

HALIFAX

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DECLASSIFIED

FOIPOP Review

Approved to Release

Date

N/A

Motion of Council

May 24, 2016
[Signature]

May 24, 2016

Item No. 16.1.1
Halifax Regional Council
May 24, 2016
In-Camera

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by *[Signature]*

SUBMITTED BY: John Traves, Q.C. Acting Chief Administrative Officer

Original Signed

Bruce Zvaniga, Acting Deputy Chief Administrative Officer

DATE: May 18, 2016

SUBJECT: Agreement of Purchase and Sale, Bloomfield Property

PRIVATE AND CONFIDENTIAL

ORIGIN

This report originates with:

- August 11, 2009, Regional Council approval in principle of the Bloomfield Master Plan;
- January 9, 2012, staff presentation to Peninsula Community Council on the Implementation strategy for the Bloomfield redevelopment project;
- May 14, 2012, Peninsula Community Council Report regarding update on issuance of Bloomfield RFP and recommended approach and criteria;
- December 11, 2012, Council motion, moved by Councillor Watts, seconded by Councillor Mason that Halifax Regional Council:
 - Declare the Bloomfield Property, located at 2748-86 Agricola St. Halifax, surplus to municipal requirements;
 - Authorize the Mayor and Municipal Clerk to enter into an Agreement of Purchase and Sale with the highest scoring proponent to RFP No. P12-044B, Nova Scotia Housing Development Corporation or assignee, subject to the minimum key terms and conditions outlined in Table 1 of the November 19, 2012, staff report; and
 - That any amendment to land use regulation for this site be carried out through a site specific Municipal Planning Strategy amendment and Development Agreement.
- January 26, 2016, Council motion requesting a staff report on the status of the Bloomfield purchase and sale agreement with Housing Nova Scotia.
- March 22, 2016 Information Report and subsequent motion from Council directing staff to hold discussions with Housing Nova Scotia concerning the current Agreement of Purchase and Sale and development of the property and report back to Council by May 24, 2016 with recommendations and options to either terminate or conclude the Agreement of Purchase and Sale.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Chapter 39, and Section 61(5) The Municipality may (b) sell property at market value when the property is no longer required for the purposes of the Municipality.

RECOMMENDATION ON PAGE TWO

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Direct staff to defer sale of the property until the conclusion of Centre Plan process and to report back to Council at the appropriate time with disposal options for the property pursuant to Administrative Order 50; and
2. It is further recommended that this report be released.

BACKGROUND

On December 11, 2012, Council declared the Bloomfield property surplus to municipal requirements and entered into an Agreement of Purchase and Sale with Nova Scotia Housing Development Corporation for the mixed use development of the property in accordance with RFP P12-044B.

The Bloomfield site is 3.28 acres and is designated Park and Institutional under the Halifax Municipal Planning Strategy (MPS) and zoned P (Park and Institutional) under the Halifax Peninsula Land Use By-Law (LUB). Residential and commercial uses proposed for the development are specifically excluded from the P Zone. There are three buildings on the site totaling 90,000 square feet of floor area, the Main Bloomfield building (c.1971), the Commons building (c.1919) and the Fielding building (c.1929). Annual holding costs are \$90,000.

The Province is normally exempt from municipal planning approvals and permitting; however, in this instance, a condition of sale is that Housing Nova Scotia adheres to the land use regulations for the site with the development being carried out through a site specific Municipal Planning Strategy amendment and Development Agreement. It was recognized that the expanded community consultation and inclusion of the cultural community along with the development agreement process would likely require two years from execution of the agreement of purchase and sale. However the process to date has exceeded that time line.

In terms of progress to date Housing Nova Scotia completed their public engagement and community consultation plan in early 2015. Since that time the Province has turned their attention to conducting further market and financial analysis and exploring partnership opportunities with private sector. Furthermore, with this objective in mind, they initiated a jurisdictional review to learn more about joint ventures between government and private sector in the development of mixed-income housing. It is this business analysis that has delayed the submission of their development agreement application.

On March 22, 2016, Council directed that staff meet with Housing Nova Scotia CEO and the Deputy Minister of Community Services to discuss the file and options going forward and return to Council with the outcome of those discussions.

The following options were discussed between the parties on April 8, 2016:

1. Termination of the Agreement;
2. Amend the Agreement of Purchase and Sale to close the transaction this fiscal including
 - o increasing in the deposit;
 - o the purchaser assuming the carrying costs for the property; and
 - o a commitment date for the filing of the development application managed through an amended buy back agreement.
3. Explore a partnership arrangement whereby the Municipality participates in the Provincial REOI and RFP and any incremental benefit from that process.

