

opportunity cost to HRM in lost tax revenue while holding title during demolition in 2023 is \$226,356.83¹⁴. However, this value could be higher if the assessed value and/or municipal commercial tax rate increase next fiscal year (April 1, 2023, to March 31, 2024).

Capital Budget Implications - Precedence

In accordance with Section 20 of Administrative Order 50, "If the proceeds of sale for a property owned by the Municipality have been

- (a) included in the reserve budget,
- (b) specifically tied to a capital project, and
- (c) is subsequently classified as Community Interest category or a decision is made not to sell the property, staff must report to Council any deficiencies in either the reserve budget or the capital budget along with any appropriate recommendations to offset the reduced proceeds".

Although not committed to a specific capital project, the sale of 1940 Gottingen Street, Halifax, was identified as long-term capital funding in the 2025/26 Capital Fund Reserve (Q526) in the amount of \$8 million dollars. However, there is precedence with respect to proceeds from the sale of municipal land have been included in a capital budget but not realized. For example, the proceeds of sale from decommissioning four municipal arenas to fund construction of a new 4-pad complex in Dartmouth were not fully realized¹⁵.

If Council decides to proceed with disposal, funds received will be directed to the Capital Fund Reserve Q526.

Obligation Reserve – Capital Fund Reserve Q526

The reserve is funded by the sale of land in HRM, other than Business/Industrial parks or sale of land conveyed to HRM for parks, playgrounds, or similar public purposes. The Capital reserve Fund is governed by the Halifax Regional Municipality Charter Section 120 (1), (3) and (4). Withdrawals from the reserve are for capital expenses for which the Municipality may borrow. This report does not have a negative impact on the reserve since this is a land sale.

RISK CONSIDERATION

Moderate. Despite evident expertise and investment in planning this project, the scale relative to current market conditions presents a challenge in estimating cost and timelines. Ongoing operating viability cannot be established, but the Society's current financial position, capital assets, and capital campaign prospects provide some recourse in the event of cost overruns that exceed the contingency. Risk might also be reduced once a funding decision has been secured from the Government of Nova Scotia.

These risks are mitigated by the application of a Buy-Back Agreement (BBA) on the subject Property until the Purchaser has completed 30,000 square feet of construction or as otherwise defined in the Buy Back Agreement.

¹⁴ \$7,505,200 divided by 100 = 75,052 multiplied by 3.0160 = \$226,356.83.

¹⁵ Item 14.1.1. Recommendation Report to February 12, 2019, meeting of Regional Council, Administrative Order 50: Community Interest Category – PID 00062604 10 Monique Avenue, Dartmouth, dated January 18, 2019.

COMMUNITY ENGAGEMENT

A public information meeting in the vicinity of the subject property is not mandatory under the Direct Sale category of Administrative Order 50.

Subsection 63(3) of the Charter requires that a public hearing be held to consider the less-than-market-value sale of a property valued at \$10,000 or above.

ENVIRONMENTAL IMPLICATIONS

As part of the Purchaser's due diligence, the Society retained Pinchin LeBlanc Environment (2018) to conduct a Phase II ESA (Environmental Site Assessment). The study determined that based on a records review and site testing, no further assessment or remediation work was required upon development of the site¹⁶. The projected cost of building demolition (2018) included hazardous materials abatement and removal of an underground petroleum storage tank. These values will be updated in HRM's tender for demolition and site remediation.

ALTERNATIVES

1. Regional Council could decline the offer of \$1.00 in favour of a higher sale price.

This action is not recommended: Regional Council has consistently demonstrated its support for the development of a new Mi'kmaw Native Friendship Centre at 1940 Gottingen Street, dedicated to the Mi'kmaw and broader Indigenous communities. A less-than-market-value property sale and associated considerations is a tangible demonstration of actions toward Truth & Reconciliation.

2. Regional Council could apply a Buy-Back Agreement for an initial term of 25 years as per policy (2014) or apply other terms and conditions as Council may deem appropriate to protect the interests of the Municipality or the historical significance of this site.

This action is not recommended: A Buy-Back Agreement of up to ten (10) years with a higher postponement threshold (95% of market value) is recommended to allow for flexibility given the scale, complexity, and cost of the development proposed.

The recommendation to release the Buy-Back Agreement upon completion of partial construction reflects the specialized nature of the custom-designed building; the actual dollar value invested in construction might not be reflected in the subsequent market value.

ATTACHMENTS

Attachment 1 - Site Map and Aerial Photograph

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.

¹⁶ The Mi'kmaw Native Friendship Centre of the Future: Business Plan. Group ATN Consulting Incorporated, March 2019, Appendix H.

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Attachment 1 Site Map and Aerial Photograph

