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## Item No. 3

Halifax Regional Council  
October 23, 2007

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

**SUBMITTED BY:**   
Paul Dunphy, Director Community Development

**DATE:** October 4, 2007

**SUBJECT:** Bloomfield Centre Review Project: Tenancy Plan Update

### INFORMATION REPORT

#### ORIGIN

This report originates with the inter-departmental staff team tasked with implementation of the Bloomfield Tenancy Plan and provides a summary of tenant occupancy and corrective actions to date. The attachments to this report list those tenants presently recognized under HRM's auspices, conditional tenancy, re-locations to St. Andrew's Centre, involuntary non-renewals, and tenants who have sought alternate accommodations either in the market or with another non-profit organization.

#### BACKGROUND

In March, 2007, Regional Council approved a plan to address current occupancy issues. Notably, non-conforming use, rental rates, terms and conditions of leasing, taxes, and service alignment. A total of eleven (11) leases have been negotiated; seven (7) at the Bloomfield Centre and four (4) at the St. Andrew's Centre, Halifax.

**EXECUTIVE SUMMARY**

- There are a total of seven (7) tenants at the Bloomfield Centre for a combined total of ~8,639.25 sq.ft of whom four (4) are deemed to be under HRM's auspices (~4,109 sq.ft) and three (3) not within HRM's mandate (~4,530.25 sq.ft). However, the current occupancy could be reduced further through a more efficient use of space and use of recurring room rentals for specific activities. For example, the elimination of exclusive meeting rooms, private washrooms or kitchenettes. **Staff advise, therefore, that ~5,000 sq.ft of leasing would be required at the Bloomfield site (or within the immediate vicinity) for those current tenants whose programs replace or supplement an HRM program/service role.** This finding does not negate the prospect of retention of additional leased space under HRM's auspices as a consequence of a re-development plan to be approved at a later date by Regional Council.
- Presently, HRM's own occupancy/general public space is ~ 13,000 to 14,000 sq.ft (gym, multi-purpose room, seniors lounge, offices, storage of equipment and supplies).
- Staff suggest that, wherever possible, HRM decrease the use of lease agreements that afford exclusive use of a public space and increase multi-functional use through recurring room rentals or shared use arrangements (eg. multiple work stations in a shared office, access to meeting rooms, a designated resource centre for volunteer groups). Such an approach could increase facility operating efficiencies while enhancing the inclusion of non-profit volunteer groups who cannot afford the exclusivity of leasing.
- HRM has suspended any further leasing at the Bloomfield Centre pending the outcome of Phase III of the review project due to start in October, 2007, and conclude by March, 2008. However, if the current vacancy rate is prolonged pressure will increase to "fill up the building" at subsidized rates. Albeit such an approach would increase gross revenue in the short-term, there would be an increase in operating costs due to the impact on, for example, current staffing levels, utilities and supplies, and impact the scope of options available for consideration under Phase III.

**DISCUSSION**

The Bloomfield Tenancy Plan has been implemented and this phase of the project concluded. It is anticipated, however, that current leases will require a one year renewal given that Phase III is not expected to be complete before March, 2008. In the interim, on-site management has been re-established and minor upgrades completed to enhance daily use. There continues to be deferred maintenance and no substantial capital investment pending a decision regarding the site's future.

**BUDGET IMPLICATIONS**

Presently, the revenues and expenses associated with the Bloomfield Centre are assigned to two HRM departments; HRM Transportation & Public Works (TPW) pays operating (including janitorial) and capital expenses and receives revenues from parking while HRM Community Development (CD) pays administration (on-site clerical staff and sessional instructors) and receives revenues from leases, room rentals, and instructional fees. The division of revenues and expenses presents a challenge in projecting any annual

surplus/deficit. Notwithstanding these limitations, the annual operating deficit for 2006-07 was ~\$180,000<sup>1</sup> and a comparable deficit is projected for 2007-08<sup>2</sup>. Presently, Community Development (Recreation) does not transfer funds to offset all or a portion of operating costs. It is anticipated that future revenues and expenditures will differ significantly from prior years as a consequence of Phase III.

**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**

This is an information report only.

**ATTACHMENTS**

1. Summary of Bloomfield Occupancy as of September, 2007.

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.

