

BACKGROUND

See staff report dated June 19, 2008, Attachment 1 to this report

BUDGET IMPLICATIONS

See staff report dated June 19, 2008, Attachment 1 to this report

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

See staff report dated June 19, 2008, Attachment 1 to this report.

ALTERNATIVES

See staff report dated June 19, 2008, Attachment 1 to this report.

ATTACHMENTS

1. Staff Report dated June 19, 2008, Property Matter: Less than market Value Sale- 3 Sylvia Avenue. Spryfield: Home of the Guardian Angel

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: Barbara Coleman , Legislative Assistant.



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

HRM Grants Committee
July 7, 2008

TO: Chair and Members of HRM Grants Committee

SUBMITTED BY:

A handwritten signature in black ink, appearing to be "C. Sanderson", written over a horizontal line.

Catherine Sanderson, CMA, Senior Manager Financial Services

DATE: June 19, 2008

SUBJECT: **Property Matter: Less than Market Value Sale - 3 Sylvia Avenue,
Spryfield: Home of the Guardian Angel**

ORIGIN

In April, 2007, HRM received an unsolicited request from the Home of the Guardian Angel to transfer title to the HRM-owned property located at 3 Sylvia Avenue Spryfield for the sum of \$1.

RECOMMENDATION

It is recommended that:

1. HRM Grants Committee support staff's recommendation to decline the request to donate the property located at Sylvia Avenue, Spryfield, for the sum of \$1;
2. The HRM Grants Committee approve in principle a less than market value sale of 3 Sylvia Avenue, Spryfield, to the Home of the Guardian Angel for the sum of \$29,000, subject to the terms and conditions set out in the Discussion section of this report, including a sub-division approval;
3. Should the Home of the Guardian Angel decline the offer to purchase staff recommend that a Request for Proposals be initiated to advance the sale of the property.

BACKGROUND

The Municipal Government Act (1998), Section III, Item 51 (1) authorizes the sale or lease of HRM-owned property for less than market value to a non-profit organization on the condition that the organization carries on an activity that Regional Council considers to be "...beneficial to the municipality". In accordance with the legislation and the HRM Transaction Policy (2002), the Real Property Division directs such requests through the HRM Grants Committee. A less than market value sale must be approved by two-thirds of Regional Council present and voting at a public hearing.

The property located at 3 Sylvia Avenue, Spryfield, was in 1979 purchased from a private owner by HRM for \$26,000 as part of a street widening project. In 1989, a lease agreement was executed with the Home of Guardian Angel for a term of 10 years at a rental rate of \$1/year. The tenant was to pay all operating and capital costs in lieu of market value rent. An equity position of \$60,000 was recognized in the initial lease for building relocation and renovation. In accordance with the lease, the equity depreciated at a fixed rate of \$6,000 per annum; as such the tenant's initial investment expired in 1999 (Item 1, page 6). At the expiry of the initial 10 year term the lease automatically reverted to a month-to-month lease at \$1/year until either the landlord or tenant provided notice to the contrary. Initially, the property was to be used for support services to single parents. Services have since expanded to include parenting/adoption services, early childhood education, and home visiting. Presently, the Home of the Guardian Angel receives partial tax exemption under By-law T-200 at 75% exempt at the Residential rate (As of 2008, HRM's tax subsidy is \$4,600).

The Home of the Guardian Angel, a federally registered Canadian charity, was established by the Roman Catholic Archdiocese of Halifax in 1887 and is managed by the Sisters of Charity. The Home of the Guardian Angel provides counselling and support services primarily to single parents, pregnancy counselling, and adoption services. The Single Parent Centre located at Sylvia Avenue serves pregnant women and parents with children under 18 years of age.

DISCUSSION

Appraised Value: In June, 2008, HRM obtained an appraisal from A.R. Ingram Varner & Associates Ltd of \$155,000, of which \$40,000 can be attributed to the land. It should be noted, however, (a) that the current building includes an addition which is appraised at \$40,000 and represents the tenant's equity position without depreciation, and (b) HRM proposes to retain 152.44 sq.m for road widening at a pro-rated value of \$8,910.

(a) Using the rate of depreciation used in the initial lease, 10% per annum and a term of 10 years, the tenant's equity position as of 2008 would be \$4,000;

(b) The appraised value for the property, less \$8,910 (152.44 sq.m x \$58.45 per sq.m) for the land retained by HRM as per the sub-division plan, is \$146,089.