The Province has now indicated its intent to not proceed with the project and has signaled its intent to terminate the Agreement of Purchase and Sale.

The Province advises that they remain supportive of the vision for Bloomfield; however, their decision to terminate the agreement is based on an assessment that the scale of the redevelopment would expose taxpayers to higher than acceptable level of risk, and that future development of Bloomfield would be best achieved by private sector development. The Province however, indicated a commitment to addressing housing affordability gaps in the municipality, to continuing to work with the Housing and Homelessness Partnership, and to refocusing its efforts on other affordable housing initiatives in Halifax. This will include reinvestment in existing public and social housing stock, as well as potential new affordable housing projects facilitated by the increased level of federal funding over the next two years and the anticipated development of a National Housing Strategy. Furthermore, Housing Nova Scotia is willing to share any information developed as part of their work with Imagine Bloomfield, community consultation and planning process, and may be able to support the inclusion of mixed-income housing in the future redevelopment of the site by others.

DISCUSSION

Staff has completed an initial review of the file from a go forward perspective as it relates to the current Centre Plan initiative; the condition of the buildings; and the timing of the future sale of the property. Each of these matters is discussed below followed by a summary of next steps.

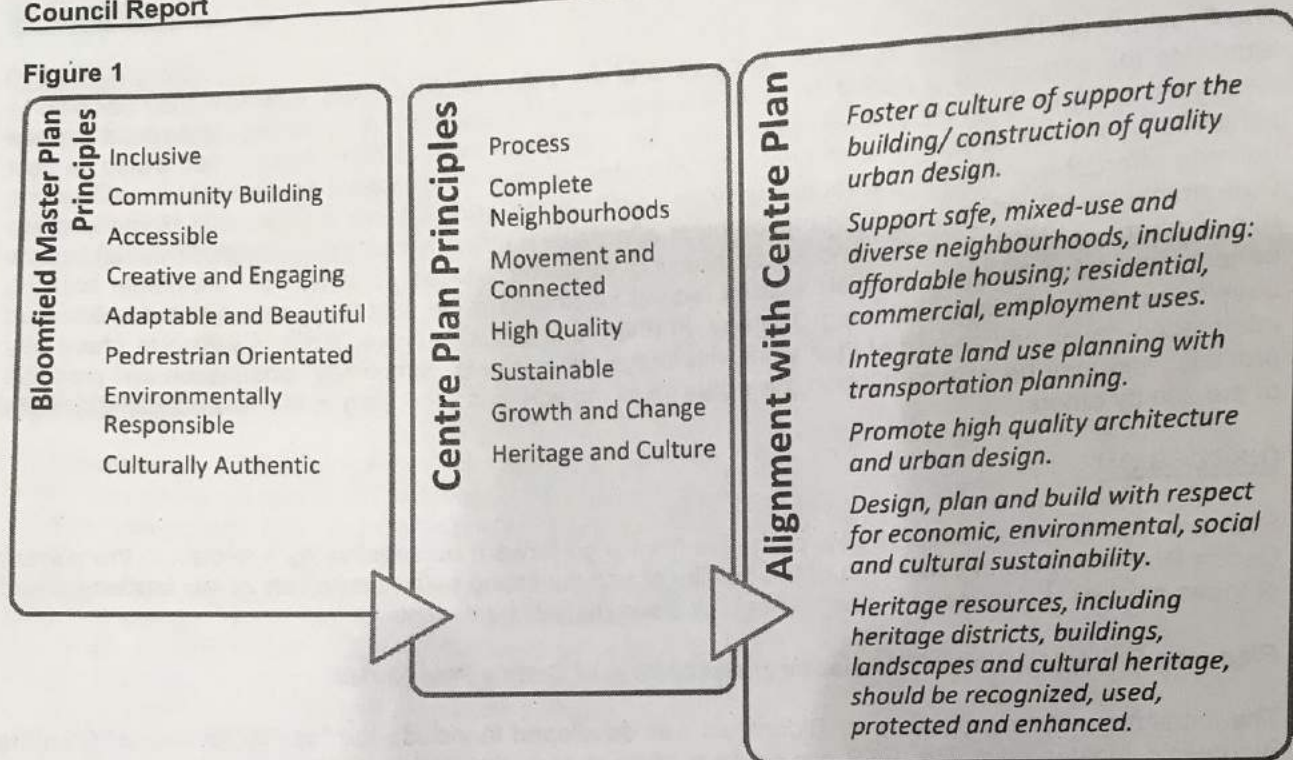
Planning Context - Bloomfield Master Plan (2009) and Centre Plan (2016)

The initial request for proposals for Bloomfield was developed to include the "design principles" from the Bloomfield Master Plan. The RFP served as a bridging tool intended to get certain policy outcomes in place for the property in the absence of a Centre Plan. Figure 1 below demonstrates the alignment of the Bloomfield Master Plan principles with that of the Centre Plan today.

