & Special Projects, HRM Finance 490-5469 and Tom Crouse, Manager Disposals & Acquisitions, HRM Transportation & Public Works 490-5931.

Report Reviewed By: 
Bruce Fisher, Manager Tax & Fiscal Policy, HRM Finance 490-4493

Report Approved by: 
Mike Labrecque, Director, HRM Transportation & Public Works 490-4855

Report Approved by: 
Cathie O'Toole CGA, A/Director of Finance 490-6308

Attachment 1

October 5, 2004

Regional Council approved the transfer of title for the following properties:

- 2014-2020 Maynard Street, Halifax
- 2386-2388 Gottingen Street, Halifax
- 2350-2356-2362 Gottingen Street, Halifax
- 2444-2450 Barrington Street, Halifax
- 5228-5236 North Street, Halifax (2 parcels of land for parking)
- Lot D-2 Brunswick Street, Halifax (PID#40286940)
- Lot E-1 Brunswick Street, Halifax (PID#40286932)

As of September, 2006, no Agreement of Purchase and Sale has been executed for any of the properties listed above.

October 5, 2004

Regional Council declined the transfer of title for the following properties:

- 2236-2246 and 2240 Brunswick Street, Halifax
- Lot A-16 Barrington Street, Halifax
- Barrington Street, Halifax (PID#00127829)
- 2421 Creighton Street, Halifax

February 3, 2004

Regional Council approved the transfer of title for the following properties:

- 2581 Brunswick Street, Halifax (parcel from 5228-5236 North Street site)
- 2569 Brunswick Street, Halifax (parcel from 5228-5236 North Street site)

As of September, 2006, no Agreement of Purchase and Sale has been executed for any of the properties listed above.

Housing Demonstration Projects 1987

The following properties are listed in the original land lease agreement:

- 2155 Barrington Street, Halifax - men's emergency night shelter
- 5528 North Street, Halifax - boarding house (Building demolished in 1998 for the MacDonald Bridge expansion. Basis of compensation claim).
- 2389-2392 Gottingen Street, Halifax - low income housing (civic address update: 2386-2388 Gottingen)
- 2444 Barrington Street, Halifax - low income family housing
- 2020 Maynard Street, Halifax - low income family housing
- 5515 Gerrish Street, Halifax - low income family housing (civic address update: corner building with access from two streets 2350-2356-2362 Gottingen Street/5515 Gerrish Street)

Source: Lease Agreement Between City of Halifax and City of Halifax Non-Profit Housing Society, 1987.



CMHC SCHL

P.O. Box 9315, Station A B3K 5W9
1894 Barrington Street
Barrington Tower 9th Floor
Halifax NS B3J 2A8

C.P. 9315, succursale A B3K 5W9
1894, rue Barrington
Tour Barrington, 9^e étage
Halifax Nouvelle-Écosse B3J 2A8

TEL/TÉL : 902 426-3530
FAX/TÉLÉC. : 902 426-9991

July 19, 2007

Peta-Jane Temple
HRM, Finance
Halifax Regional Municipality
P.O. Box 1749
Halifax, NS
B3J 3A5

Dear Ms. Temple,

**Re: Request for Letter of Release: Former Housing Demonstration Project
Properties: Transfer of Title of Halifax Non-Profit Housing Society.**

In response to your Memo dated July 6, 2007 regarding the above mentioned subject. We have no objections related to the transfer of your ownership of the properties in question to Harbour City Homes.

This will also confirm our discussion that HRM will ensure that any transfer of title will infer upon the recipient all of the original terms, conditions and intent of the Demonstration Project Agreement.

Please do not hesitate to contact me at 902-426-2749.

