

REVISED

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PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Halifax Regional Council  
September 12th, 2006

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

**SUBMITTED BY:** for Mrs. Newman  
Deputy Mayor Russell Walker, Chair, HRM Grants Committee

**DATE:** August 22, 2006

**SUBJECT:** Property Matter: Transfer of Title for 26 Lyons Avenue, Halifax, to  
Nova Scotia Housing Development Corporation - Revised

### ORIGIN

This report originates with an unsolicited request from the Nova Scotia Department of Community Services for the transfer of title for the building and property located at 26 Lyons Avenue, Halifax (former Ida Mae Marriott School) to the Nova Scotia Housing Development Corporation (NSHDC).

On August 8<sup>th</sup>, 2006, Regional Council approved proceeding to a public hearing as per the requirements of the Municipal Government Act (1998). This is a revised version of the original report: corrections have been made to the property tax information.

### RECOMMENDATION

It is recommended that Regional Council :

1. Authorize the Mayor and Municipal Clerk to enter into an Agreement of Purchase and Sale whereby the property located at 26 Lyons Avenue, Halifax be conveyed to the Nova Scotia Housing Development Corporation, subject to site survey and legal description, and the terms and conditions set out in the Discussion section of this report;
2. Authorize the immediate release of this report;
3. Set a date for a public hearing.

## **BACKGROUND**

In March, 1983, the former City of Halifax Council approved in principle the re-use of the former Ida Mae Marriott School building and property as a residential project for Homes for Independent Living (HIL) for the development of an apartment building for persons with physical disabilities. In December, 1983, Council approved entering into a Lease Agreement between the City and HIL for the use of an integrated apartment building, with at least 70 percent of the residents being moderately to severely physically challenged. The term of the lease was forty (40) years, expiring in December 2024. The rental rate was \$1,000 per annum, adjusted every five years during the term according changes in the consumer price index. As per the terms and conditions of the lease, HIL was responsible for all costs associated with repairs, maintenance, and general up-keep.

In October, 2005, HRM staff received a letter from Homes for Independent Living (HIL) requesting termination of its lease. Their reasoning was that their mandate had evolved to the point whereby the program offered in this building no longer met the mandate. As a small non-profit organization they do not have the financial resources, personnel, or expertise they feel is required to properly care for and manage the property in support of the tenants. In an effort to maintain this affordable housing program, HIL asked the Nova Scotia Housing Development Corporation. (NSHDC) to assume operations and relieve HIL of their obligations.

## **DISCUSSION**

### **Nova Scotia Housing Development Corporation:**

A property assessment was undertaken by the Nova Scotia Department of Community Services that indicates water infiltration and drainage issues, resulting in water damage and mold growth in the buildings sub-flooring. Community Services estimates that the total cost of the immediate required work to the building, which includes mold and asbestos remediation, building repairs and other necessary renovations, is in the \$157,000 to \$200,000 range. HIL does not have the funds to repair the building, and lack the expertise or resources to continue the affordable accessible rental housing units at 26 Lyons Avenue. The current mortgage balance on the property is approximately \$215,000, which is held by Canada Mortgage and Housing Corporation (CMHC) and is administered and guaranteed in the event of default by the Nova Scotia Department of Community Services.

The appraised value of \$200,000, estimated by Turner Drake & Partners Ltd, assumes that the property is environmentally clean. That said the known mold and asbestos conditions would put downward pressure on this value further impacting what a reasonable purchaser would pay at arms length.

In October, 2005, Mayor Kelly received a letter from the Nova Scotia Department of Community Services requesting HRM transfer the deed for the property at 26 Lyons Avenue to the NSHDC. The NSHDC will then pay for the capital repairs, will assume all assets and liabilities of the building, and commit to the continuation of affordable, accessible rental housing.

