



TO: GENERAL COMMITTEE

SUBJECT: CITY INDUSTRIAL LAND SALE, 44 HOOPER ROAD

WARD: 8

PREPARED BY AND KEY CONTACT: P. DYCK, BUSINESS DEVELOPMENT OFFICER, x5228

SUBMITTED BY: S. SCHLICHTER, DIRECTOR OF BUSINESS DEVELOPMENT

GENERAL MANAGER APPROVAL: Z. LIFSHIZ, EXECUTIVE DIRECTOR OF INVEST BARRIE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the Property described as Lot 5 RP 51M-378 also known as 44 Hooper Road be listed with a Real Estate Brokerage (the "Brokerage") and sold on the open market with the following parameters:
 - a) The Property be listed for sale on the Multiple Listing Service with the Brokerage that provides the most reasonable commission rate as determined by a competitive process, and as approved by the Director of Business Development;
 - b) The Brokerage be responsible for negotiating the sale using the Ontario Real Estate Association's standard form of Agreement of Purchase and Sale (the "Agreement");
 - c) In order to maximize the sale potential of the Property it be exempted from the City of Barrie's policy for the disposition of City owned industrial land and sold to the purchaser who presents the best offer as determined by the Brokerage in consultation with the Director of Business Development; and
 - d) The initial asking price of the Property be determined between the Brokerage and the Director of Business Development, and the final sale price be no less than \$200,000.
2. That the sale be considered acceptable by the City if the above parameters are met, and the City Clerk be provided delegated authority to execute the closing documents and any amending documents which are approved by both the Director of Legal Services and the Director of Business Development.
3. That the Director of Business Development be authorized to execute and amend any listing agreements as required to engage a Brokerage.
4. That staff in the Business Development Department provide a memorandum to City Council once the City Industrial Land Sale of 44 Hooper Road is complete.

PURPOSE & BACKGROUND

Report Overview

5. The purpose of this Staff Report is to obtain Council's approval to sell the City's last remaining surplus industrial parcel on the open market without the City's standard terms and conditions for industrial land, such as construction requirements and buy-back provisions.
6. 44 Hooper is the City's last remaining industrial parcel. It consists of 2.5 acres of land with approximately 1 acre being useable. The remaining back portion of the lot is not useable due to the steep grades leading into a ravine. This area is also within the Lake Simcoe Conservation Authority Regulation Limit and therefore subject to conservation authority geotechnical and development constraints.
7. 44 Hooper has been in the City's portfolio for many years. The first recorded sale of the lot was in July 2007, which was subsequently repurchased by the City due to the buyer's inability to complete the development requirements. Since then, 44 Hooper has been conditionally sold on several occasions only to return to the City's portfolio. Over the past year the Property has been under contract on two separate occasions and subsequently did not close upon completion of the Buyer's due diligence process under the agreement. Time, costs to develop due to the complexity of the site were the key factors in the Buyer not closing on the contract.

ANALYSIS

8. 44 Hooper was declared surplus (for a 2nd time) to the City's needs in September, 2009 via Staff Report EDO008-09 (motion 09-G-390).
9. The most recent appraisal for the Property was in December 2017 and the value at that time was determined to be \$220,000 for the entire 2.5 acre lot. Most of the value was attributed to the 'useable' 1 acre portion along the front of the property. The appraiser did not provide for any value due to the lack of utility for the rear of the lot.
10. The status of the Property can be summarized as follows:
 - a) The Property is the last remaining marketable City owned industrial parcel;
 - b) The site has been sold on several occasions to end users, who have been unable to close on the Property due the cost and complexity of developing the parcel;
 - c) The cost per square foot to construct a building on the Property is likely to be higher versus other industrial buildings on regular flat serviced land;
 - d) The City's standard requirements for industrial lands require the Buyer to construct within one year of the purchase, failing which the City has the option to buy back the lands. These covenants further constrain the land.
11. Given the conditions of the property, Staff are recommending that the practices utilized for selling non-industrial lands be adopted for 44 Hooper and that a real estate broker be hired to market, solicit offers, and manage and negotiate the terms of the agreement to be submitted to the Director of Business Development for approval.

12. Under this process, a real estate broker would be selected through a competitive bid process, to manage and negotiate the terms of the agreement, subject to a commission fee. A listing agreement with the broker would ensure that the Property be listed on the MLS system for no less than 14 days before any offers are considered.
13. Given the noted constraints to develop the Property, it is recommended the City waive its regular conditions in the purchase agreement and require the Broker to use the standard Ontario Real Estate Association Agreement of Purchase and Sale. .
14. Given the higher than normal cost to develop the Property it is recommended the City be willing to accept offers of no less than \$200,000. The recommended process will ensure the Property receives exposure on the MLS system with the goal of maximizing its value via a competitive open market process.

ENVIRONMENTAL MATTERS

15. There are no environmental 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 policy and procedure with respect to utilizing the City's standard terms and conditions in the Purchase Agreement, and having staff monitor and negotiate the sale.

This alternative is available to General Committee, but is not recommended for this site due to the property's development complexity, potential increased development cost, small size, and past history of deals that did not close. Selling the land on the open market through a broker, without the standard encumbrances, aims to maximize the development potential and value of the parcel for a business or developer. Utilizing a broker would provide exposure through MLS and potentially conclude the sale more quickly, and at a price greater than \$200,000.

FINANCIAL

17. Using an estimated sale price of \$200,000, there would be a realized loss on the sale of the Property of \$-40,317. This includes the required 2% parkland dedication of \$4,000 and an estimated commission of \$12,000 and less the Net Book Value (NBV) of \$224,317.

LINKAGE TO 2018–2022 STRATEGIC PLAN

18. The recommendation(s) included in this Staff Report support the following goals identified in the 2018-2022 Strategic Plan:

- Growing Our Economy

APPENDIX "A"

Aerial