Yours truly,

Charles MacArthur
Manager, Community Development
Atlantic Business Centre

July 20, 2007

Peta-Jane Temple
Halifax Regional Municipality
Grant Program Financial Services
P.O. Box 1749
Halifax, NS
B3J 3A5

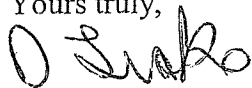
Dear Ms. Temple:

**RE: Halifax Non Profit Housing Society
Demonstration Project Properties**

This is to confirm that the Housing Services Division of the Department of Community Services has been consulted regarding the Halifax Regional Municipality desire to release its interest in land leased to the Halifax Non Profit Housing Society. The leased land has been improved by sixty six (66) units of affordable housing financed by the three levels of government in 1986-87.

Transfer of title of the leased land to Halifax Non Profit Society under the conditions as outlined in your memorandum dated July 6, 2007 will not effect our current on going funding arrangements.

Yours truly,



Dan Troke
Director of Program
424-8402

ATTACHMENT "4"

2014-2020 Maynard Street (PID #00159749)

SITE MAP and PHOTOGRAPHY

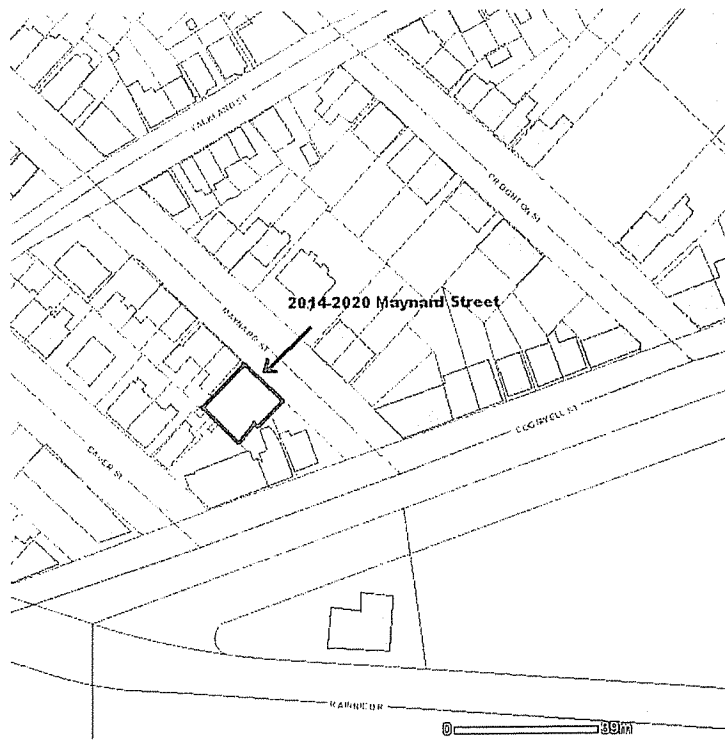
Property	Description	Land Area	Zoning	Assessment Value
2014-2020 Maynard Street, Halifax	4-unit accommodation. Former Housing Demonstration Project	2,586 sqft	R2	\$204,000

Staff recommend the sale of 2014-2020 Maynard Street, Halifax, to Harbour City Homes Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of CMHC and Nova Scotia Housing Corporation.

The property shall be used for the purpose of affordable housing.

The property shall be taxed.

Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.



2014-2020 Maynard Street

ATTACHMENT "5"