Section 51 of the Municipal Government Act (1998) allows the municipality to sell property at less than market value to a non-profit organization that Council considers to be carrying on an activity that is beneficial to the municipality. As per Information Bulletin #33 of the MGA, generally speaking, transfers to another municipality or to the Province are permitted under Section 51 for less than market value since they are

considered to be non-profit organizations. The other requirements of Section 51 (public notice, public hearing, approval by a 2/3 majority of those present and voting) must still be followed.

**Homes for Independent Living:**

Formed in 1980 by the Canadian Paraplegic Association, Homes for Independent Living is a federally registered Canadian charity whose focus is in promoting independence and providing access to affordable, barrier-free housing in the community for individuals with physical disabilities. The organization operates the Oxford Street Learning Centre, Halifax, which offers assistance in independent living, respite care, and community outreach.

<b>Summary of Key Terms and Conditions</b>	
<b>Civic Address</b>	26 Lyons Avenue, Halifax
<b>Site Area</b>	69,976 square feet (1.6 acres)
<b>Zoning</b>	P Zone (Park and Institutional Zone)
<b>Appraised Value</b>	\$200,000 (highest and best use being continuation of its current use) Turner Drake & Partners Ltd, Nov. 2005
<b>Specific Conditions</b>	-The purpose of the facility shall be to house physically challenged residents (affordable housing). -A Buy-Back Agreement shall provide HRM with the right of first refusal should the Nova Scotia Housing Development Corporation cease operations or elect to sell the property at a later date. -The property is taxable.
<b>Closing Date</b>	As soon as possible.
<b>Cost of Sale Recovery</b>	The purchaser shall pay all costs associated with this sale, including, but not limited to, HRM's appraisal cost, legal cost, survey costs.

**BUDGET IMPLICATIONS**

A less than market value sale represents a revenue loss to HRM. However, all costs associated with the sale are the responsibility of the buyer (legal, survey etc). Presently, the property is assessed at the Residential rate (~\$1,733 per annum) but the assessment value is likely to increase as a consequence of substantial capital investment in the asset.

**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 may withhold approval for the sale of the property.

This action is not recommended: Regional Council has requested staff pursue means of support to affordable housing issues within existing capacity. The transfer of title would secure the capital funding necessary to remediate the property and maintain affordable, accessible, rental accommodations for lower income persons with disabilities.

2. Regional Council could require a market value sale.

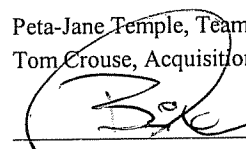
This action is not recommended: While a legal option, a market value sale is counter to the intentions of the former City of Halifax in providing long-term assistance to an affordable housing initiative for disabled persons (the original lease would have expired in 2024). A transfer of title to the Provincial government upholds the original intent but in a manner that is financially sustainable.

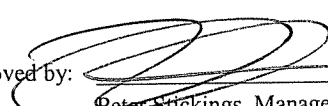
**ATTACHMENTS**

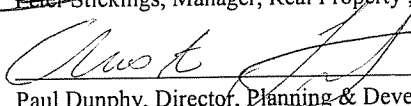
1. Attachment "A" - Site Plan
2. Attachment "B" - Letter from Nova Scotia Department of Community Services
2. Attachment "C" - Site Photography

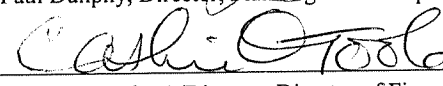
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead Tax, Grants & Special Projects, Financial Services 490-5469 and  
Tom Crouse, Acquisition & Disposal Manager, Real Property 490-5931

Financial Review:   
Bruce Fisher, Manager Financial Planning, HRM Financial Services

Report Approved by:   
Peter Stickings, Manager, Real Property, T&PWS

  
Paul Dunphy, Director, Planning & Development Services

  
Cathie O'Toole, A/Director, Director of Finance

**ATTACHMENT 'A'**  
Property Matter:  
Transfer of Title for  
26 Lyons Ave., Hfx.,  
to Nova Scotia  
Housing Dev. Corp.

