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## Item No. 9.1.2

**Grants Committee  
June 18, 2025**

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

**SUBMITTED BY:** Cathie O'Toole, Chief Administrative Officer

**DATE:** April 30, 2025

**SUBJECT:** Land Leases - multiple locations:  
Block HC-2 Wood Avenue, Halifax (PID 40268534), Block BO Victory Lane,  
Halifax (PID 00127928); and Block L Imo Lane, Halifax (PID 00035675)

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### **ORIGIN**

This report originates from a request from the Province of Nova Scotia Department of Municipal Affairs and Housing to enter new land leases for Block HC-2 Wood Avenue, Halifax; Block BO Victory Lane, Halifax; and Block L Imo Lane, Halifax for a term of 5 years at \$1 per annum. As of December 2024, housing has come under the portfolio of the Nova Scotia Department of Growth and Development ("DGD").

### **EXECUTIVE SUMMARY**

Halifax Regional Municipality (HRM) has received a request from the Province of Nova Scotia, Nova Scotia Department of Growth and Development ("DGD"), to enter into new interim land lease agreements between HRM and the Province for three co-operative land leases which included Block HC-2 Wood Avenue, Halifax (PID 40268534), Block BO Victory Lane, Halifax (PID 00127928), and Block L Imo Lane, Halifax (PID 00035675).

The leases are an interim measure and DGD wishes to work with HRM on the longer-range planning for these sites, which may include transfer to the Province or community housing provider, recapitalization and portfolio optimization. The recommended interim lease term will allow time for HRM and DGD to negotiate and recommend terms with respect to the potential transfer and/or long-term leasing of lands for future consideration and approval by Regional Council.

### **RECOMMENDATION**

It is recommended that the Grants Committee:

Recommend that Halifax Regional Council approve the lease agreement, with the key terms and conditions set forth in this report, with Nova Scotia's Department of Growth and Development for the premises located at Block HC-2 Wood Avenue, Halifax (PID 40268534); Block BO Victory Lane, Halifax (PID 00127928); and Block L Imo Lane, Halifax (PID 00035675) and authorize the Mayor and Municipal Clerk to execute the agreement.

### **BACKGROUND**

During the early 1980s the former City of Halifax executed multiple 40-year non-market land lease agreements throughout peninsular Halifax to various housing co-operatives, including the following:

- On October 25, 1984, the former City of Halifax executed a 40-year lease agreement for – Block HC-2 Wood Avenue, Halifax with Charles Court Housing Co-operative Limited for a single payment of \$89,000. The lease expired on October 31<sup>st</sup>, 2023.
- On August 29, 1985, the former City of Halifax executed a 40-year lease agreement for – Block BO Victory Lane, Halifax with Seaview Housing Co-operative Limited for a single payment of \$168,300. The lease will expire on August 31, 2025.
- On January 1, 1984, the former City of Halifax executed a 40-year lease agreement for – Block L Imo Lane, Halifax with the North Harbour Housing Co-operative Limited for a single payment of \$17,824. The lease expired on January 31, 2023.

For these three properties, the original lessees no longer operate. Prior to 2014 and due to mortgage arrears and outstanding liens, ownership was transferred to the Nova Scotia Housing Development Corporation (now DGD). Since 2014 the buildings have been managed by the Community Housing Management Network on the Province's behalf. DGD continues to support the properties through rent supplements. All lease rents were prepaid in 1984/5 and there were no subsequent or reoccurring rent payments made to the municipality under the term of these agreements.

The Province and Planning and Development Affordable Housing staff have requested an interim lease solution to allow time to develop a long-term recommendation including the potential transfer and/or long-term leasing of lands, to the Province or community housing provider, for future consideration and approval by Regional Council. Staff are hopeful such an arrangement can be reached well before the full term of the lease extension.

Since the dissolution of the original Co-ops the Province assumed all operating and capital. The buildings need significant recapitalization and renewal and a new co-op organization or alternative operating model for some of the properties. The proposed interim lease would see the nominal rent arrangement and Provincial financial obligations remain unchanged until a long-term recommendation and agreement is reached and approved.

If an interim agreement is not put in place to allow the parties to plan and negotiate a transitional agreement the risk remains that the assets, which are in a poor state of repair, and their management and operation could revert to the municipality.

## **DISCUSSION**

Halifax Regional Municipality (HRM) has received a request from the Province of Nova Scotia to enter into new land lease agreements between HRM and the Province for three co-operative land leases which included Block HC-2 Wood Avenue, Halifax (PID 40268534), Block BO Victory Lane, Halifax (PID 00127928), and Block L Imo Lane, Halifax (PID 00035675).