2386 Gottingen Street (PID #00148817)

SITE MAP and PHOTOGRAPHY

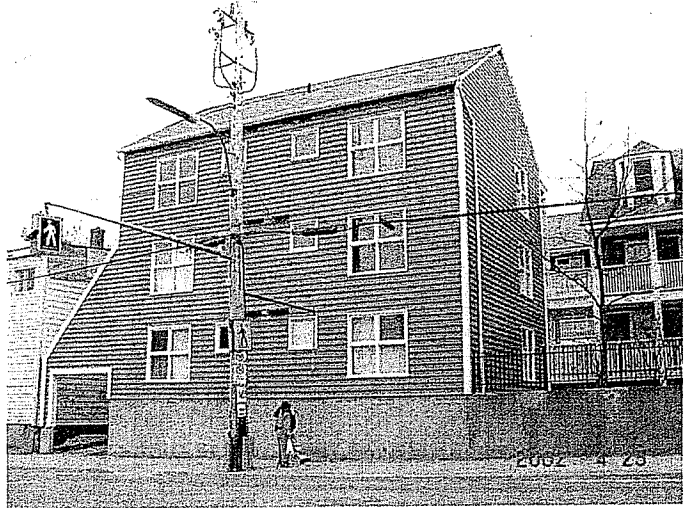
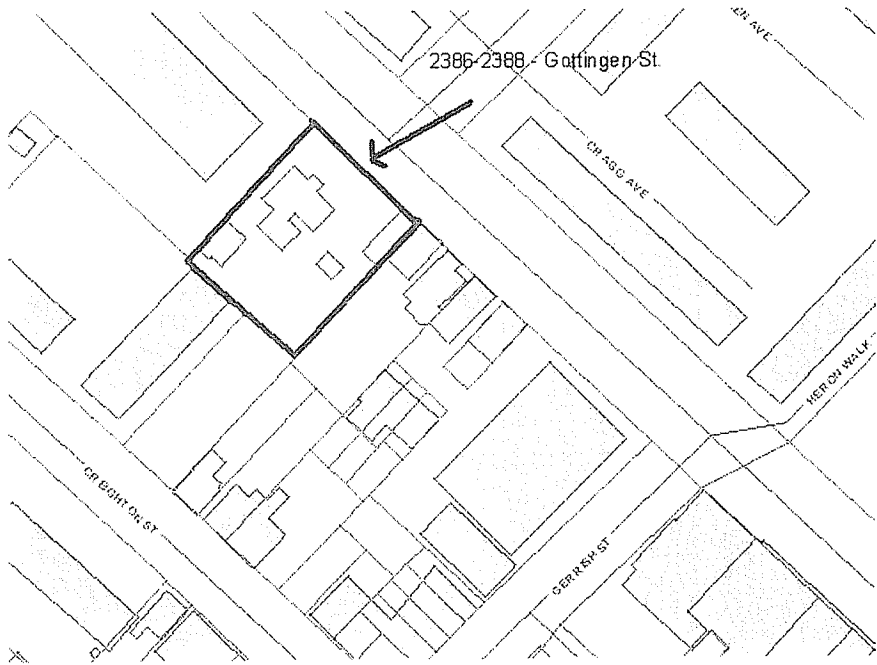
Property	Type	Land Area	Zoning	Assessment Value
2386-2388 Gottingen Street, Halifax	24-unit apartment building. Former Housing Demonstration Project	12,546 sq ft	R3	\$960,000

Staff recommend the sale of 2386-2388 Gottingen Street, Halifax, to Harbour City Homes Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of CMHC and Nova Scotia Housing Corporation.

The property shall be used for the purpose of affordable housing.

The property shall be taxed.

Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.



Looking across Gottingen Street

ATTACHMENT "6"

2350 Gottingen Street (PID #00148908)

SITE MAP and PHOTOGRAPHY

Property	Type	Land Area	Zoning	Assessment Value
2350-2362 Gottingen Street/5515 Gerrish Street, Halifax	16-unit apartment building with street level retain and office leasing. Former Housing Demonstration Project	20,303 sq. ft.	C2	\$855,000

