



TO:	GENERAL COMMITTEE
SUBJECT:	ADVANCE PROPERTY PURCHASE
WARD:	ALL
PREPARED BY AND KEY CONTACT:	T. REEVE, SR., ASSET MANAGEMENT PROGRAM COORDINATOR, EXT. 4465
SUBMITTED BY:	K. OAKLEY, P. ENG., MANAGER OF CORPORATE ASSET MANAGEMENT
GENERAL MANAGER APPROVAL:	A. MILLER, RPP, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT
CHIEF ADMINISTRATIVE OFFICER APPROVAL:	M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the Advanced Property Purchase Policy attached as Appendix "B" to Staff Report CAM001-20, be approved.

PURPOSE & BACKGROUND

2. The purpose of this Staff Report is to provide some additional information on a proposed policy/framework to assess the merits of advance property purchases and to establish guidelines for these purchases.
3. The City of Barrie (City) infrastructure projects sometimes require the City to acquire ownership to an entire property in order for the project to proceed. Typically properties are identified during an Environmental Assessment (EA) or Master Plan study. After the EA or Master Plan is complete, the project is budgeted in the capital plan. Typically there are phases for pre-design, design, property acquisition, utility relocation and construction. Depending on the complexity and budget, each of these phases can each take one or two years.
4. The property purchase usually takes place after the project has advanced through the design phase, which can be many years after the need for the property is identified. Property acquisition is usually done by purchase or expropriation once the appropriate studies and pre-design are complete to narrow down exactly what the property requirements are and when they will be required.
5. In some instances the delay in the timing of the acquisition, once identified, may create a hardship, or the perception of hardship, for the landowner. Property owners have expressed concern with their ability to sell the property to another private owner with the knowledge the City will one day buy the property. Another concern expressed by landowners is the uncertainty surrounding the property that will impact decisions on whether or not to make improvements or renovations to the property.

6. The recently completed Infrastructure Master Plans and other completed Environmental Assessments have identified a number of properties requiring full property acquisition. The properties are summarized in Appendix A. A total of 48 properties with a purchase cost of \$45 million (2019 dollars) has been estimated using assessment data and recent sales data. Some of the properties are included in the current capital plan, others are not. The table identifies this timing, as well as whether the property is residential or non-residential. This list represents properties identified in EAs completed in the last 10 years. As the City continues to develop infrastructure projects to solve existing deficiencies or prepare for growth, additional properties may be identified for purchase. It should be noted that these are just properties identified as full acquisitions. The City also identifies portions of properties required to complete projects; these partial acquisitions are not the subject of this report or proposed policy.
7. During the development of the 2019 Master Plans, and also following approval of the Sophia Creek Master Plan, a few property owners have expressed a desire to sell their property to the City immediately, rather than live with the uncertainty of not knowing when the City would approach them. The City would benefit from a policy and set of criteria to consistently and fairly evaluate such requests and to inform decision making.
8. City staff have conducted research by reaching out to other municipalities and agencies to determine how they are currently handling similar situations. Those that responded acknowledged that they are facing similar issues but none have a formal procedure/policy in place for dealing with this type of issue.
 - a) York Region advises that they have in the past reallocated funds from other initiatives to purchase property in the case of a “hardship” being proven. They have also created a “Land Reserve Fund” to pay for such purchases. Council approval is required on a case by case basis to access the funds in the reserve fund. In terms of future use of the property in most instances, it is their practice to demolish but they have used the dwellings for other uses such as police training and field offices.
 - b) The Ministry of Transportation (MTO) has dealt with the issue on a case-by-case basis and subject to available funding. They have developed criteria for the evaluation of hardship but didn’t have information on the criteria being applied.

ANALYSIS

9. City staff from Engineering, Legal and Finance met to develop potential solutions to deal with property owners who are impacted by having their property identified by the City for purchase to allow for an infrastructure project which is either forecast a number of years in the future or not yet scheduled in the capital plan.
10. A long list of options were developed for consideration. Those options are summarized in the following table:

#	Option	Description
1	Purchase during normal course of a project	No changes to current approach to delivering projects. This is the “Do Nothing” option.

2	Advance purchase budget to line up with design year	This would advance the purchase of the property to coincide with when design would begin on the project. Typically this would mean advancing property purchase 2 or 3 years from normal practice.
3	Purchase when specific criteria are met	The City would evaluate the property request based on a set of criteria. These would include: <ul style="list-style-type: none"> • Project status in the capital plan – Properties in the first five years would be considered. • Property zoning/land use – residential properties would be considered.
4	Purchase after landowner has failed to secure a private sale	The City would begin negotiation to purchase after the landowner has made an attempt to sell the property to the market.
5	Purchase upon demonstration of hardship	The City would evaluate the potential to purchase when hardship could be demonstrated.
6	Purchase in the next budget	Upon receiving a request, the City would revise the upcoming budget to include in the next year of the capital plan.
7	Purchase as requested	Upon receiving a request to purchase, the City would begin negotiation with the property owner for the purpose of purchasing immediately. Funding would have to be approved in-year, outside of the capital plan.