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Report Approved by: \_\_\_\_\_  
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<sup>1</sup>The combined actual operating costs assigned TPW for the Main and Fielding Buildings in 2006 were \$276,571.23 less rental revenues of \$89,150.74 for a net loss of \$187,420.49. These figures exclude \$3,000 in rent paid by HRM Emergency Measures Organization, variable parking revenues, lease and rental arrears. The Commons Building was closed for part of the year and therefore is excluded from the 2007 projection.

<sup>2</sup>Operating costs have decreased because of a reduction in janitorial staff but heating fuel costs have increased and Winter maintenance costs are seasonally higher.

Attachment 1.

Tenant Occupancy Summary as of September, 2007.

<b>Table 1. Bloomfield Centre: Occupancy under HRM Auspices</b>						
<b>Organization</b>	<b>Occupancy</b>	<b>Tenant Annual Rent</b>	<b>HRM Rent Subsidy*</b>	<b>Departmental Rent Subsidy</b>	<b>Property Tax Subsidy**</b>	<b>Notes</b>
<b>Main Building</b>						
<b>Canadian Mental Health Assoc**</b>	726 sq.ft @ \$8 sq.ft and 1,433 sq.ft @ \$4.25 sq.ft 1 year with option to renew	\$11,898.25	\$22,646	\$0	\$4,318	One year rent reduction for club space (\$4.25 sq.ft increases to \$8 sq.ft in 2008). HRM has provided written consent for sub-let to People First of NS.
<b>Northern Lights Senior Citizens Club</b>	700 sq.ft @\$8 1 year with option to renew	\$1,600	\$5,600	\$4,000	\$1,400	Departmental rent subsidy in effect 2008. Collaboration in programming Seniors Lounge, Main Building.
<b>Safe Harbour Metropolitan Church: Manna for Health</b>	50 sq.ft @\$5 sq.ft 1 year with option to renew	\$250	\$250	\$0	\$100	Not an HRM mandate but link to discretionary municipal interest in homelessness; small space and limited hours of operation has negligible impact on facility operating budget.
<b>SUB-TOTAL</b>	<b>2,909 sq.ft</b>	<b>\$13,748.25</b>	<b>\$28,496</b>	<b>\$4,000</b>	<b>\$5,818</b>	
<b>Fielding Building</b>						
<b>Ecology Action Centre</b>	1,200 sq.ft @\$.50 sq.ft. 1 year with option to renew	\$600	\$5,400	\$0	\$2,400	Rent transitions annually to \$5 sq.ft rate or departmental rent subsidy required.
<b>SUB-TOTAL</b>	<b>1,200 sq.ft</b>	<b>\$600</b>	<b>\$5,400</b>	<b>\$0</b>	<b>\$2,400</b>	
<b>TOTAL</b>	<b>4,109 sq.ft</b>	<b>\$14,348.25</b>	<b>\$33,896</b>	<b>\$4,000</b>	<b>\$8,218</b>	
Indo-Canadian Seniors Club is a recurring room rental.						

\* With the exception of Manna for Health and the Ecology Action Centre, HRM's rent subsidy is based on a market

value rate of \$16 per sq.ft minus tenant's actual rental rate/rent.

\*\*There is no tax account at this time, therefore these values represent 100% tax exemption albeit such levels of public subsidy may not be provided under the *Tax Exemption for Non-Profit Organizations Program* (By-law T-200). The value of subsidies shown are based on an estimate of \$2 per sq.ft.

<b>Table 2. Bloomfield Centre: Conditional Tenancy</b>						
<b>Organization</b>	<b>Occupancy</b>	<b>Annual Rent</b>	<b>HRM Rent Subsidy</b>	<b>Departmental Rent Subsidy</b>	<b>Property Tax Subsidy*</b>	<b>Notes</b>
<b>Main Building</b>						
<b>Centre for Diverse Visible Cultures</b>	898.25 sq.ft @ \$8 1 year no automatic renewal	\$7,186	\$7,186	\$0	\$1,796.50	Building code compliance inspection requested by HRM for tenant leasehold improvements.
<b>Independent Living Resource Centre</b>	2,232 sq.ft @ \$8 sq.ft 1 year no automatic renewal	\$17,856	\$17,856	\$0	\$4,464	Tenant gave notice of re-location of <i>ACCE Program</i> to NSCC <i>Bloomfield Literacy Group</i> re-locating to Options Program site. September/2007.
<b>Knights of Columbus**</b>	1,400 sq.ft @ \$8 sq.ft 1 year no automatic renewal	\$11,200	\$11,200	\$0	\$2,800	Formal request to consider a form of partnership possibly in association with seniors programming/community groups. Under review.
<b>TOTAL</b>	<b>4,530.25 sq.ft</b>	<b>\$36,242</b>	<b>\$36,242</b>	<b>\$0</b>	<b>\$9,060.50</b>	

