



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 11.3.1

**Halifax Regional Council
October 16, 2007**

TO: Mayor Kelly and Members of the Halifax Regional Council

SUBMITTED BY:

Melody Campbell
for Councillor Russell Walker, Chair, HRM Grants Committee

DATE: October 2, 2007

SUBJECT: Property Matter: Less Than Market Value Leases

ORIGIN

Grants Committee meeting of October 1, 2007.

RECOMMENDATION

It is recommended that Regional Council approve:

1. The staff recommendation to enter in to a less than market value lease agreement for Centre for Diverse Visible Cultures - 2786 Agricola Street, Halifax as per the terms and conditions set out in the Discussion section of the Report dated August 1, 2007 attached as Attachment 1 to this report.
2. The staff recommendation to enter in to a less than market value lease agreement for Metropolitan Immigrant Settlement Association and Halifax Immigrant English as a Second Language Society, 6955 Bayers Road, Halifax as per the terms and conditions set out in the Discussion section of the Report dated July 2, 2007 attached as Attachment 2 to this report.

BACKGROUND

See staff reports attached as Attachments 1 and 2 to this report.

BUDGET IMPLICATIONS

See staff reports attached as Attachments 1 and 2 to this report.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

See staff reports attached as Attachments 1 and 2 to this report.

ALTERNATIVES

See staff reports attached as Attachments 1 and 2 to this report.

ATTACHMENTS

1. Staff Report dated August 1, 2007 - Property Matter: Less than Market Value Lease: Centre for Diverse Visible Cultures - 2786 Agricola Street, Halifax.
2. Staff Report dated July 10, 2007 - Property Matter: Less than Market Value Lease: Metropolitan Immigrant Settlement Association and Halifax Immigrant English as a Second Language Society, 6955 Bayers Road, Halifax.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or Fax 490-4208.

Report Prepared By: Melody Campbell, Legislative Assistant.



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

HRM Grants Committee
October 1, 2007

TO: Chair and Members HRM Grants Committee

SUBMITTED BY: Cathie O'Toole
Cathie O'Toole, A/Director of Finance

DATE: August 1, 2007

SUBJECT: Property Matter: Less than Market Value Lease: Centre for Diverse Visible Cultures - 2786 Agricola Street, Halifax

ORIGIN

This report originates with staff of HRM Transportation & Public Works (Real Property), HRM Finance (Grants Program), and Community Development (Recreation) regarding implementation of the Bloomfield Centre Review Project: Tenancy Plan, March 20th, 2007.

RECOMMENDATION

It is recommended that the HRM Grants Committee approve the staff recommendation to enter into a less than market value lease agreement with the Centre for Diverse Visible Cultures as per the terms and conditions set out in this report.

BACKGROUND

As part of the Bloomfield Tenancy Plan, March 20, 2007, a portion of the premises located at 6955 Bayers Road, Halifax, was retained and some tenants offered the right of first refusal to re-locate to the St. Andrew's Centre. The Centre for Diverse Visible Cultures was offered space at this location but declined and have elected to remain at the Bloomfield Centre. The organization risked losing funding for providing CAP site access for persons with a disability. The re-location process has thus concluded and the remaining space (~1,290 sq.ft) will be offered to another organization whose request had been deferred pending availability.

The Municipal Government Act (1998), Section III, Item 51(1) authorizes the sale or lease of an HRM-owned property for less than market value to a registered non-profit on the condition that the organization carries on an activity that Regional Council considers to be "...beneficial to the municipality". A less than market value lease must be approved by Regional Council but a public hearing is not required.

The Centre for Diverse Visible Cultures has leased at the Bloomfield Centre since 2004. Presently, the lease is month-to-month for ~980 sq.ft at a rate of \$0. Evidently, this rental rate was negotiated with on-site staff in lieu of tenant leasehold improvements but there is no written agreement on file. Further, standard leasing practice is that leasehold improvements are the responsibility of the tenant and a building permit is required. At a rate of \$8 per sq.ft the cumulative value of rental revenue loss to date is ~\$19,600 (\$653.33/month x 30 months) which significantly exceeds the value of the tenant's capital costs (estimated to be ~\$5,000).

A review of occupancy by HRM staff in 2006 determined that there is a potential link between the society's work and the HRM Immigration Strategy that could be negotiated. For example, while HRM does not have a mandate in language education or educational equivalency, there is a need for assistance to new immigrants in accessing information on municipal services and links to peer support through community-based ethnocultural organizations.