Site Map

Scale 1:2248



This map was produced for the internal use of  
Halifax Regional Municipality (HRM).  
HRM takes no responsibility for errors or omissions.  
Date of map is not indicative of the date of data creation.

Projection: Modified Transverse Mercator Zone 5  
Date: 07/2015  
Prepared by: E. Wall





**Department of  
Community Services**  
Office of the Minister

PO Box 696  
Halifax, Nova Scotia  
B3J 2T7

12700-20-M1  
Our File Number:  
15799

**Attachment "B"**

Property Matter: Transfer of Title for 26 Lyons Ave., Halifax, to Nova Scotia Housing  
Development Corporation

**Letter from Nova Scotia Department of Community Services**

Mayor Peter Kelly  
Office of the Mayor  
Halifax Regional Municipality  
PO Box 1749  
Halifax, NS B3J 3A5

OCT 28 2005

*Peter*  
Dear Mayor Kelly:

I am writing with regard to the building and property located at 26 Lyons Avenue in Spryfield. The building is a former school converted to a six-unit affordable housing complex called Ida Mae Marriott (IMM) apartments. The IMM apartments are operated by Homes for Independent Living (HIL), a nonprofit society. HIL leases the land and building at 26 Lyons Avenue from the Halifax Regional Municipality. Canada Mortgage and Housing Corporation (CMHC) holds the mortgage on the property, which the Department of Community Services administers and guarantees in the event of default. The current mortgage balance is approximately \$215,000.

HIL has asked Community Services to take over responsibility for the IMM apartments and relieve HIL of their obligations. Prior to agreeing to their request, an assessment of the property was undertaken. Water infiltration and poor drainage resulting in water damage and mold growth in the building's sub-flooring were discovered. The total estimated costs of mold and asbestos remediation, building repairs and other necessary renovations range from \$157,000 to \$200,000. Unfortunately HIL does not have the funds needed to carry out the repairs that the building requires, and advise that they do not have the expertise or resources to maintain the property adequately.

I am asking that you consider transferring the deed for the building and property located at 26 Lyons Avenue to the Nova Scotia Housing Development Corporation (NSHDC). The NSHDC will then pay for the repairs and will assume all of the assets and liabilities of the IMM units. The NSHDC would make a commitment to continuing to provide accessible affordable rental housing units at 26 Lyons Avenue.

Please note that prior to assuming ownership of 26 Lyons Avenue, the NSHDC will need to ensure that there are no significant environmental issues at the site beyond those identified to date.

I know that we share the same strong belief and commitment to affordable housing for low-income Nova Scotians. Thank you for your consideration of my request, and I look forward to your early reply.

