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<b>TO:</b>	<b>GENERAL COMMITTEE</b>
<b>SUBJECT:</b>	<b>SALE OF PARKING LOT – 23 COLLIER STREET</b>
<b>WARD:</b>	<b>2</b>
<b>PREPARED BY AND KEY CONTACT:</b>	<b>P. DYCK, BUSINESS DEVELOPMENT OFFICER, EXT. 5228</b>
<b>SUBMITTED BY:</b>	<b>S. SCHLICHTER, DIRECTOR OF ECONOMIC AND CREATIVE DEVELOPMENT</b>
<b>GENERAL MANAGER APPROVAL:</b>	<b>A. MILLER, RPP GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT</b>
<b>CHIEF ADMINISTRATIVE OFFICER APPROVAL:</b>	<b>M. PROWSE, CHIEF ADMINISTRATIVE OFFICER</b>

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**RECOMMENDED MOTION**

1. That the City Clerk be authorized to execute an Agreement of Purchase and Sale between The Corporation of the City of Barrie (the "City") and 2304614 Ontario Inc. (the "Buyer") for the 864.8 square metres (0.21 acre) parcel of City-owned land described as Part Lot 59 S/S Collier Street, Plan 2 Part 1 SC452210, Barrie, (the "Property") on the south side of Collier Street, also known municipally as 23 Collier Street, for the purchase price of \$900,000, in a form approved by the Director of Legal Services and the Director of Economic and Creative Development, and subject to the following general terms and conditions:
  - a) The Buyer acknowledges that acceptance of the offer, including all amendments, is conditional upon:
    - i) The approval of the Council of The Corporation of the City of Barrie;
    - ii) Completion of a survey of the property, at its own cost, to determine any encroachments and/or additional easements, to the City's satisfaction; and
    - iii) The Buyers acknowledgement and agreement to provide an easement for the existing electrical transformer at the rear of the Property.
  - b) The purchase price of \$900,000, subject to adjustments as may be necessary upon completion of an updated survey of the property and associated easements;
  - c) The Buyer agrees that it is Purchasing the property in its present condition "as is" and further acknowledges and agrees that it will conduct such tests as it deems necessary to determine to its satisfaction that the Property is suitable for the Buyer's intended use;

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- d) The Buyer acknowledges that any planning approvals, including re-zoning of the City Property, will be done in accordance with the City's standard process and procedures and at the Buyer's own risk and expense; and
  - e) That the City cease operation of the parking lot, upon completion of the sale of the Property, and the Buyer shall subsequently maintain the Property to standards as determined by the City at its discretion.
2. That the City Clerk in consultation with the Director of Economic and Creative Development and the Director Legal Services be authorized to execute amendments as necessary to achieve the terms as noted in Paragraph 1 of Staff Report ECD005-20, and any extensions to the conditions and dates as set out in the Agreement of Purchase and Sale.
3. That, subject to any adjustments to the purchase price, proceeds from the sale of the Property, which has a book value of \$438,000, less associated costs in the amount of \$6,180 which are to be allocated to the Industrial Land Reserve (350090) and the remaining realized gain in the amount of \$455,819 shall be allocated to the Parking Reserve.

## **PURPOSE & BACKGROUND**

### **Report Overview**

4. The purpose of this staff report is to seek approval for the acceptance of an unsolicited offer for the sale of the municipally-owned parking lot at 23 Collier Street in the City's downtown core which is adjacent to the City's multi-level parking structure located at 31 Collier.

### **Sale Proposal**

5. The offer to purchase has been received from 2304614 Ontario Inc., also known as Solid General Contractors. The proposed terms are as follows;
- a) The purchase price for the Property is in the amount of \$900,000;
  - b) Any required Planning approvals are to be at Buyers own risk and expense;
  - c) Closing date shall be sixty days following the removal of all conditions;
  - d) The Buyer is purchasing the property 'as is' and will conduct such tests it deems necessary to ensure the Property is suitable for its use;
  - e) The City may remove any of its fixtures and will not be required to make good the removal of these fixtures;
  - f) The City shall cooperate and provide any due diligence materials and information in its possession.
6. The Buyer is also the developer for a future proposed project on this site, and has been involved in the design, marketing and construction of numerous residential and commercial developments. The company is experienced in all disciplines of the development industry including Land

Assembly, Project Management, Planning and Design. The company has developments in communities across Canada including Barrie, Toronto and GTA.