DISCUSSION

The Centre for Diverse Visible Cultures is a registered non-profit society created in 1997 to provide services to visible minorities with a focus on immigrants and refugees. Current programming focuses on English as a Second Language instruction and speech modification. Core funding is through government grants, notably the Nova Scotia Department of Immigration and Citizenship Canada.

Note: due to delay in receiving confirmation of interest in the continuation of occupancy, staff recommend that any new lease agreement be effective retroactively as of August 1st, 2007 (the majority of lease agreements have been in effect as of July or August): a continuation of rent-free status in an HRM building may be perceived as unfair to other non-profit tenants.

Summary of Key Terms and Conditions (Proposed)	
Civic Address	2786 Agricola Street, Halifax
Zoning	Park & Institutional
Occupancy	898.25 sq.ft (Office: Room 213 @817.5 sq.ft and Kitchen: Room 215 @80.75 sq.ft located on the second floor of the Main Building, Bloomfield Centre, Halifax)
Rental Rate*	\$8 per sq.ft (\$7,186 per annum \$598.83/month) plus HST and applicable property tax

Duration of Lease	1 year, no automatic renewal.
Conditions	No sub-leasing without HRM's written consent HRM co-named on insurance A code compliance inspection shall be required to confirm leasehold improvements made by the tenant are conforming.
Other	The revised leasing rate shall commence retroactively as of August 1 st , 2007

* The estimated market rental rate for the property is \$16 per sq.ft, plus a proportional share of property tax.

Using the proposed rental rate of \$8 per sq.ft, excluding HST, HRM's rent subsidy would be \$7,186 per year (898.25 sq.ft x \$16 = \$14,372-7,186) and the estimated tax subsidy, at this time, would be \$1,796.50 (\$2 per sq.ft x 898.25 sq.ft) for a combined total value of \$8,982.50.

BUDGET IMPLICATIONS

The execution of this lease will increase revenue at the Bloomfield centre by \$7,186 per annum. A proportional share of property tax has not been billed to tenants at this location in the past but has been absorbed in the operating budget where applicable. Staff advise that this practice continue to April 1st, 2008. The tenant will be notified of the applicable taxes and their immediate effective date. The tenant may then make application to By-law T-200 for relief.

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. The HRM Grants Committee could overturn the staff recommendation and direct staff to negotiate a market value lease with the Centre for Diverse Visible Cultures.

This action is not recommended: albeit the initial recommendation was for a market value rent with a transitional rent subsidy (Bloomfield Tenant Review, 2006, p.36) the short duration of the lease agreement at the Bloomfield Centre is not conducive to a transitional approach¹. Instead, staff recommend a subsidized rental rate of \$8 per sq.ft without transition as per other non-profit tenants.

2. The HRM Grants Committee could amend the staff recommendation.


¹By comparison the majority of approved leases at the St. Andrew's Centre are for a term of 5 years because the facility is stable and not under review.

ATTACHMENTS

None.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.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; Diane Moulton, Manager Operations, HRM Transportation & Public Works; Claudette Levy, Area Coordinator, HRM Community Development.

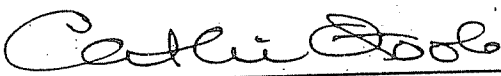
Report Approved by: 
Bruce Fisher, Manager Tax & Fiscal Policy, HRM Finance



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

HRM Grants Committee
October 1, 2007

TO: Chair and Members of the HRM Grants Committee

SUBMITTED BY: 
Cathie O'Toole, CGA A/Director of Finance

DATE: July 10, 2007

SUBJECT: Property Matter: Less than Market Value Lease: Metropolitan
Immigrant Settlement Association and Halifax Immigrant English as
a Second Language Society, 6955 Bayers Road, Halifax

ORIGIN

This report originates with staff of HRM Community Development, Transportation & Public Works, and Finance (Grants Program) regarding a request for a less than market value lease for a portion of the premises located at 6955 Bayers Road, Halifax (St. Andrew's Recreation Centre).

RECOMMENDATION

It is recommended that:

HRM Grants Committee approve the staff recommendation to enter into a less than market value lease agreement with the Metropolitan Immigrant Settlement Association and Halifax Immigrant English as a Second Language Society as per the terms and conditions set out in the Discussion section of this report.