11. The options were evaluated by staff with consideration for a number of criteria including:
 - a) Addresses the problem – How well does the option address the issue of the hardship or perceived hardship on the property owners?
 - b) Financial – What strategy will be required to implement the option? Is it financially feasible?
 - c) Fairness – Will the option be fair and impartial to all?
 - d) Land holding implications – What are the implications of the City owning the property in advance of construction?
 - e) Risk – What is the risk that the property is not required either because the project doesn't go ahead as scheduled or the scope changes?
 - f) Compatibility with City processes – Through the City's current process, there are mechanisms in place to prioritize capital projects and evaluate against each other. Some options impact those processes by taking purchases out of that discussion.
12. The preferred alternative was a combination of Option 3 and Option 6 whereby the City would advance purchase of a property for a project that is in the first 5 years of the capital plan. This would apply to residential properties where the owner is one of the primary residents. The request would be accommodated in the next budget year. The process is described in the draft policy in Appendix B.

13. An analysis of the properties currently identified in environmental assessments (refer to Appendix A) show that of the 48 properties identified for purchase, only 4 properties would be eligible for advance purchase through the policy as recommended, if the policy was implemented in 2020. Additional properties would become eligible as the City gets closer to implementation of those projects.
14. Typically once the City acquires a full property, any existing building are demolished. This protects the City from liability and also from incurring costs of insurance, maintenance etc. The interim use of properties purchased in advance of being required for an infrastructure project will be evaluated on a case-by-case basis. Options include early demolition or short term leasing to a community partner like The Salvation Army.

ENVIRONMENTAL MATTERS AND CLIMATE CHANGE IMPACT MATTERS

15. There are no environmental and/or climate change impact matters related to the recommendation.

ALTERNATIVES

16. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could maintain the existing procedure with respect to advance property purchases which would mean that they are dealt with on a case-by-case basis and historically no accommodations have been made (i.e. status quo)

This alternative is not recommended as it would not address the issue of hardship on the property owners.

Alternative #2

General Committee could alter the proposed recommendation by asking staff to revise the policy to make more properties qualify for advancing their purchase. The policy could be revised to include other alternatives considered in this report, a combination of those alternative or new approaches.

Although this alternative is available, it may result in additional financial pressure on the City's capital budget which in turn would mean less capital projects could be implemented.

FINANCIAL

17. Approval of the motion and policy does not have direct impact on the City's finances. The policy uses the capital plan process to seek approval for funding for individual properties and separate staff reports to give approval to actually acquire properties. The capital planning process considers overall affordability in line with council direction. Should a request through the policy result in a funding request in the capital plan, it is likely that the City would have to reduce or defer another capital project(s) in the upcoming year.
18. The decision to advance purchase of a property does not increase the amount of funding the City would need to spend to deliver a project, but it does advance the expenditure to an earlier year.
19. There is an impact on City staff resources in the same way that the capital plan is impacted. Property purchase, and the staff time associated with those purchases would be advanced to earlier years and therefore not required in subsequent years.



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20. Final decisions on allocation of funding will be subject to Council's approval of a capital plan.

LINKAGE TO 2018-2022 STRATEGIC PLAN

21. The recommendation(s) included in this Staff Report are not specifically related to the goals identified in the 2018-2022 Strategic Plan.



APPENDIX "A"

Summary of Identified Properties

Environmental Assessment Name	Study Year	Land Use	First 5 years (2020-2024)		Last 5 years (2025-2029)		Not in Capital Plan		Total	
			# of properties	Value	# of properties	Value	# of properties	Value	# of properties	Value
Drainage Master Plan	2019	Residential	2	\$1,100,000	1	\$500,000	3	\$2,000,000	6	\$3,600,000
		Non-residential	5	\$10,300,000					5	\$10,300,000
Sophia Creek Drainage Master Plan	2017	Residential	2	\$1,200,000	8	\$5,100,000	4	\$2,600,000	14	\$8,900,000
		Non-residential								
Bayfield ESR	2013	Residential			5	\$3,300,000			5	\$3,300,000
		Non-residential								
Essa ESR	2011	Residential								
		Non-residential	2	\$1,800,000					2	\$1,800,000
Dunlop ESR (draft)	2019	Residential								
		Non-residential	4	\$4,800,000					4	\$4,800,000
Anne Street ESR	2007	Residential			6	\$2,500,000			6	\$2,500,000
		Non-residential			1	\$700,000			1	\$700,000
Salem ESR (including McKay interchange)	2017	Residential								
		Non-residential	5	\$10,000,000					5	\$10,000,000
Total		Residential	4	\$2,300,000	20	\$11,400,000	7	\$4,600,000	31	\$18,300,000
		Non-residential	16	\$26,900,000	1	\$700,000			17	\$27,600,000
		All Properties	20	\$29,200,000	21	\$12,100,000	7	\$4,600,000	48	\$45,900,000