The province is seeking to work with HRM on discussing long range planning for these properties. The recommended leases are an interim measure to allow HRM and DGD to continue discussions and negotiations leading to recommendations for the properties long term.

The original leases for the subject properties contain renewal clauses with a lease value to be determined by appraisals of the lands with the restriction on highest-and-best-use determination being that the existing nonmarket housing form remains.

Where the recommended 5-year leases are an interim measure only to allow HRM and DGD time to consider long range planning and ownership for these sites, it was requested the lease rates remain at a nominal amount of \$1 during this period. The lease agreements will provide for early termination by both parties. The intent would be to terminate/replace the recommended leases once the longer-term plan and agreement is determined and approved. The final agreement, whether a lease or transfer of lands, would ultimately reflect different financial consideration.

Affordable housing has been provided on these properties for four decades. Making municipal lands available for affordable housing is an important and impactful way to support affordable housing. The sites contain a total of 99 units of housing at affordable rents. Block L Imo Lane contains 20 units (5 2BR units and 15 3BR units), Block BO Victory Lane contains 25 units (21 2BR units and 4 3BR units), and Block HC-2 Wood Avenue contains 54 units (11 1BR units, 15 2BR units, 18 3BR units, 9 4BR units, and 1 5BR unit).

HRM staff received the following information from DGD on unit types and rents for the three properties, confirming the affordability of rents. Average rents across the three parcels of leased land are as follows:

Unit type	Average Rent	Average Market Rent (CMHC data, Peninsula North)	% of Average Market Rent
1 BR	\$688	\$1,343	51%
2 BR	\$785	\$1,602	49%
3 BR	\$881	\$1,869	47%
4+ BR	\$1,011	\$1,869	54%

In July 2024, DGD requested to establish a working group with HRM on long-term goals for selected sites in north end Halifax offering affordable housing. DGD seeks to first resolve the land lease issue on the three sites subject to this report, so that the working group will be able to proceed with longer-term planning, with a shared commitment for below market housing.

DGD indicates that the working group may explore longer-term options for these properties and a willingness to consider divestiture of these assets to community non-profit housing providers. HRM has yet to determine long-term goals for these properties. The execution of the proposed leases will allow sufficient time for Planning and Development to incorporate consideration of these sites as part of implementing a planned Affordable Housing Strategy. Developing an Affordable Housing Strategy by October 2026 is a commitment under Halifax Regional Municipality's Housing Accelerator Fund Action Plan with Canada Mortgage and Housing Corporation. This Strategy would include public participation and is intended to provide guidance for the consideration of longer-term land requests and alignment with provincial programs and mandates for housing.

There are property tax implications associated with the subject properties, regarding their eligibility for the Provincial Capped Assessment Program (CAP), which is administered by the Property Valuation Services Corporation (PVSC) on behalf of the Province of Nova Scotia.

Currently, all three properties are eligible for CAP, based on their occupancy as housing co-operatives. However, these co-operatives are no longer registered as incorporated entities. In response to inquiries from HRM staff, PVSC advised that, due to the change in legal status, the properties may no longer qualify for CAP moving forward. Eligibility is currently under review by PVSC.

Should the CAP eligibility be removed, it is estimated that the combined property taxes for the three properties would increase by approximately \$100,000 in the first year alone. This amount is expected to grow in subsequent years as assessed values rise and tax rates fluctuate. Furthermore, without CAP, annual assessment increases will no longer be limited by inflation adjustments and will instead reflect full market value changes.

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

**Table 1:**

<b>Recommended Key Lease Terms and Conditions</b>	
<b>Landlord</b>	Halifax Regional Municipality
<b>Tenant</b>	His Majesty the King in right of the Province of Nova Scotia, represented herein by the Minister of Growth and Development

<b>Premises</b>	<ol style="list-style-type: none"> <li>1. Block HC-2 Wood Avenue, Halifax (PID 40268534)</li> <li>2. Block BO Victory Lane, Halifax (PID 00127928)</li> <li>3. Block L Imo Lane, Halifax (PID 00035675)</li> </ol>
<b>Term</b>	5 years (August 1, 2025, to July 31, 2030).
<b>Commencement Date</b>	August 1, 2025
<b>Use</b>	Land Lease for the existing co-operative housing use.
<b>Base Rent</b>	\$1.00 plus HST per annum paid on the Anniversary date of each year being August 1
<b>Additional Rent</b>	All other amounts payable by the Tenants to the Landlord except Base Rent whether specifically designated as Additional Rent or not. Tenants are responsible for operating costs, and any operating costs incurred by the Landlord will be charged back as Additional Rent.
<b>Property Taxes</b>	The Tenants 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 Tenants as they fall due.
<b>Renewal Term</b>	No renewal term has been included in the Land Lease Agreement
<b>Tenant Responsibilities</b>	The Tenants shall be responsible for all maintenance, repairs, operating costs and capital repairs and replacement to the buildings and the Premises
<b>HRM Responsibilities</b>	The Landlord shall have no further responsibilities.
<b>Insurance</b>	<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>
<b>Early Termination</b>	Either party shall have the option to terminate this agreement upon providing 120 days written notice to the other party at any time and for any reason.
<b>Condition</b>	The Tenant accepts the premises on an "as is" basis.
<b>Surrender Requirements</b>	N/A