\* There is no tax account at this time, therefore these values represent 100% tax exemption albeit such levels of public subsidy may not be provided under the *Tax Exemption for Non-Profit Organizations Program* (By-law T-200).

\*\* Possible revision subject to negotiations in progress.

<b>Table 3. Re-Location to St. Andrew's Centre</b> (all revenues stated excludes HST)						
<b>Organization</b>	<b>Occupancy</b>	<b>Annual Rent</b>	<b>HRM Rent Subsidy</b>	<b>Departmental Rent Subsidy</b>	<b>Property Tax Subsidy*</b>	<b>Notes</b>
<b>Halifax Amateur Radio Club</b>	1,040 sq.ft @ \$8 sq.ft 5 years with option to renew	\$0	\$13,041.60	\$3,598.40	\$2,080	One year rent reduction for club space (\$3.46 sq.ft) increases to \$8 sq.ft in 2008). Departmental rent subsidy: EMO.
<b>Halifax City Soccer Club</b>	708 sq.ft @ \$8 sq.ft 5 years with option to renew	\$5,664	\$5,664	\$0	\$1,416	Possible development of enhanced soccer amenities in Halifax area.
<b>Multicultural Council of Halifax-Dartmouth Metropolitan Area</b>	170 sq.ft @ \$5 sq.ft 5 years with option to renew	\$850	\$850	\$0	\$340	Discounted market rental rate of \$5 sq.ft for poor marketability of space. 2 year payment plan signed.
<b>Pending Regional Council's approval (October/2007)</b>						
<b>MISA/ Halifax Immigrant Learning Centre (Proposed)</b>	1,290.50 sq.ft @ \$8 sq.ft 5 years with option to renew	\$10,324	\$10,324	\$0	\$2,581	Joint tenancy.
<b>TOTAL</b>	<b>3,208 sq.ft</b>	<b>\$16,838</b>	<b>\$29,879.60</b>	<b>\$3,598.40</b>	<b>\$6,417</b>	

\* There is no tax account at this time, therefore these values represent 100% tax exemption albeit such levels of public subsidy may not be provided under the *Tax Exemption for Non-Profit Organizations Program* (By-law T-200).

<b>Table 4. Tenant Notice of Non-Renewal: Bloomfield</b>			
<b>Organization</b>	<b>Former Occupancy</b>	<b>Revenue Loss*</b>	<b>Description</b>
<b>Capital District Modular Railway Club</b>	1,200 sq.ft @\$1 per sq.ft	\$1,290	Tenant gave notice of non-renewal. June/07.
<b>Capital Inter-District Soccer League</b>	360 sq.ft @ \$4.60 sq.ft	\$1,659.80	Tenant gave notice of non-renewal and moved to market lease. May/2007.
<b>E.Fry Society</b>	1,400 sq.ft @ \$6.45 sq.ft	\$9,030	Tenant acquired property in Dartmouth and gave notice of non-renewal. April/2007.
<b>Halifax Transition House Association</b>	1,400 @\$8 sq.ft 1 year with option to renew	\$11,200	Tenant gave notice of non-renewal. September/2007.
<b>Maureen MacDonald, MLA</b>	880 sq.ft @ \$6.49 sq.ft	\$5,719.14	Tenant gave notice of non-renewal. Relocated to property owned by local non-profit organization. June/2007.
<b>Nova Scotia Rainbow Action Project</b>	112 sq.ft @ \$16 sq.ft	\$1,806	Tenant gave notice of non-renewal. June/2007.
<b>People First of Nova Scotia</b>	427 sq.ft @ \$5.40 sq.ft	\$2,307.35	Tenant gave notice of non-renewal and has sub-let a portion of CMHA office space with HRM's consent. July/2007.
<b>Safe Harbour Metropolitan Church</b>	732 sq.ft@\$8 sq.ft 1 year no automatic renewal	\$5,856	Tenant gave notice of non-renewal. Relocated to property owned by local non-profit organization. September/2007.
<b>TOTAL</b>	<b>6,511 sq.ft</b>	<b>\$38,868.20</b>	

