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Item No. 15.1.1
Halifax Regional Council
January 14, 2025

TO: Mayor Fillmore and Members of Halifax Regional Council

SUBMITTED BY: Cathie O'Toole, Chief Administrative Officer

DATE: November 26, 2024

SUBJECT: ECDIS Intervention Association Less Than Market Value Lease

ORIGIN

June 4, 2024, Meeting of Regional Council (Item 15.4.4):

MOVED by Councillor Lovelace, seconded by Councillor Russell

THAT Halifax Regional Council approve a less than market value lease with the Early Childhood Interventionists Association of Nova Scotia for the premises located at 45 Connolly Road, Middle Sackville and the lease is to contain terms and conditions that are similar to those set out in Table 1 and in the discussion section of the staff report dated April 30, 2024 and direct the Mayor and Municipal Clerk to execute the less than market value lease agreement.

MOTION PUT AND PASSED UNANIMOUSLY

EXECUTIVE SUMMARY

During the execution of the less than market value lease, it was discovered there was an error with the legal registered name of the not-for-profit. The operating name of the not-for-profit organization entering into the lease at Sackville Heights Community Centre (SHCC) is ECDIS Intervention Association and not Early Childhood Interventionists Association of Nova Scotia (ECIANS). All other terms and conditions remain unchanged from the original approval report.

RECOMMENDATION

It is recommended that Halifax Regional Council approve a less than market value lease with the ECDIS Intervention Association for the premises located at 45 Connolly Road, Middle Sackville and the lease is to contain terms and conditions that are similar to those set out in Table 1 and in the discussion section of this report and direct the Mayor and Municipal Clerk to execute the less than market value lease agreement.

BACKGROUND

The Sackville Heights Community Centre (SHCC) located in Middle Sackville is part of Halifax Regional Municipality's (HRM) Parks & Recreation Community Partnerships portfolio.

The overall facility and property are managed by Sackville Heights Community and Cultural Centre (SHC&CC) under the authority of a Facility Operating Agreement (FOA) approved by Regional Council on February 6th, 2024.

Under the FOA governance model, non-profit partner organizations no longer have legal authority to enter exclusive space subleases on behalf of HRM. The FOA does not convey the required property interest to the non-profit organizations like previous agreements. Only HRM, as holders of the title to the land, can enter lease agreements for facilities governed by FOAs.

The ECDIS Intervention Association is a non-profit organization formed in 2015. The programs and services provide support and information to promote children with developmental delays growth and development.

To support their activities, the ECDIS Intervention Association will have exclusive use of an 1,804 sq. ft. space located in the SHCC at 45 Connolly Rd (Attachment 1).

DISCUSSION

During the execution of the less than market value lease, it was discovered there was an error with the legal registered name of the not-for-profit. The operating name of the not-for-profit organization entering into the lease at Sackville Heights Community Centre is ECDIS Intervention Association and not Early Childhood Interventionists Association of Nova Scotia (ECIANS).

On March 5, 2024, ECDIS Intervention Association accepted an offer to lease at less than market value for a five (5) year term commencing on the execution of the lease agreement.

The ECDIS Intervention Association will be responsible for their proportionate share of the property tax plus HST for 2025. The ECDIS Intervention Association would be eligible to apply to for tax relief under Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations once a lease is executed.

The types of services and program offered by the tenants aligns with HRM's vision of fostering the growth of healthy and vibrant communities as well as Regional Council's priority outcomes of involved and inclusive communities. Therefore, these not-for-profit organizations are considered to be providing municipal benefits which would permit Regional Council to consider Less Than Market Value leases.

The proposed new Lease Agreements with HRM would not change the daily operation with the tenants but will require Regional Council approval as HRM will be assuming control of the leases. The revenue HRM receives from these leases, net exclusive of taxes, will be paid to the SHC&CC. This approach allows HRM oversight of all leases in HRM owned facilities, but the revenue from leases will continue to offset the operating costs at each facility.

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

Table 1:

Property Address	45 Connolly Road, Middle Sackville, Nova Scotia
Tenant	ECDIS Intervention Association
Landlord	Halifax Regional Municipality
Premises	~1,801 square feet of interior space

Initial Term	Five (5) years
Renewal Term	Five (5) year renewal term
Termination	Landlord may terminate with one (1) year notice. Tenant may terminate with six (6) months notice.
Base Rent	\$2.00 plus HST per square foot, 2% annual increase in renewal term
Waived Market Value Rent	Market Rent estimated at \$11.00 per sq. ft., \$19,844 per annum, as per HRM's broker of standing, Cushman Wakefield. Waived rent, \$9.00 per annum
Additional Rent	\$3.00 plus HST per sq. ft. Increase 2% annually
Property Tax	Tenant is responsible for their proportionate share of property tax levied upon the property. Space is not currently assessed for property tax.

FINANCIAL IMPLICATIONS

The waived market rent represents the equivalent of an "operating grant" for each tenant's use of space in the facility. The term "operating grant" represents the opportunity costs associated with HRM leasing the space at less than market value rather than full market value. The total value of the operating grant with HRM leasing the space to the ECDIS Intervention Association is \$16,236 per year and \$81,180 over the initial term of the lease.

General Revenue will collect and deposit revenues from this lease, net exclusive of taxes, into Area Rate C105-5151 (Lease Revenue). The revenue can then be used towards operation of this facility.

Should Regional Council approve the inclusion of Halifax Regional Municipality (ECDIS Intervention Society) to Administrative Order 2024-001-ADM Respecting Tax Relief for Non-Profit and Registered Canadian Charitable Organizations and the lease agreement has been executed and assessed for tax by Property Valuation Services Corporation, they may make application for consideration for discretionary municipal tax relief.

RISK CONSIDERATION

The risks associated with the recommendation of this report are considered low. The ECDIS Intervention Association are well established users of the facility and well know to the surrounding community. They are a registered not-for-profit.

COMMUNITY ENGAGEMENT

No community engagement is required for the completion of this report. The ECDIS Intervention Association is made up of members of the broader community.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

1. Regional Council could direct the CAO to execute the lease for the ECDIS Intervention Association at 45 Connolly Road at Market Value.

2. Regional Council could direct the CAO to negotiate different terms for the ECDIS Intervention Association lease at 45 Connolly Road.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S 2008, c. 39,

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) Notwithstanding subsection 71(2), the Municipality may sell or lease property at a price less than market value for any purpose that the Council considers to be beneficial to the Municipality; and
- (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.

ATTACHMENT

Attachment 1: Site Map

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.

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