## **FINANCIAL IMPLICATIONS**

The market value estimate for the land rent assumes a value per unit of \$45,000 or \$4,455,000 for the 99 units. The market ground rent therefore is estimated at \$167,000 per annum. The difference between the market value ground rent and the proposed rent is referred to as the operating grant.

## **RISK CONSIDERATIONS**

If an interim agreement is not put in place to allow the parties to plan and negotiate a transitional agreement the risk remains that the assets, which are in a poor state of repair, and their management and operation would revert to the municipality.

## **COMMUNITY ENGAGEMENT**

No community engagement was required.

## **ENVIRONMENTAL IMPLICATIONS**

No environmental implications were identified.

## **SOCIAL VALUE**

N/A

## **ALTERNATIVES**

1. The Grants Committee could recommend that the Regional Council direct staff to negotiate the lease of the parcels of land at market value with the nonmarket housing appraisal condition applied or on other terms.
2. The Grants Committee could recommend that the Regional Council not authorize the execution of the Leases and allow the overholding to continue.

## **LEGISLATIVE AUTHORITY**

***Halifax Regional Municipality Charter, SNS 2008, c 39, s 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.

***Halifax Regional Municipality Charter, SNS 2008, c 39, s 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

***Halifax Regional Municipality Charter, SNS 2008, c 39, s 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.

## **ATTACHMENTS**

Attachment A – Site Location – Former Charles Court Housing Co-Op – Block HC-2 Wood Avenue