Assessed Value: As of 2008, the assessed value of the property is \$183,600, comprising \$29,000 for the land and \$154,600 for the building. This value does not include any equity position for the tenant or any reduction in value for the land sub-divided retained by HRM.

Recommended Sale Price: Staff recommend using the 2008 assessed value of the land only for a minimum purchase price of \$29,000. There shall be no further reduction in price to compensate the tenant's capital

investment because HRM has already done so through a \$1/year rent in lieu of such expenses. There is no reduction in land value to recognize HRM's retention of land for road widening in lieu of the proposed donation of the building.

Summary of Key Terms and Conditions (Proposed)	
Civic Address	3 Sylvia Avenue, Spryfield.
Zoning	R-4 Multiple Dwelling.
Appraisal Value	\$155,000
Sale Price	\$29,000 (assessed value of land only).
Specific Conditions	The purpose of the facility shall be to provide support service to children and parents. A Buy-Back Agreement shall provide HRM with the right of first refusal should the organization cease operations or elect to sell the property at a later date. The property shall be taxed and any consideration for public subsidy shall be considered under separate application to By-law T-200.
Closing Date	Subject to sub-division approval.
Cost of Sale Recovery	The purchaser shall pay all costs associated with this sale, including but not limited to HRM's appraisal, survey, deed migration fee, and legal costs.

BUDGET IMPLICATIONS

The net proceeds from the sale, \$29,000, shall be credited to the Sale of Capital Assets Reserve Account Q101. All costs associated with the sale are the responsibility of the buyer. The difference between the appraised value of \$155,000 and the less than market value sale is \$126,000. Presently, the property is assessed at the Commercial rate (~\$7,037/year).

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.

If approved, this sale will increase reserve contributions.

ALTERNATIVES

1. The HRM Grants Committee could withhold approval and recommend that a sale be declined.

This action is not recommended: the property is surplus to HRM's operational needs. A sale would release HRM from any future capital or operating obligations (eg. property insurance, administration etc).

2. The HRM Grants Committee could require a full appraised value sale at \$155,000.

This action is not recommended: albeit the current property value is in part a function of market-driven land values the proposed sale price recognizes the long-term tenancy and sole occupant status of the present tenant. By virtue of this length of tenancy, the Home of the Guardian Angel has been afforded preferential consideration in terms of the right of first refusal to acquire the property.

3. The HRM Grants Committee could amend the discounted price to reduce the cost to the buyer.

This action is not recommended: the mandate and services of the Home of the Guardian Angel are not within HRM's direct service delivery mandate. A precedence has already been set whereby a non-profit daycare (St. Joseph's Daycare) paid market value to acquire public land to construct a facility located on Devonshire Avenue, Halifax; they did, however, receive preferential consideration in that HRM (a) agreed to sub-divide the land, and (b) gave the organization a non-competitive opportunity to purchase the land (ie. the right of first refusal).

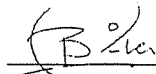
ATTACHMENTS

1. "Attachment A". Letter of Request dated April 11, 2007.
2. "Attachment B". Site Map and Photograph.
3. "Attachment C". Partial Survey Plan.
4. Letter to HRM from Home Guardian Angel dated June 13, 2008.

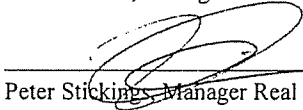
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead, Tax, Grants & Special Projects, HRM Finance 490-5469;
Carla Thistle, Real Estate Officer, HRM Transportation & Public Works.

Report Approved by:

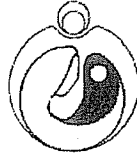


Bruce Fisher, Manager Tax & Fiscal Policy, HRM Finance



Peter Stickings, Manager Real Property, HRM Transportation & Public Works

ATTACHMENT 1.



Home of the Guardian Angel

April 11, 2007

Ms. Brenda MacPherson
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

Dear Ms. MacPherson,

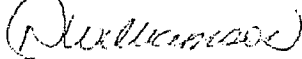
I am writing in regards to the property on 3 Sylvia Avenue, Spryfield. The Home of the Guardian Angel has leased this property from HRM since 1980 which is home to the Single Parent Centre, a family resource centre. The initial goal of the Single Parent Centre was to respond to the increasing number of young single mothers in need of basic community support. Over the years, our programs and services have evolved to address the changing needs of the Spryfield and surrounding community. Today, we are able to provide a continuum of support for all families and their children with a particular emphasis on supporting parents with children 0-6 years of age.