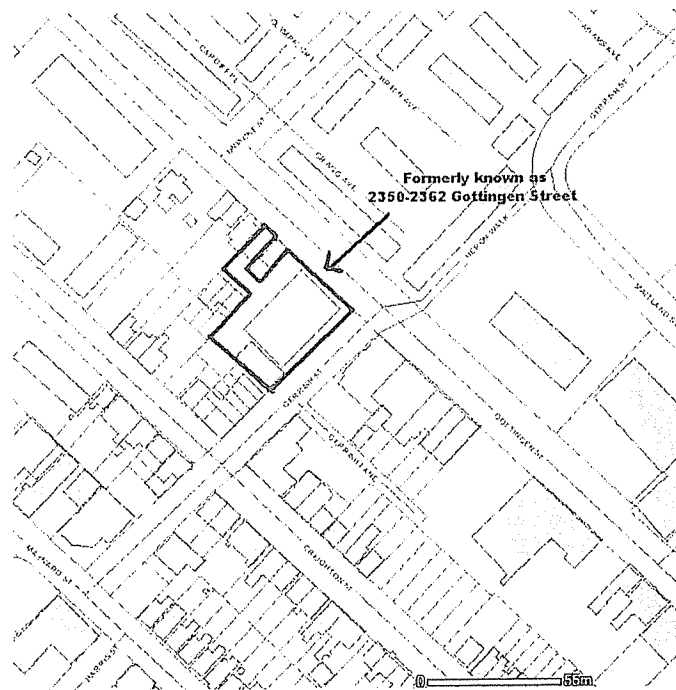
Staff recommend the sale of 2350-2362 Gottingen Street, Halifax, to Harbour City Homes Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of CMHC and Nova Scotia Housing Corporation.

The property shall be used for the purpose of affordable housing..

The property shall be taxed.

Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.

Deed transfer tax must be paid on the Commercial portion of assessment for an estimated cost of \$2,000.



Former 2350 Gottingen Street (now 5515 Gerrish Street)

ATTACHMENT "7"

2444-2450 Barrington Street (PID #00127910)

SITE MAP and PHOTOGRAPHY

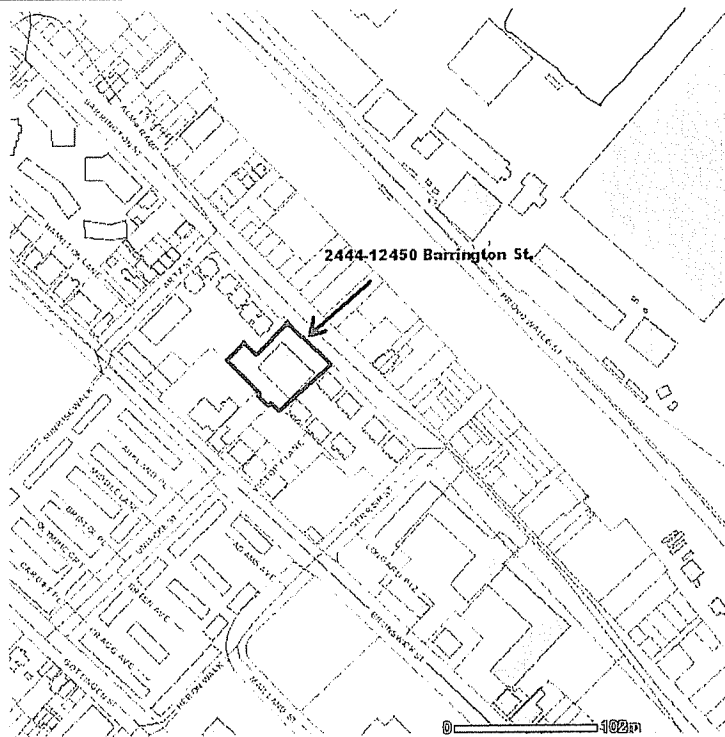
Property	Type	Land Area	Zoning	Assessment Value
2444-2450 Barrington Street, Halifax	23-unit apartment building with HCH office	25,172 sq. ft.	R3	\$1,081,000

Staff recommend the sale of 2444-2450 Barrington Street, Halifax, to Harbour City Homes Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of CMHC and Nova Scotia Housing Corporation.

The property shall be used for the purpose of affordable housing.

The property shall be taxed.

Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.