Attachment B – Former Seaview Housing Co-Op – Block BO Victory Lane

Attachment C – Former North Harbour Housing Co-Op – Block L Imo Lane

Grants committee report - north end properties\_DP Revised Wording

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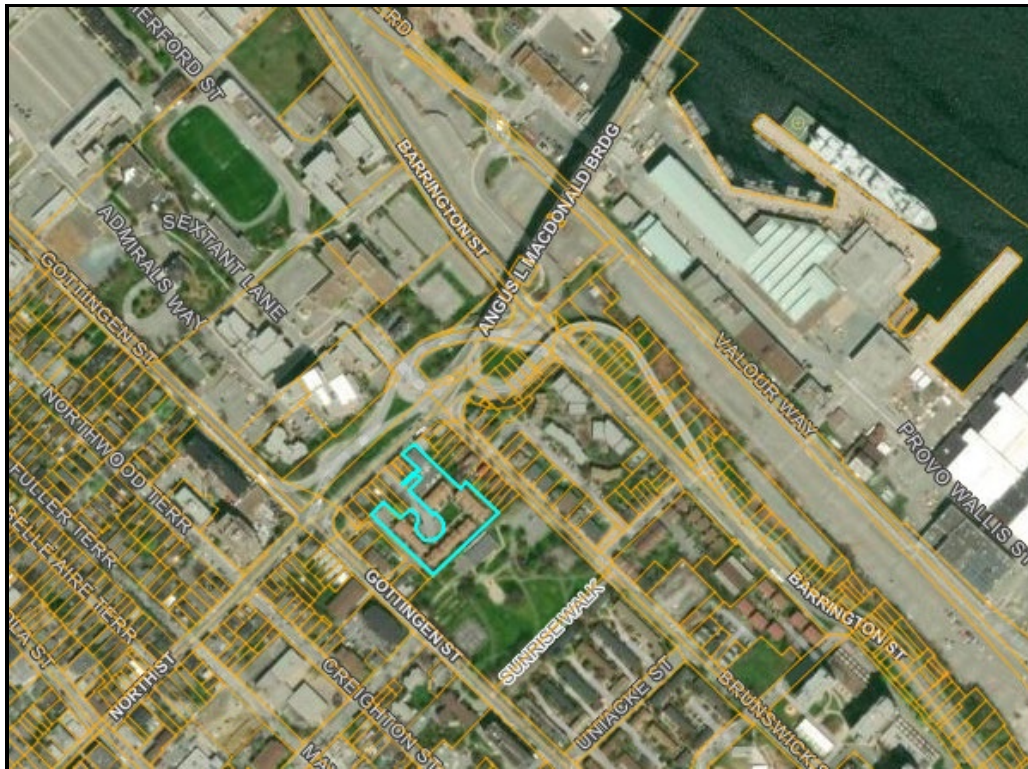
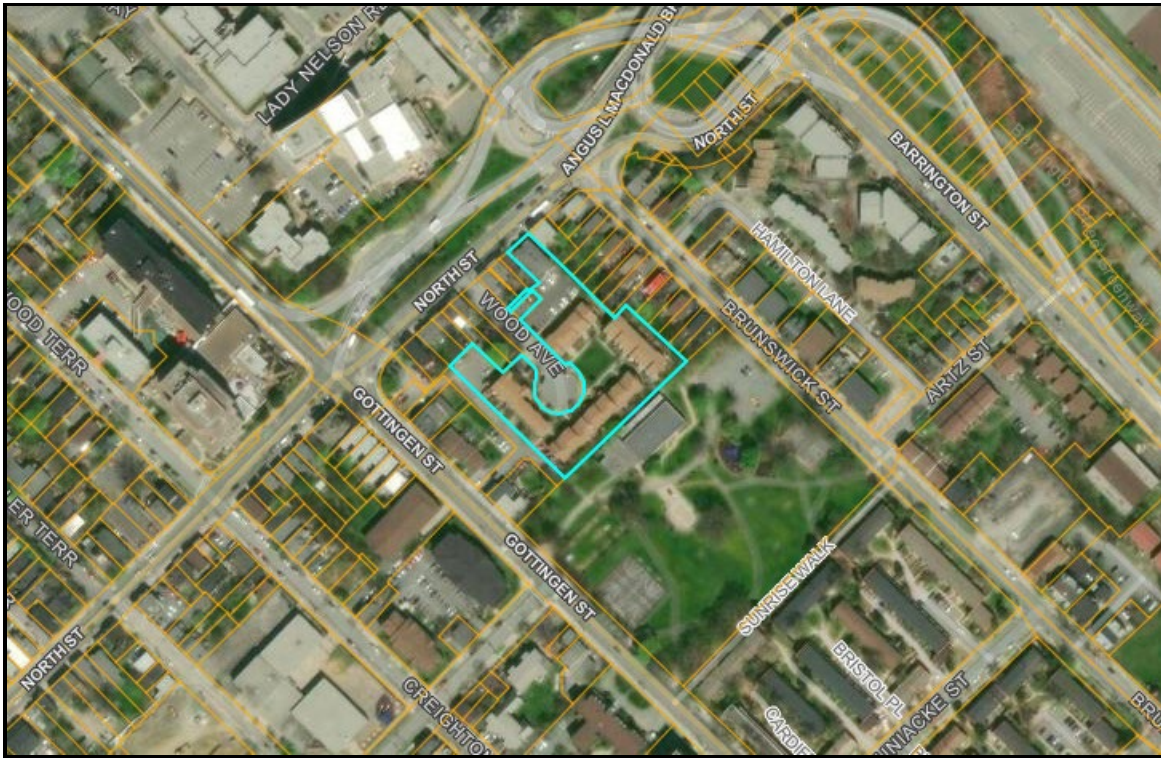
Report Prepared by: Shawn Woodard, Sr, Real Estate Specialist, Corporate Real Estate,  
Property, Fleet & Environment 902-233-3815