7. The Buyer has also acquired the abutting parcel of land known as Cancilla's Market (21 Collier Street), in order to accommodate a larger site for their proposed development. Combined, both of these lots will total approximately 1,353 sq.m. (0.334 acre) for development. (see Appendix "A")
8. Both 21 and 23 Collier are zoned C1-2 which allows for a broad range of commercial and residential uses, but in the case of Collier Street, the frontage zoning stipulations do not require step-back provisions and permit a maximum building height of 45 metres, or approximately 15 stories.
9. It is staff's understanding that the Buyer intends to merge the two parcels and submit a development application on the merged parcel. No application has been received at this time.

#### Disposition of Parking Lot Strategy

10. On June 29, 2015, Council adopted Motion 15-G-160, which outlined the strategy to rationalize numerous City-owned parking lots in the downtown. The strategy determined that particular downtown lots were suitable for specific types of development that would assist in realizing various key strategic objectives for the City.
11. Based on the objectives and evaluation of each of the properties, staff recommended the parcels be organized into the following categories:
  - a) *Strategic Parcels:* Parcels that present an opportunity for a strategic (catalytic) development due to their size and location.
  - b) *Parcels that advance critical mass in the downtown:* Parcels that are suitable for higher density multi-residential development to allow for the growth of the downtown residential population.
  - c) *Parcels that advance Council's priorities – affordable housing:* Parcels that can be targeted for affordable housing developments.
  - d) *Parcels that are supportive of larger developments (via assembly):* Parcels that are unlikely to yield high development potential unless assembled with adjacent properties or developed in support of a nearby (larger) development.
  - e) *Parcels to Hold:* Parcels that are not recommended for disposition at this time and should be held for the future.
12. According to the 2015 rationalization staff report (15-G-160), 23 Collier is in the category of "Parcels that are supportive of larger developments (via assembly)", and as such, the parcel was not actively advertised nor promoted as being for sale. In October 2019, staff received an unsolicited offer for the purchase of 23 Collier. The Purchaser has indicated that he intends to combine the Property with the adjacent land at 21 Collier, which the Buyer also owns. The methodology for the sale of these type of parcels are described in the 2015 staff report as follows:
  - i) Rationale

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- a) These parcels are smaller properties that could yield significantly better development opportunities, and a higher sales price, if assembled with adjacent properties or if included as part of larger nearby developments. Therefore, the City should not actively seek to market these properties until such time that an adjacent or nearby development is being considered.
- ii) Disposition Order
- a) Should such properties be deemed surplus, these properties are to be retained until such time that an acceptable complimentary or larger land assembly development opportunity is presented to the City. The order for disposition will be determined by the market, based on the timing of adjacent and nearby developments.
- iii) Disposition Method
- a) Although the City will communicate that these properties may be available as part of a land assembly or larger nearby development, the City will not actively pursue efforts to market these properties. In such case, the City will accept unsolicited development proposals on these properties from builders who intend to leverage these parcels as part of a larger land assembly development that includes adjacent or nearby privately held parcels. Should such proposals be made to the City, staff will recommend the sale of the land if the following criteria are met:
- The offer price is at a minimum of fair market value. Market value will be determined relative to the development proposal being contemplated.
  - The proposed development aligns with at least one of the following guiding disposition objectives:
    - Growth and Vibrancy
    - Integration
    - Strategic Development
    - Affordable Housing
- b) The City will pay a flat commission of 2.5% plus HST on the total sale price to a purchasing broker.
- c) Should the City be approached regarding these properties, with a proposal to include them as part of (or in support of) a larger development, staff will report back to Council with a detailed recommendation relative to the sale and development.

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Additional Disposition Considerations:

13. In accordance with By-Law 95-104, which establishes the procedure for the sale of municipal property, the lands were declared surplus through motion 16-G-037 and have recently been advertised for sale through a newspaper ad (May 14, 2020).
14. As is required, staff have circulated the disposition of the property to internal departments for their review and comment. Transit and Parking Strategy have indicated the parking lot is, given its size and utilization, a low priority and can be considered for sale. The supporting rationale for this is;
  - a. The average utilization of the parking lot is 25% with a peak utilization of 40%. Given the lot contains only 15 parking stalls, this would indicate the maximum number of vehicles utilizing the lot – during peak times - is 6 cars.
  - b. The parking lot contains 15 stalls out of a total of 2,400 in the downtown.
  - c. There are no recent numbers available which would indicate whether the lot operates at a deficit or surplus. However, Transit & Parking Strategy estimates that given the low utilization rate, the lot would operate at a deficit.
15. In advance of Council's review of the Downtown Parking Strategy, Transit & Parking Strategy has provided input indicating that parking lot sales should be put on hold. However, the strategy also provides for the flexibility to sell some lots if there is supporting rationale. Given the property is small, provides for only 0.6% of total downtown capacity and operates at a loss, there is little support to keep the lot.
16. The City does have some assets on the property which may need to be removed, namely some trees, shrubs and bench may need to be removed prior to the property being transferred to the buyer. The lot does not have any pay and display machines or meters to remove as it is pay by permit only.

