



PO Box 1749  
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**Item No. 10.1.5**  
**Halifax Regional Council**  
**May 27, 2008**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

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Geri Kaiser, Acting Chief Administrative Officer

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Wayne Anstey, Deputy Chief Administrative Officer - Operations

**DATE:** May 21, 2008

**SUBJECT: Property Matter: Less than Market Value Lease Renewals: Bloomfield Centre**

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**ORIGIN**

This report originates with HRM staff. Phase III of the Bloomfield Review Project was awarded to a consulting firm in April, 2008, and is expected to conclude in July, 2008. As an interim measure, all current lease agreements will be renewed to August, 2009. The timeline allows for Regional Council's decision regarding the future of the site and any applicable budget or operational decisions.

**RECOMMENDATION**

It is recommended that Regional Council:

1. Approve the renewals and extensions of the less than market value leases identified in Table 1 of the Discussion Section, with key terms and conditions as listed.

## **BACKGROUND**

As part of the Bloomfield Review Project- Phase II (2005), staff developed an interim tenancy plan to provide some immediate stability and to manage expectations.

Subsequently, Council approved a capital budget and directed staff to conduct a master planning exercise, referred to as Phase III. Staff thus issued a request-for-proposals in January 2008, for consultants to propose a methodology by which a master plan for Bloomfield Centre's re-use would be undertaken.

The successful proponent, MacKay-Lyons Sweetapple (MLS) Architects, was awarded the contract in April 2008, among an impressive field of acclaimed consulting teams after a careful selection process. MLS is an internationally recognized, award-winning firm whose offices are located in north end Halifax. MLS comes to this project with significant experience in the fields of architecture, planning, urban design, public consultation, and an understanding of the local community.

MLS is now in process of leading stakeholders, public, and HRM in an extensive consultation process. Two major public workshops (on re-use and building form), focus group meetings, and interviews are in progress. Once input has been received from the community, 3 conceptual options will be developed, which will be used to form a single, recommended master plan for the site. The Bloomfield Centre Master Plan will then be reviewed by a Community Advisory Committee, and later presented to Halifax Regional Council for approval. The process is expected to take place over three months with anticipated completion in July 2008.

Pending Regional Council's review and approval of the master plan recommendations, a series of next steps will be required to prepare for the implementation of the master plan and any amendments Council may approve. These next steps may include plan policy amendment, investigation of potential partnerships depending on recommended re-use, capital estimation and budgeting, and further detailed planning, among others.

These potential next steps may take several months or years, so to extend the lease term to August 2009 was deemed to be a reasonable time-frame for HRM to investigate required work; it also provides additional consideration to tenants' operations. Furthermore, in anticipation of said next steps, no expansion of leasing has been considered so as to provide flexibility if substantive capital work is required as part of any future options on renovation or re-development.

**DISCUSSION**

The Bloomfield Tenancy Plan (October 23, 2006) identified five (5) tenants “....under HRM’s auspices”. With one exception (Manna for Health Food Bank), some of the programs and services provided by these groups supplement or complement HRM’s mandate in program and service delivery, or strategic initiatives<sup>1</sup>. The lease agreements with these tenants provides for an option to renew albeit the exact location may need to be revised based on the outcome of Phase III (Master Planning) of the Bloomfield Review Project. These leases are less than market value and were previously recommended by the Grants Committee. This proposal is only to renew or extend the original approved terms and does not alter any other conditions previously approved by the Grants Committee and by Regional Council.

<b>Table 1 - Summary of Key Terms and Conditions</b>			
<b>Organization</b>	<b>Occupancy</b>	<b>Rental Rate</b>	<b>Notes</b>
<b>A. HRM Auspices: Option to Renew</b>			
<b>Canadian Mental Health Association</b>	2,159 sq.ft 1 <sup>st</sup> and 2 <sup>nd</sup> floor Main Building	\$8 sq.ft plus HST and applicable property tax	Commences June 1, 2008, and expires August 31, 2009. Option to renew. Rent subsidy to club in lieu of leasehold improvements expired, rental rate reverts to \$8 as per lease agreement.
<b>Northern Lights Senior Citizens Club</b>	700 sq.ft 1 <sup>st</sup> floor Main Building	\$8 sq.ft plus HST and applicable property tax	Commences October 1, 2008, and expires August 31, 2009. Option to renew. Departmental rent subsidy: Community Recreation.
<b>Centre for Diverse Visible Cultures</b>	898.25 sq.ft 2 <sup>nd</sup> floor Main Building	\$8 sq.ft plus HST and applicable property tax	Commences August 1, 2008, and expires August 31, 2009. Option to renew.
<b>Safe Harbour Church: Manna for Health Food Bank</b>	50 sq.ft 1 <sup>st</sup> floor Main Building	\$5 sq.ft plus HST and applicable property tax	Commences June 1, 2008, and expires August 31, 2009. Option to renew.

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<sup>1</sup> The Ecology Action Centre, Bike Again Program, was renewed in February, 2008, to August 31, 2009, at an amended rental rate.

<b>B. Extended. No Automatic Renewal</b>			
<b>Knights of Columbus Council 10</b>	1,400 sq.ft 1 <sup>st</sup> floor Main Building	\$8 sq.ft plus HST and applicable property tax.	Commences August 1, 2008, and expires August 31, 2009.
<b>Independent Living Resource Centre</b>	3,657 sq.ft 2 <sup>nd</sup> floor Main Building	\$8 sq.ft plus HST and applicable property tax.	Commences August 1, 2008, and expires August 31, 2009.

### **BUDGET IMPLICATIONS**

As per the original lease agreement with the Canadian Mental Health Association (Halifax Branch) the rental rate for the social club (Room 114) of \$4.25 per sq.ft. increases to \$8.00 sq.ft. for a net increase in rental revenue to HRM of \$5,373.75 (1,433 sq.ft). The combined value of all six (6) leases is \$70,764, but a departmental rent subsidy to the Northern Lights Senior Citizens Club of \$4,550 reduces the net revenue to HRM to \$66,214. As of April 1<sup>st</sup>, 2008, there is no property tax assessment account for the premises.

### **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**


No alternative is recommended at this time. The expiry date of August 31, 2009, is intended to provide some interim stability. Any tenancy implications arising from the Phase III - Bloomfield Centre Master Plan Report can then be addressed in a timely manner. Any capital budget and operating budget decisions would have to be approved in the 2009-2010 budget, therefore there will be ample time to plan for permanent or temporary re-location if required.


### **ATTACHMENTS**

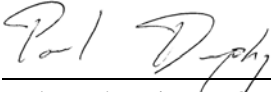
None.

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.

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