2444-2450 Barrington Street

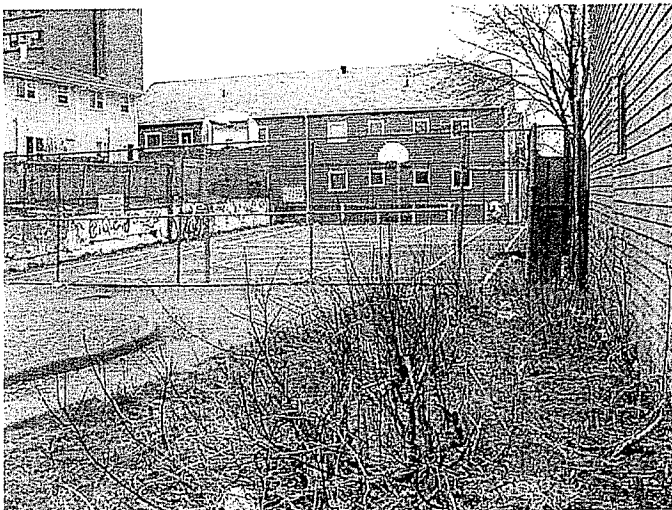
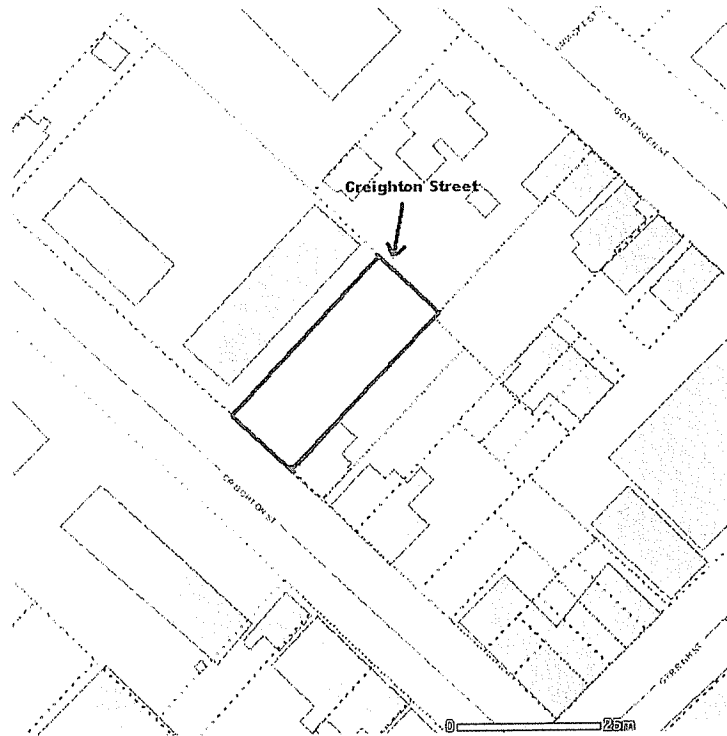
ATTACHMENT "8"

Creighton Street (PID #00149104), Halifax

SITE MAP and PHOTOGRAPHY

Property	Description	Land Area	Zoning	Assessment Value
2421 Creighton Street, Halifax.	Vacant land used for playground.	6,250 sq.ft	R-2A General Residential Peninsula North - Area 7	\$54,800

Staff recommend the sale of 2421 Creighton Street, Halifax Non-Profit Housing Society for the sum of \$1 with no Buy-Back Agreement conditional upon the written consent of Nova Scotia Housing Corporation and CMHC. The sale shall be conditional upon consolidation of the lot with the abutting residential property located at 2386-2388 Gottingen Street, Halifax. The property shall be used for the purpose of affordable housing. The property shall be taxed. Excluding deed transfer tax upon that portion of the property assessed as Residential and deed migration fee, the purchaser shall pay all associated sale costs, including HRM's.



Looking towards Gottingen Street