Valuation of the Property

17. Subsequent to the unsolicited offer of purchase being received, the City undertook an independent third-party appraisal of the site which was completed on January 23<sup>rd</sup>, 2020.
18. The appraisal took into consideration the property rights, which were considered to be 'fee simple' ownership and assumed the title to be free and clear of all encumbrances. At the time of the appraisal it was not known whether the lands were subject to any easements or encroachments. As a result, once a survey has been completed that outlines the easement, it is possible the appraised value of the Property may need to be adjusted.
19. The appraisal did consider the assembly value of the Property. Specifically, the subject Property in its highest and best use for a permitted mixed-use development and/or for assembly with adjoining lands for a similar use has a current market value of \$850,000.

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## **ANALYSIS**

20. On June 29, 2015, Council approved Motion 15-G-160, which outlined the strategy to rationalize numerous City-owned parking lots in the downtown. 23 Collier was identified as a property that was supportive of larger developments via assembly. These types of parcels are most suitable for developments whereby density is increased through commercial and/or residential development. 23 Collier is currently zoned as C1-2 (Central Area 2), with a Gross Floor Area (Max % of lot area) of 600% and a permitted height maximum of 45 metres. The adjacent lot at 21 Collier is also zoned C1-2.
21. On February 29, 2016 Council approved Motion 16-G-037 which surplused several properties, including 23 Collier Street, and also set out the parameters for their sale. The parameters for the sale included:
- a) The Executive Director of Invest Barrie be delegated the authority to determine the offer period, and/or remove the subject property from the market, determine timing of sale, repeat the sale process or develop an alternative disposition method;
  - b) The Director of Business Development be authorized to negotiate an agreement of purchase and sale, that meet the criteria as set out in the staff report (resulting in motion 15-G-160), with the goal of effectively maximizing the residential and/or employment density within the downtown;
  - c) That staff report back with any negotiated Agreements of Purchase and Sale to General Committee for approval;
  - d) That a maximum amount of \$35,000 be funded from the Industrial Land Reserve to complete appraisals for the properties, and any proceeds from the sale of the properties first be returned to the reserve, with any additional proceeds being to the benefit of the Parking Reserve.
22. It is staff's understanding that 2304614 Ontario Inc. is seeking to achieve a higher density mixed-use development on 23 Collier Street and the adjacent 21 Collier Street than what the property is currently zoned. Preliminary information indicates that the tower component will be comprised of residential apartment rental, with a mix of affordable units, and main floor commercial. Subject to community consultation and receiving the necessary planning approvals, the Buyer hopes to complete a 20-storey residential tower comprised of approximately 125 units ranging from bachelor units to 2 bedrooms suites. The Buyer hopes to achieve an overall building size of approximately 169,000 sq.ft. (15,700 sq.m.)
23. The offer is being recommended as it aligns with the guiding principles of both staff reports (BDD002-15 & BDD002-16) in the following ways;
- a) Effectively increase the residential and/or employment density in the downtown in support of a larger development via assembly;

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- b) Comprises a mixed use residential/commercial development including an affordable housing component;
  - c) The sale of the land is considered the fair market value. A recent appraisal commissioned by the City in January 2020, determined the value to be \$850,000 and the City has received an offer of \$900,000.
24. The Property is subject to Site Plan Control and its design and development would be regulated through the required Site Plan process. No application has been received at this time as the proposal requires the properties to be merged. The Buyer originally submitted an unconditional offer. The terms of the agreement have been substantially negotiated, which acknowledges the Buyer is completing the purchase and approvals entirely at his own risk, and which is further subject to the approval of Council. The closing date is to be 60 days after removal of all conditions, specifically, the completion of a survey and acceptance of required easements, along with Council authorization.
25. Given the Buyer owns the adjacent property at 21 Collier Street, with an intent to combine the parcels for a larger intensive development, the two properties will automatically merge on title if held in the same name. The offer is reflective of fair market value and staff are supportive of the Buyer being permitted to complete appropriate Planning applications at its own risk and cost once the sale has closed. Should they be unsuccessful, under the terms of the agreement, the Buyer would remain in possession of the lands and there would be no option to terminate the agreement nor is there any option for the City to repurchase the Property. The Buyer in this case would have to amend its plans for the proposed development.
26. The Buyer is proposing to develop the property immediately after achieving the approvals necessary to begin construction, assuming market conditions are stable enough at the time to begin construction.
27. The Property has a transformer situated at the rear of the Property. Staff have been in communication with Alectra who have indicated the transformer and the land on which it resides requires an easement be put in place (there is currently no easement noted on title). Staff are working with Alectra to reach an agreement regarding the easement with the intent to have the easement registered at the time the transfer of the Property occurs.
28. The most recent survey for 23 Collier Street was drafted in 2006 as part of the City's expropriation of the Property when it constructed the parkade. There is no current survey indicating infrastructure or proximity of nearby buildings. The Purchase Agreement will also require the Buyer to obtain any necessary survey(s) at its own cost, to the City's satisfaction as a condition of sale.
29. There are currently several large garbage bins located at the rear of the Property. These bins service several nearby businesses which have no accessible location to store waste. The City is not responsible for the bins and only provides the location on which the bins reside. The users of these bins are tenants of the Buyer and as such the Buyer will be responsible for providing ongoing access should Council approve the sale of the Property.