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Attachment A

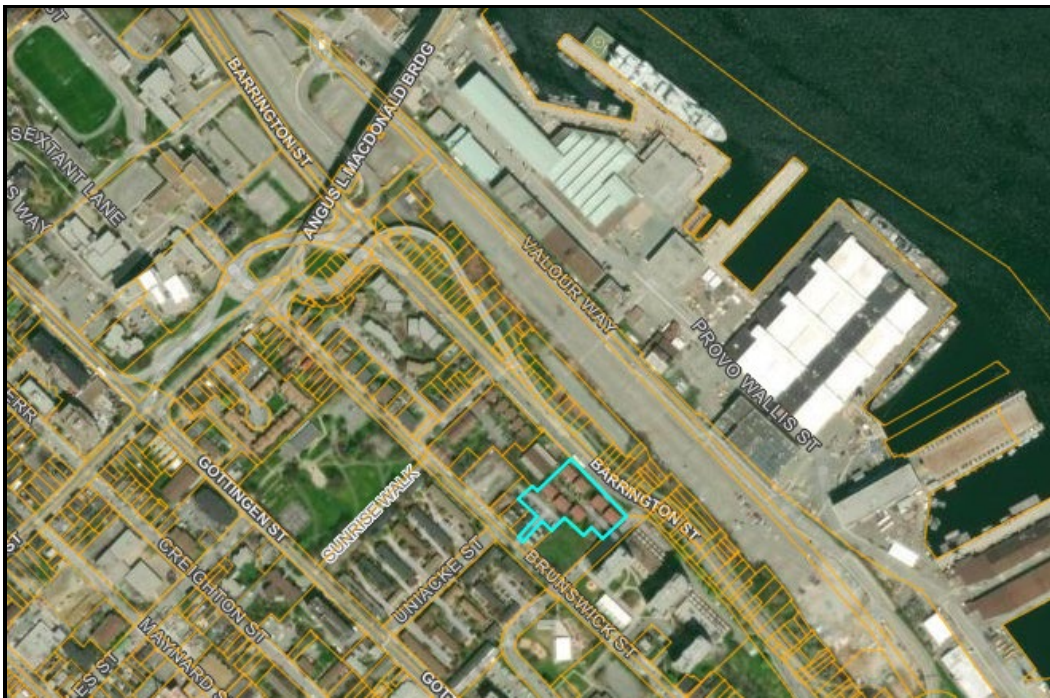
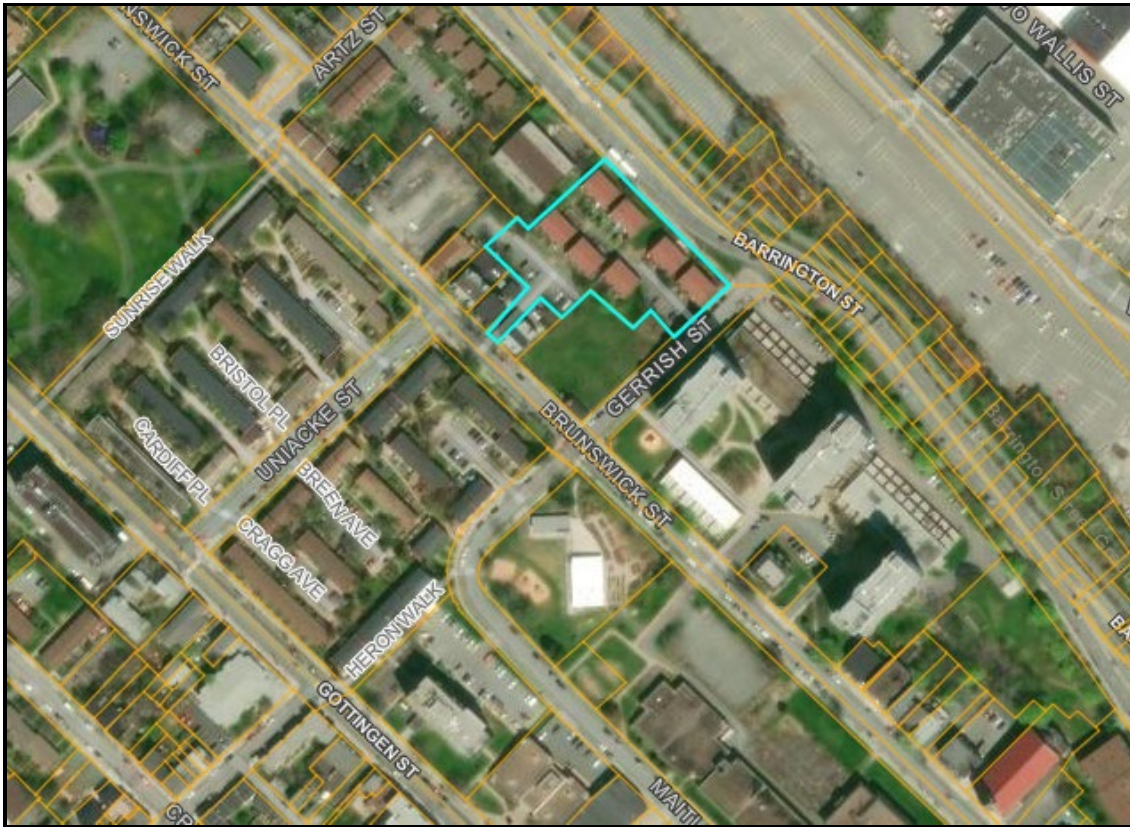
Charles Court Housing Co-Op – Block HC-2 Wood Avenue, (PID 40268534)





Attachment B

Seaview Housing Co-Op – Block BO Victory Lane, (PID 00127928)





Attachment C

North Harbor Housing Co-Op – Block L Imo Lane, (PID 00035675)