All families are welcome at the Single Parent Centre. A special emphasis is placed on supporting parents through pregnancy, infancy and the early childhood years. All of our services are free of charge. Our programs include a Volunteer Doula Program, Parent-Child Mother Goose program, Prenatal/Postnatal Program, Parenting Programs, Infant and Parent Massage and an Enhanced Community Home Visiting Program.

The Single Parent Centre is a vibrant centre and is full of life, however, the building does require several repairs and renovations to continue to meet the needs of the community. ~~It is our hope that you will consider selling this property to us for one dollar.~~ We are aware that this is well below market value and hope that you take into consideration the expansion that was done to this building at our cost as well as the renovations and repairs that are necessary in maintaining this building, such as new windows and doors, upgrading the electrical wires, making the building wheelchair accessible and having an air quality test done, as there is a smell of mold in the building.

I look forward to hearing from you with a favourable response to our request. Should you require any additional information, I can be contacted at 422-7964.

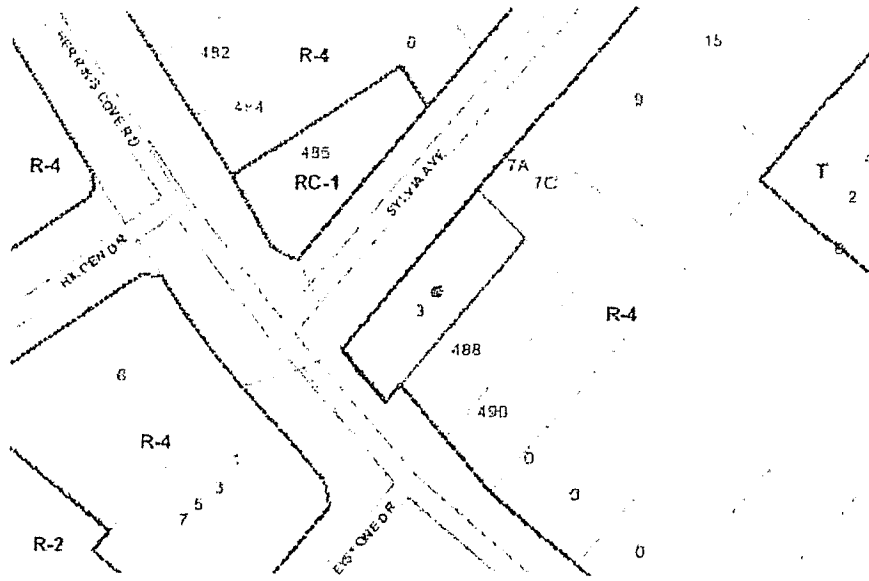
Sincerely,


Donna Williamson
Executive Director

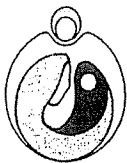
2893 Agricola Street
Halifax, Nova Scotia
B3K 4E8
Tel: (902) 422-7964
Fax: (902) 492-4547

ATTACHMENT 3.

ATTACHMENT "C"
3 Sylvia Avenue, Halifax
Site Map & Property Picture



ATTACHMENT 4



Home of the Guardian Angel

2893 Agricola Street
Halifax, Nova Scotia
B3K 4E8
Tel: (902) 422-7964
Fax: (902) 492-4547

June 13, 2008

Ms. Peta-Jane Temple
Team Lead, Tax, Grants & Special Projects
Halifax Regional Municipality
3rd Floor Duke Tower
PO Box 1749
Halifax, NS B3J 3A5

Dear Ms. Temple,

Thank you for your letter of proposal and recommendations regarding the property of 3 Sylvia Avenue, Halifax, Nova Scotia.

Please accept this letter as confirmation of our continued interest in this property at the purchase price of \$29,000 plus costs. We also understand that this purchase price is a recommendation by your department and that the final decision on the proposed purchase price must be approved by two-thirds of Regional Council present and voting at a public hearing.

Once again I would like to stress the urgency, to our organization, of an expedient decision regarding this property. We look forward to a favorable final decision by Regional Council.

Sincerely,

Donna Williamson
Executive Director