APPENDIX "B"

Draft Policy



ADVANCE PROPERTY PURCHASE

Policy Category/Section: A09
Approval Date and Motion:
Effective Date: January 28, 2020
Last review date:

1. Policy Statement:

The City of Barrie will receive and consider requests to advance full property purchases for properties identified in completed environmental assessment studies. Properties that meet the criteria outlined in this policy will proceed for purchase with funds allocated in the subsequent capital plan.

2. Purpose/Application:

The City of Barrie's infrastructure projects sometimes result in the need for the City to acquire a portion of or an entire property. This is usually done by purchase or expropriation once the appropriate studies and design are done to narrow down exactly what our property requirements are and when they will be required. In some instances a delay in the timing of the acquisition, once identified, may create a hardship or the perception of hardship, for the landowner.

This policy will allow landowners to approach the City to make a request to have their property purchase expedited.

This policy will provide a framework to receive these requests and assess the merits of advance property purchases.

The Policy is intended to:

- Outline the steps required to assess an advance purchase request.
- Provide a mechanism to consider/determine eligibility and assess the merits of an advance purchase request.

3. Definition(s):

Environmental Assessments – A study completed under the Municipal Class Environmental Assessment process which is a standardized planning process for municipal infrastructure project. This policy covers environmental assessments completed by the City of Barrie.

Completed Environmental Assessments – When a Notice of Completion has been filed, and no Part II orders are received, the project requires no further environmental approvals under section 5 of the Environmental Assessment Act.

Advance property purchase - Approval of funding through a capital plan and initiation of property acquisition for properties where timing is accelerated from the typical infrastructure project delivery model.

Residential – A property is considered residential if under the current zoning bylaw it is classified as RH, R1, R2, R3, R4, RM1, RM1-SS and RM2. Properties meeting this zoning and where the existing structure has 3 or less dwelling units are deemed to be eligible.

Compensation – Compensation to landowners for the purchase of their property to the City will be determined as it normally would for any other property. The compensation is being treated as a voluntary sale.



4. Specific Policy Requirements:

A property owner may make a written request to have the City advance the property purchase if the following criteria are met:

- a. **Completed Environmental Assessment:** The property has been identified in a completed Environmental Assessment as being required for full acquisition by the City of Barrie.
- b. **Land Use:** A property will be eligible for advance purchase property if it is residential. This means it is detached, semi-detached townhouse or other form of ground related residential. The owner is the primary resident or one of the primary residents.
- c. **Capital Plan Timing:** The current approved capital plan will be consulted to determine when the property purchase is anticipated to proceed. If the property phase of the project is forecast within the first five years, the advance purchase will be considered (e.g. if it is 2020, properties identified from 2020 to 2024 inclusive would be considered). Properties that are in the second 5 years of the capital plan or not in the capital plan would not be considered.

4.1 Funding:

The advance purchase budget request will be considered during the next revision of the capital plan. No in-year modifications to the capital plan will be considered through this policy. Final approval of funding will be through Council's approval of a capital plan.

4.2 Timing:

For 2020, the preferred cutoff date for consideration in the next year's budget is May 31. Requests received after May 31 will not be able to be accommodated into the next budget cycle (e.g. a request received October 2020 would need to wait to be considered for the 2022 plan). The timing could change annually and members of the public contemplating requesting advance purchase are advised to contact the City to determine the current timing.

Once the budget to purchase the property has been approved, the City will engage in negotiation with the property owner for purchase of the property.

5. Limitations

This policy is limited to properties identified through municipal class environmental assessments for purchase by the City of Barrie for implementing infrastructure projects. Properties identified through other processes or for other agencies are not considered.

The advancing of the funds for property purchase will be done through the City's budget prioritization project. The prioritization committee will receive the request and report to Council on funding being advanced or if the funding is not advanced, a rationale for not adhering to this policy will be provided.

6. Responsibilities

The Infrastructure and Growth Management Division will lead the implementation of this policy with support from Finance and Legal Services. Requests will be made to the Director of Infrastructure if the project design is underway or the Manager of Corporate Asset Management if the project hasn't yet started.

7. Related Policies, Legislation and By-laws

There are no related policies, legislation or by-laws.