BACKGROUND

As part of the Bloomfield Tenancy Plan, March 20, 2007, a portion of the premises located at 6955 Bayers Road, Halifax, was retained and some tenants were offered the right of first refusal to re-locate to the St. Andrew's Centre. This process has concluded and HRM is now in a position to respond to an un-solicited request from the Metropolitan Immigrant Settlement Association.

The Municipal Government Act (1998), Section III, Item 51 (1) authorizes sale or lease of an HRM-owned property for less than market value to a registered non-profit on the condition that the organization carries on an activity that Regional Council considers to be "...beneficial to the municipality". A less than market value lease must be approved by Regional Council but a public hearing is not required.

DISCUSSION

Founded in 1980, the Metropolitan Immigrant Settlement Association (MISA) is a federally registered Canadian charity that provides an array of orientation and settlement services to immigrants and refugees¹. Core operational funding is provided through federal and provincial government grants, and the United Way². The Halifax Immigrant English as a Second Language Society³ (HILC) is a federally registered Canadian charity that provides language training, computer skills training, and employment-related support services for immigrants. The society's core operational funding comprises federal and provincial grants.

Albeit language education and employment-related services are not a municipal mandate, staff recommend a less than market value lease in support of HRM's Immigration Strategy. St. Andrew's Centre's proximity to communities with a comparatively high concentration of immigrant and refugee families could enhance access to service.

Summary of Key Terms and Conditions (Proposed)	
Civic Address	6955 Bayers Road, Halifax.
Zoning	Park & Institutional
Occupancy	540.50 sq.ft Room 208 and 750 sq.ft Room 222 located on the second floor of the St. Andrew's Centre.
Rental Rate*	\$8 per sq.ft (\$10,324 per annum \$860.33/month) plus HST and applicable property tax.

¹ Services include case management, information and referral, crisis intervention, language assessment, translation and interpretation services, employment support, family violence and cross-cultural awareness workshops, and a speaker's bureau.

² Citizenship & Immigration Canada, Service Canada (HRDC), ACOA, Health Canada, Heritage Canada, NS Department of Education, NS Department of Economic Development, NS Department of Justice, and NS Department of Community Services.

³ Also known as Halifax Immigrant Learning Centre.

Duration of Lease	5 years with the option to renew. Lease commences October 1, 2007.
Conditions	No sub-leasing without the written consent of HRM. Any leasehold improvements shall be at the tenant's expense. HRM co-named on insurance coverage.

* The estimated market value for the property is \$16 per sq.ft, plus a proportional share of property tax.

Using the proposed base rental rate of \$8 per sq.ft, excluding HST, HRM's rent subsidy would be \$10,324 per year (1,290.50 sq.ft x \$16 = \$20,648 - \$10,324) and the estimated tax subsidy, at this time, would be \$2,581 (1,290.50 sq.ft x \$2 per sq.ft), for a combined total value of \$12,905.

BUDGET IMPLICATIONS

The execution of this lease will increase revenue at the St. Andrew's Centre by \$9,206.03 per annum. This figure reflects the revenue generated from the new tenant lease (\$10,324) minus \$1,117.97 net rent from the former tenant of Room 222 whose occupancy was a non-conforming use. A proportional share of property tax has not been billed to tenants at this location in the past but has been absorbed in the operating budget where applicable. Staff advise that this practice continue to April 1st, 2008. The tenant will be notified of the applicable taxes and their immediate effective date. The tenant may then make application to By-law T-200 for relief.

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

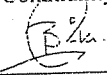
1. The HRM Grants Committee could overturn or amend the staff recommendation.
This action is not recommended: In the opinion of staff the use of existing capacity at St. Andrew's Centre for services to the immigrant community complements the HRM Immigration Strategy. Albeit HRM does not have a direct service delivery role in language education or employment, the services of MISA and HILC are conducive to supporting new immigrants, especially lower income residents in public housing in close proximity to the St. Andrew's Centre as well as families in the Fairview and Clayton Park area.

ATTACHMENTS

None.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agenda/cagenda.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; Diane Moulton
Manager Operations, HRM Transportation & Public Works; Claudette Levy, Area Coordinator,
HRM Community Development.

Report Approved by: 
Bruce Fisher, Manager Tax & Fiscal Policy, HRM Finance