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30. Staff are negotiating with the Buyer, that once parking operations have ceased, the Buyer is to maintain the Property to a standard acceptable to the City.

**ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS**

31. In March 2007, the City hired Terraprobe to conduct an assessment of a much earlier clean up involving the removal of an oil tank in 1995. Subsequently, Terraprobe conducted a second round of testing and clean-up of the property in 2007. In 2018, the City conducted a Phase I Environmental Site Assessment which concluded that due to the history of the site, a Phase II ESA would be required and a Record of Site Condition would be needed if any change of use occurred.
32. The Purchaser will be provided with any information at the City's disposal, but it will nonetheless, at its own cost, be required to conduct an environmental investigation in order to obtain a Record of Site Condition for the proposed development.

**ALTERNATIVES**

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



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**Alternative #1**

General Committee could reject the current offer and not sell the parcel.

This alternative is not recommended as the rationale for the sale of the property is supported by both the recent parking strategy and also via the earlier motions for the surplus and sale of parking lots. The strategy provides the flexibility to sell a parking lot if, as in this case, the impact of selling the lot is minimal to the overall peak utilization of the downtown lots. As 23 Collier comprises only 0.6% of the parking supply, any impact would be minimal. The parking lot disposition strategy also supports the sale of the lot as the driving force behind the sale is the potential increase in population and employment density by combining the lot with an adjacent development.

**Alternative #2**

General Committee could alter the proposed recommendation to include the requirement that the parking lot remain open until such time as construction begins.

This alternative is available, however it is not recommended due to a number of factors. The lot is small and provides only a small amount of available parking spots which are underutilized. The available spots can be made up – or better utilized – in the City's adjacent parking garage. Furthermore, should the City wish to continue to utilize the lot after the sale has closed, this would require the City to enter into a lease agreement with the Buyer which in turn would stipulate the City be responsible for expenses related to maintenance, snow removal, etc.

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## **FINANCIAL**

34. As part of the disposition process for the downtown parking lots, Council Motions 15-G-160 and 16-G-037, stipulated that a combined maximum of \$35,000 be allocated from the Industrial Land Reserve for the purpose of obtaining appraisals, and a maximum of \$110,000 be allocated from the Industrial Land Reserve for the purpose of obtaining environmental assessments and for marketing purposes. Upon sale of the properties, the funds were to be reimbursed to the Industrial Land Reserve (#350090).
35. To date, a total of \$77,118 (plus HST) has been expended for these services. These costs are to be returned to the Industrial Land Reserve (#350090) out of the proceeds of disposition on the property. These costs have been identified and will be reimbursed with the sale of the McDonald Street/Owen Street parking lot sale. Remaining recoverable expenditures for appraisal, environmental assessments and marketing purposes are to be returned to the Land Sale Reserve upon future sales and are expected to remain within the existing allocation approved by Council.
36. The purchase of \$900,000 is above the City's independent appraisal evaluation of \$850,000 and satisfies the conditions of achieving fair market value, per the Downtown Parking Lot Disposition Strategy.
37. 23 Collier Street has a book value of \$438,000 and the appraisal costs are \$6,180.87. With proceeds from the sale of \$900,000 there will be a realized gain of \$455,819 which is to be allocated to the Parking Reserve. There are no commission fees payable on this transaction.

## **LINKAGE TO 2018–2022 STRATEGIC PLAN**

38. The recommendation included in this Staff Report support the following goals identified in the 2018-2022 Strategic Plan:
- ☒ Growing Our Economy
  - ☒ Building Strong Neighbourhoods
39. The above recommendation, if approved, would help strengthen and grow our economy by supporting the redevelopment of two underperforming properties in the City's downtown and would furthermore help build a stronger neighbourhood by increasing the resident and employment density in the City's downtown core.

APPENDIX "A"

21 & 23 Collier Aerial