Now that the Centre Plan is well advanced, staff is recommending that the property be sold following the adoption of the Centre Plan policies for the property. This will provide for greater certainty as to what ultimately gets developed and avoid managing design and plan policies through a real estate transaction. The Centre Plan will allow staff to put policy in place in consultation with the public that reflects community needs and influences the future development of the property.

The tangible municipal requirements asked of developers during the initial RFP were; 10,000 square feet of commercial market space, targeted to creative industry; 20,000 square feet of affordable community and cultural space; and 20 percent of the site as open space. These elements can still be included as key conditions or requirements of a future sale.

Figure 1



Building Condition and Demolition

There are three Buildings on the site totaling 90,000 square feet of floor area, the Main Bloomfield building (c. 1971), the Commons (c.1919) and the Fielding building (c.1929). Annual holding costs for 1016/17 are projected to be \$90,000.

Staff will be completing the necessary condition assessments for the Fielding and Commons buildings to ensure that these structures are stable along with advancing a demolition program for the Main Bloomfield building. Although neither the Fielding nor Commons buildings are registered heritage properties, the Bloomfield Master Plan identified their heritage value and sought to have elements of the building incorporated into the future development.

Disposal Strategy

The highest value can be achieved if property is sold post Centre Plan when policies and the LUB are certain not speculative. This results in purchasers bidding on certainty and not discounting for risk and approval timing. Engaging an external broker to manage sale process will leverage highest return for the municipality.

Summary of Next Steps

- Defer sale of the property until conclusion of Centre Plan process;
- Undertake condition assessments for the Commons (c.1919) and the Fielding buildings (c.1929) and take necessary steps to stabilize;
- Initiate demolition program for Main Bloomfield building; and
- Market property for sale in the spring of 2017 following adoption of the Centre Plan policies.

FINANCIAL IMPLICATIONS

The termination of the Agreement of Purchase and Sale results in the retention of the deposit by the Municipality in the amount of \$764,800. This amount will be credited to the Planned Strategic Project Reserve, Q146.

The Municipality continues to incur operating or carrying costs of \$90,000 per annum for the property. Furthermore, the continued delay in the sale of the property has delayed revenue from sale proceeds to be deposited to reserves and realty taxes.

Budget Summary, Planned Strategic Project Reserve, Q146

| | |
|---|----------------|
| Balance at April 30, 2016 | \$ 12,857,119 |
| Estimated Interest Revenue | \$ 30,000 |
| Pending Commitments at April 30, 2016 | \$(60,021,474) |
| Forfeit of deposit | \$ 764,800 |
| Projected net available balance, March 31, 2017 | \$(46,369,555) |

Q146, Planned Strategic Projects Reserve. On July 29, 2014, item 14.2, Strategic Capital Funding Strategy, Council approved the net proceeds from the sale of Bloomfield to fund Planned Strategic Projects. To implement that decision, a new reserve was created so staff could separate sales into planned or potential strategic projects. The business case for this reserve has yet to be developed and is part of the reserve review project that is well underway. As outstanding business cases are completed for reserves, they will be brought forward for Council's consideration.

The negative projected balance in the reserve at end of year is due, in part, to timing of expenditures vs the revenue of large sales in future years. This issue is being discussed with the Reserve Review Project that is underway.

RISK CONSIDERATION

With the termination of the Agreement there remains operational risk and liabilities with retention of vacant land and structures. This will be mitigated by undertaking updated assessment work on the two older buildings and taking steps to delay further deterioration where reasonable and demolition planning for the main building.

COMMUNITY ENGAGEMENT

Halifax Regional Council adopted in principle the conceptual master plan for the Bloomfield property in 2009. This plan was supported by extensive public consultation. Furthermore, the property is subject to the required public consultation as part of HRM's Centre Plan process.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this matter at this time. Condition and environmental assessments will be completed as part of the demolition and disposal process.