Sincerely,

*David Morse*

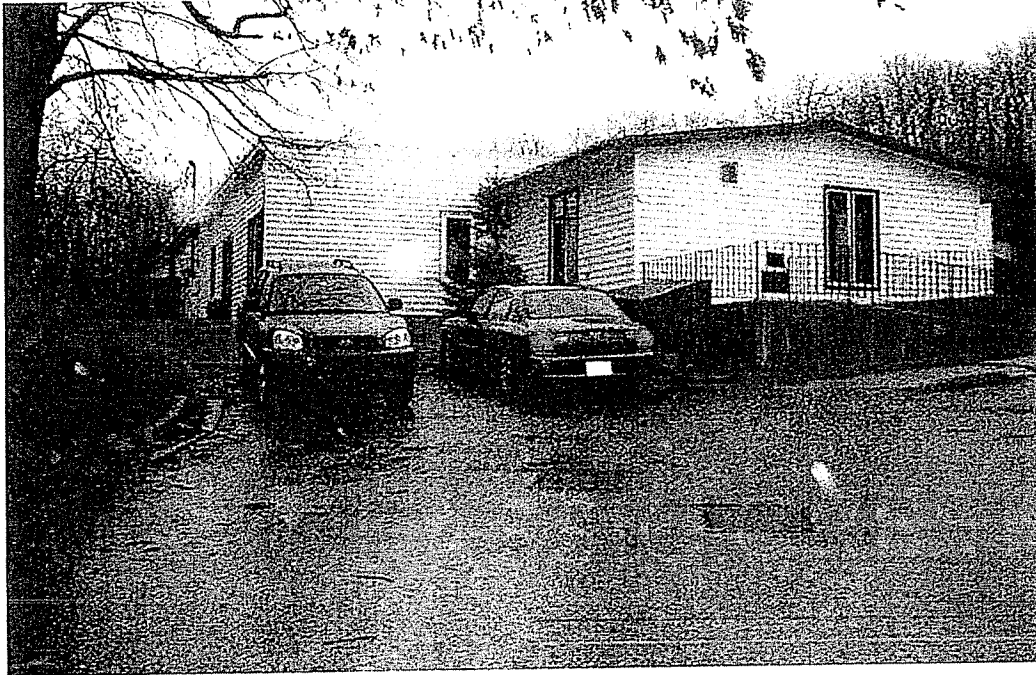
David M. Morse



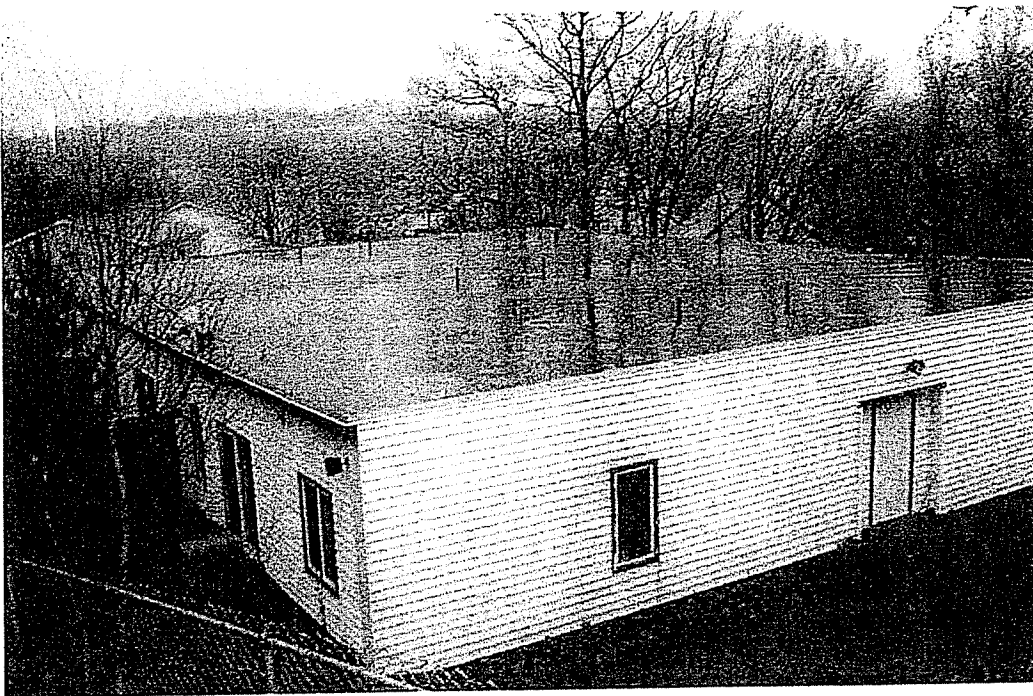
# ATTACHMENT "C"

Property Matter: Transfer of Title for 26 Lyons Ave., Halifax,  
to Nova Scotia Housing Development Corporation  
SITE PHOTOGRAPHY

SUBJECT PROPERTY  
(Exterior)



FRONT ELEVATION



REAR ELEVATION