



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 6.1.1

Halifax Regional Municipality Grants Committee March 13, 2023

TO: Chair and Members of the Halifax Regional Municipality Grants Committee

SUBMITTED BY: Original Signed
John MacPherson, Executive Director, Property, Fleet and Environment

Original Signed
Cathie O'Toole, Chief Administrative Officer

DATE: February 10, 2023

SUBJECT: **Less than Market Value Lease: Homes for Independent Living (Nova Scotia)**

ORIGIN

This report originates with the request from Homes for Independent Living (Nova Scotia) to renew their lease Agreement with HRM for 2505 Oxford Street, Halifax.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39, s. 61(3) provides:

Section 61 (3): The property vested in Municipality, absolutely or in trust, is under the exclusive management and control of the Council, unless an Act of the Legislature provides otherwise.

Section 63(1): The Municipality may sell or lease property at a price less than market value to a non-profit organization that the Council considers to be carrying on an activity that is beneficial to the Municipality; and

Section 63(2): A resolution to sell or lease property referred to in subsection (1) at less than market value shall be passed by at least two thirds majority of the Council present and voting.

The Grants Committee Terms of Reference states:

“The HRM Grants Committee shall review, evaluate and make recommendations to Regional Council regarding annual cash grants, rent subsidies, property tax exemptions, less than market value property sales and leases to registered non-profit organizations and charities managed by a duly appointed Grants Committee.”

RECOMMENDATION ON PAGE 2

RECOMMENDATION

It is recommended that the Grants Committee recommend that Halifax Regional Council approve and authorize the CAO to negotiate and finalize a less than market value lease agreement with Homes for Independent Living (Nova Scotia) located at 2505 Oxford Street, Halifax, as per the key terms and conditions set out in Table 1 of this report and direct the Mayor and Municipal Clerk to execute the necessary agreements.

BACKGROUND

On January 1, 1982, the former City of Halifax executed a 40-year lease agreement for 2505 Oxford Street with the Homes for Independent Living (Nova Scotia) for \$1.00 per annum which expired on December 31, 2022.

Homes for Independent Living (HIL) has provided a home for participants in west end Halifax for 40 years. They are a registered charity and supportive group home for disabled adults. Their mandate is to help participants transition to independent living by providing support that allows them to live and work as members of the Halifax community. HIL does not have the sufficient funds or assets to obtain similar residential space in the Halifax Market either at current rental rates or outright purchase.

DISCUSSION

In April 2022, Homes for Independent Living (Nova Scotia) contacted HRM with a request to renew their existing Lease Agreement.

Staff reviewed the existing Lease agreement and determined that rather than renewing the existing lease, HRM would prepare a new Lease Agreement with current terms and conditions.

Corporate Real Estate have negotiated a twenty-five (25) year lease agreement. The rent shall be one dollar plus HST per annum paid on the anniversary date of each year being the first day of January, for duration of the 25-year term. A new lease agreement will trigger an updated assessment of the property and consequently a property tax bill. The Tenant is responsible for their proportionate share of the property tax plus HST, which will be billed by the Landlord.

Homes for Independent Living (Nova Scotia) will be responsible for general repairs and maintenance, interior cleaning, source separation of garbage, recycling and compost which is to be taken to the outside bins, any Tenant alarm systems, false alarm charges, telephone, internet, and cable charges in or for the Premises as well as including any required snow clearing

The Tenant is responsible for their proportionate share of the property tax plus HST. The Tenant currently receives tax relief through the Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations. Each year the Tenant is required to submit a confirmation form and must meet the renewal requirements to remain in the tax relief program.

Housing

Homes for Independent Living has provided an affordable housing model on this site for four decades. As discussed in the 2018 HRM [Affordable Housing Work Plan](#) and its subsequent [update](#) in 2020, making lands available for affordable housing developments is an important and impactful way to support affordable housing. Renegotiating the lease for Home for Independent Living (Nova Scotia) will ensure the lands will be used to support the provision of affordable housing for an additional 25 years.

The proposed terms and conditions recommended by staff are outlined in Table 1 below.

Table 1:

Recommended Key Lease Terms and Conditions	
Property Addresses	2505 Oxford Street, Halifax (PID 00139261)
Landlord	Halifax Regional Municipality
Tenant	Homes for Independent Living (Nova Scotia)
Premises	7,130 square feet
Term	Twenty-Five (25) years (January 1, 2023 to December 31, 2048).
Commencement Date	January 1, 2023
Use	Affordable Housing
Base Rent	\$1.00 plus HST per annum paid on January 1 of each year
Additional Rent	All other amounts payable by the Tenant to the Landlord except Base Rent whether specifically designated as Additional Rent.
Property Taxes	The tenant shall be responsible for any applicable property taxes levied upon the property due to this agreement. The property taxes plus HST will be invoiced to the Tenant as they fall due.
Renewal	No renewal term
Tenant Responsibilities	The Tenant has improved the property over the duration of the lease term and shall be responsible for all maintenance, repairs, operating costs and capital repairs and replacement to the buildings and the Premises for the duration of the agreement.
Insurance	<p>Commercial General Liability (CGL) in the amount no less than \$5,000,000 per occurrence</p> <p>Halifax Regional Municipality is to be on the CGL policies as additional named insured. The Tenant's policy shall contain a waiver of subrogation rights.</p> <p>All Risks Property Insurance including all contents, equipment and property of every description within the Premises whether owned by the Tenant or for which the Tenant is responsible, in an amount equal to the full replacement value.</p> <p>Any other form of insurance, including but not limited to, director's and officer's liability, errors and omissions liability, business interruption and extra expense liability, or a change in limits of the insurance as the Landlord, acting reasonably, requires the Tenant to obtain from time to time.</p> <p>The Tenant will provide the Landlord with a Certificate of Insurance evidencing proof of all required coverage upon the signing of the agreement.</p>
Early Termination	Either party shall have the option to terminate this agreement upon providing three (3) months written notice to the other party at any time and for any reason.
Condition	The Tenant accepts the premises on an "as is" basis.

FINANCIAL IMPLICATIONS

The annual rent of \$1.00 plus HST for the first year of the term and subsequent years will be deposited into Operating Account W400-5102.

Property taxes are billed initially by the Municipal Government, HRM as Landlord will pay the property taxes through W400-5508 as a clearing account. The Landlord shall invoice the Tenant the property taxes plus HST. Should the Homes for Independent Living (Nova Scotia), Nova Scotia Branch continue to qualify under Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations, the amount offset will represent an additional 'operating grant' from HRM.

RISK CONSIDERATION

The risks associated with the recommendations in the Report are considered Low. The risk to the organization can be mitigated by their continued renewal under to Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations.

COMMUNITY ENGAGEMENT

No community engagement was required for the completion of this report.

ENVIRONMENTAL IMPLICATIONS

There are no known environmental implications at this time.

ALTERNATIVES

Alternative 1: The Grants Committee could recommend that the Regional Council lease the Premises at market value to Homes for Independent Living (Nova Scotia).

Alternative 2: The Grants Committee could recommend that the Regional Council lease the property to Homes for Independent Living (Nova Scotia) for a shorter term.

ATTACHMENTS

None

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by Shawn Woodard, Sr. Real Estate Officer, Corporate Real Estate 902.233.3815
