

# **ADVANCE PROPERTY PURCHASE POLICY**

**PRESENTATION TO GENERAL COMMITTEE**

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# Agenda

1. Problem Statement
2. Overview
3. Options
4. Criteria
5. Proposed Policy
6. Questions

# Problem Statement

- Develop a policy considering requests from property owners who are impacted by having their property identified by the City for purchase to allow for an infrastructure project.

# Overview - Property Required

- Through completed Environmental Assessments (Master Plans or other EAs) the City sometimes identifies private properties required to deliver infrastructure projects.
- Normally, the City would buy these properties after design and prior to construction.
- The property is a critical part of the project. The infrastructure cannot be completed without the property.

# Overview – Property Owner Concerns

- Some property owners feel this has impacted their property by:
  - Limiting their ability to sell the property privately as buyers would be wary of this situation
  - Creating uncertainty around property and life decisions as the owners don't know how long they will be able to remain in their property
- Some owners have requested that the City advance the purchase of their property so they can have the situation resolved.
- Staff committed to develop a policy to address this issue.

# Overview – Number of Properties

- The currently completed Master Plans and Environmental Assessments (EAs) have identified properties for full acquisition:

Environmental Assessment Name	Study Year	Land Use	Number of Properties
Drainage Master Plan	2019	Residential	6
		Non-residential	5
Sophia Creek Drainage Master Plan	2017	Residential	14
		Non-residential	
Bayfield ESR	2013	Residential	5
		Non-residential	
Essa ESR	2011	Residential	
		Non-residential	2
Dunlop ESR (draft)	2019	Residential	
		Non-residential	4
Anne Street ESR	2007	Residential	6
		Non-residential	1
Salem ESR (including McKay interchange)	2017	Residential	
		Non-residential	5
Total		Residential	31
		Non-residential	17
		All Properties	48

- It is estimated that the above properties represent approximately \$40 to \$50 million in 2019 dollars if the City were to purchase.
- These numbers represent a snapshot in time. They change as projects get implemented and new studies are completed.
- More properties have been identified as “partial” property required. Those properties are not considered in this policy.

# Overview – Other Jurisdictions

- City staff reached out to other municipalities and the MTO to see what policies they currently have in place.
- Although some acknowledge the same issue, no other municipalities have a procedure in place for dealing with this type of issue. Some municipalities reported making purchases on a one-off basis after resident made a hardship case.
- The MTO has dealt with the issue on a case-by-case basis and subject to available funding. They have developed criteria for evaluation of hardship.

# Options

1. **Purchase during normal course of a project (current practice):** No changes to current status.
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.
3. **Purchase when criteria are met: The City would evaluate the property request based on a set of criteria. These could include:**
  - a. Project status in the capital plan (in next 10 years)
  - b. Project status in the capital plan (in next 5 years)
  - c. Property zoning / land use
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 on 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 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.



# Considerations

When evaluating the options, the following criteria were considered:

- **Addresses the problem** – How well does the option address the issue of the hardship on the property owners?
- **Financial** – What strategy will be required to implement the option? Is it financially feasible?
- **Fairness** – Will the option be fair and impartial to all?
- **Land holding implications** – What are the implications of the City owning the property in advance of construction?
- **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?
- **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.

# Preferred Option – Hybrid

1. **Purchase during normal course of a project (current practice):** No changes to current status.
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.
3. **Purchase when criteria are met: The City would evaluate the property request based on a set of criteria. These could include:**
  - a. Project status in the capital plan (in next 10 years)
  - b. Project status in the capital plan (in next 5 years)
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# Proposed Policy - Summary

- Criteria
  - Property is residential and the owner's primary residence.
  - Property phase of the project is in the first 5 years of the current capital plan.
- Procedure
  - Resident makes written request to have property advanced.
  - Infrastructure and Growth Management staff review with support from Finance and Real Estate to ensure compliance with criteria.
  - Staff update draft budget to indicate this property budget should be prioritized for the next year.

# Proposed Policy - Implications

- The below table shows the proposed policy implications to the 2020 capital plan:

Environmental Assessment Name	Study Year	Land Use	First 5 years		Last 5 years		Not in Capital Plan		Total	
			#	Value	#	Value	#	Value	#	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

- 4 properties and \$2,300,000 immediately eligible to be advanced if requests are received.
- Financial considerations do not include the potential to recover some costs from sales of partial properties after infrastructure projects are completed.

## Proposed Policy - ICI

- Because the focus is dealing with residents who are impacted in their primary residence, Industrial, Commercial and Institutional (ICI) were excluded.
- Because of affordability and uncertainty in timing of long range projects, recommended policy was to include properties in the first 5 years.
- Because the time to allocate funds is through the budget process, implementation is proposed to link to the annual budget.

# Proposed Policy – Other Considerations

## Social Housing

- The potential for partnering with a social housing provider could be considered in the future. Some considerations:
  - Service partner or non-profit
  - Short term availability
  - Some properties may be floodplain
- The framework and suitability for the use of these properties as short term social housing would be explored on a case-by-case basis with organizations like the Salvation Army.
- The details of this will be done outside of the Advance Property Purchase Policy presented today.

# Thank you

## Questions?