\* Based on actual paid under prior tenancy arrangement. Excludes property tax which has not been billed in prior years (~\$12,222). The rental rates per tenant are calculated dividing the actual rent paid by the square footage occupancy; rental rates are rounded.

<b>Table 5. HRM Notice of Non-Renewal</b>			
<b>Organization</b>	<b>Former Occupancy</b>	<b>Annual Revenue Loss*</b>	<b>Description</b>
<b>Main Building</b>			
<b>Bushido Kai Martial Arts Academy</b>	1,600 sq.ft @ \$0 sq.ft	\$0	Non-conforming use (business). December/2006.
<b>Halifax Minor Football</b>	200 sq.ft @ \$0 sq.ft	\$0	Code compliance. Storage in public washroom. Re-located off-site. In progress.
<b>Hope Community Enterprises Society</b>	966 sq.ft @ \$6.88 sq.ft	\$0	Non-conforming use (business). Arrears - 2 years. <b>Revenue loss noted as \$0 due to chronic arrears.</b> August/2007.
<b>HRM Police</b>	1,488 sq.ft	\$0	Re-location to market lease. July/2007.
<b>HRM Recreation</b>	200 sq.ft	\$0	Storage re-located off site. September/2007.
<b>J. Stevens</b>	90 sq.ft @ \$2.58 sq.ft	\$360	Non-conforming use (self-employed). Storage. July/2007.
<b>Little Zen Music Dojo</b>	200 sq.ft @ \$5.50 sq.ft	\$1,102.90	Lease replaced with recurring room rental for instructional classes. April/2007.
<b>P. Brenson</b>	540 sq.ft @ \$1.10 sq.ft	\$600	Non-conforming use (self-employed). Storage and workshop. March/2007.
<b>SUB-TOTAL</b>	<b>5,284 sq.ft</b>	<b>\$2,062.90</b>	
<b>Commons Building</b>			
<b>Citadel Amateur Boxing Club</b>	4,500 sq.ft @ \$0 sq.ft	\$0	Facility closure. Re-located to market lease.



<b>S. Swannie</b>	~4,000 sq.ft Rates varied but average \$4.50 sq.ft excluding any revenue generated by tenant via sub-let	\$3,200	Facility closure. Non-conforming use (self-employed). Studio.
<b>E. Luce</b>		\$1,451.68	Facility closure. Non-conforming use (self-employed). Studio.
<b>B. Baker F. Dorsey C. Harder</b>		\$6,450	Facility closure. Non-conforming use (self-employed). Studio.
<b>H. Wilkinson</b>		\$1,118	Facility closure. Non-conforming use (self-employed). Studio.
<b>N. Furue</b>		\$2,150	Facility closure. Non-conforming use (self-employed). Studio.
<b>H. Avalos</b>		\$516	Facility closure. Non-conforming use (self-employed). Studio.
<b>G. Humphrey</b>		\$2,149.99	Facility closure. Non-conforming use (self-employed). Studio.
<b>S. Higgins</b>		\$1,032	Facility closure. Non-conforming use (self-employed). Studio.
<b>SUB-TOTAL</b>		<b>8,500 sq.ft</b>	<b>\$18,067.67</b>
<b>TOTAL</b>	<b>13,784 sq.ft</b>	<b>\$23,351.67</b>	

\* Revenue losses are stated as actual values paid by former tenants under previous leasing arrangements and not current rental rates. The rental rates per tenant are calculated dividing the total of actual rent paid divided by the square footage occupancy to determine an average. Hence, the actual rental paid per square foot by individual occupants may vary from the average. When the total square footage is divided by actual rental revenues the average revenue is \$1.69 per sq.ft. In addition, there were no property taxes collected (estimated to be in the range of ~\$27,000).