

Note: This report was approved by Council on December 5, 2017 for public release



**City of Kingston
Closed Report to Council
Report Number 18-013**

To: Mayor and Members of Council
From: Lanie Hurdle, Commissioner, Community Services
Resource Staff: Peter Huigenbos, Director, Real Estate & Environmental Initiatives
Date of Meeting: December 5, 2017
Subject: 671 Brock Street – Sale of Private Market Block for Parkland

Executive Summary:

On July 11, 2017, Council received Report Number [17-044](#) and provided staff with direction to pursue negotiations with a developer interested in purchasing the private market block at 671 Brock Street and conveying the block back to the city as a parkland contribution for one or more of their development projects. Council directed staff to report back to Council in closed session with the details of negotiations and report out any sale in open session.

Council had previously declared the private market block as surplus to municipal need with the intention that it be listed for sale on the open market.

Staff has successfully completed negotiations with 333 University Avenue Ltd. and University Suites North Ltd. (jointly referred to as “Podium” for this report). Staff recommends selling the block for \$500,000 on the condition that it is immediately conveyed back to the city as the parkland requirement for the pending developments at 333 University Avenue and 495 Princess Street. Because the value of the city’s market block is greater than the value of the parkland requirement, Podium has agreed to gift to the city the difference of \$80,000.

Subject to Council approval, an agreement will be executed to complete the transfers at the time of site plan approval pending settlement of the OMB appeal of the development projects.

MUNICIPAL ACT PROVISION FOR CLOSED MEETING:

Section 239(2) of the Municipal Act, 2001 allows a meeting to be closed to the public if the subject matter being considered is a proposed or pending acquisition or disposition of land by the municipality.

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Section 239 (6) provides that a meeting may be closed to the public during a vote if the vote is for a procedural matter or for giving directions or instructions to officers, employees or agents of the municipality.

Recommendation:

Whereas Council at its meeting on July 11, 2017, directed staff to initiate discussions and negotiations with the developer that submitted an unsolicited letter of interest to purchase the market block of 671 Brock Street for parkland purposes, report back on the details of negotiations in closed session, and report out any sale in open session; and

Whereas staff have negotiated and acquired signed agreements with 333 University Avenue Ltd. and University Suites North Ltd., conditional on Council approval;

Therefore Be It Resolved That the City Clerk be directed to present, and that Council vote on, the following in open session on December 5, 2017:

That Council approve the sale of the private market housing block at the southwest corner of 671 Brock Street, legally described as Lots 88, 89 and part of Lots 90 and 87, Registered Plan 171, designated as Parts 1 and 2 on 13R-21604, to 333 University Avenue Ltd. and University Suites North Ltd., jointly, for the sale price of \$500,000 in a form satisfactory to the Director of Legal Services; and

That Council accept the conveyance of the private market housing block at 671 Brock Street as parkland contribution for the development projects at 333 University Avenue and 495 Princess Street, it being acknowledged that the value of the private market block is \$500,000 and the value of the required parkland contribution is \$420,000; and

That Council approve a gifting agreement with 333 University Avenue Ltd. and University Suites North Ltd., jointly, for \$80,000, in consideration of the difference between the value of the private market block and the value of the required parkland contribution; and

That the Mayor and Clerk be authorized to execute agreements, and other documents as may be required, to carry out the above recommendations, in forms satisfactory to the Director of Legal Services; and

That the proceeds from the sale of the private market block be directed to complete the reimbursement of funds that were drawn from the Municipal Capital Reserve Fund for the original purchase of 671 Brock Street with the remainder of the revenue directed to reimburse the Natural Land/Parkland Reserve Fund; and

That Report Number 18-013 be released to the public.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER , COMMUNITY SERVICES

Lanie Hurdle, Commissioner, Community Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Desirée Kennedy, Chief Financial Officer & City Treasurer

Denis Leger, Commissioner, Corporate & Emergency Services Not required

Mark Van Buren, Acting Commissioner, Transportation & Infrastructure Services Not required

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Options/Discussion:

On July 11, 2017, Council received Report Number [17-044](#) and provided staff with direction to pursue negotiations with a developer interested in purchasing the private market block at 671 Brock Street and conveying the block back to the city as a parkland contribution for one or more of their development projects. Council directed staff to report back to Council in closed session with the details of negotiations and report out any sale in open session.

Staff has successfully completed negotiations with 333 University Avenue Ltd. and University Suites North Ltd. (jointly referred to as “Podium” for this report).

Podium is the developer of the projects at 333 University Avenue and 495 Princess Street. These projects have joint applications for zoning by-law amendment and site plan control to permit on each site a 10 storey mixed-use residential building with commercial uses at grade. The zoning applications were approved by the city but are currently awaiting a decision regarding an appeal to the Ontario Municipal Board (OMB).

The development on these properties will require a 5% parkland conveyance or cash-in-lieu of parkland, as per the city’s Parkland Conveyance By-Law Number 2013-107. This report recommends the sale to Podium of the private market block from the city, with the block then conveyed back to the city as parkland to comply with By-Law Number 2013-107. Section 5 of the by-law permits the city to accept, at its discretion, the conveyance of parkland that is not contiguous to the development site provided that the value of the land provided off-site is approximately equal to the value of the lands from the development site.

Land valuation is determined in sections 19 and 20 of the by-law. The value of the lands is based on the most recent land sale record of the property, no more than 24 months prior to the date of the planning applications. Podium provided city staff with details of the individual purchases for each land assembly at 333 University Avenue and 495 Princess Street. Using the land sale records, it was determined that that value of the parkland cash-in-lieu contribution required from the Podium developments is \$420,000.

The valuation of the city’s private market block at 671 Brock Street was determined using the same methodology. The 671 Brock Street property was purchased for \$1.9M in 2016. A total budget of \$2.25M was approved to acquire the property, pay for due diligence investigations and demolish the building. The private market block is 21% of the overall property area, and 45% of the area of the demolished building sat on the private market block. Using these percentages, the valuation of the private market block, including an apportionment of costs incurred by the city, is \$500,000.

The city and Podium have agreed that the city will sell the private market block for \$500,000. Podium will then immediately convey the property to the city as parkland to satisfy the requirement for the developments at 333 University Avenue and 495 Princess Street.

Off-site conveyance traditionally occurs at the time of the approval of a development project; therefore, the agreements stipulate that the land transactions will be completed at the time of

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settlement of the OMB appeal for the 333 University Street project and the 495 Princess Street project.

The difference between the value of the private market block at \$500,000 and the cash-in-lieu of parkland requirement of \$420,000 is \$80,000. Podium has offered to gift the remaining \$80,000 to the city by way of a gifting agreement.

The terms of the gifting agreement are as follows:

- The city may use the gift in its sole and unfettered discretion in any manner deemed appropriate;
- The gift does not and shall not, in any way, fetter or compromise the city in its role as the Approval Authority under the *Planning Act* related to the development projects of Podium;
- The city is not obliged to publically recognize or acknowledge the gift in any manner;
- There is no entitlement to any naming rights with respect to any city project or infrastructure;
- There was no inducement or incentive provided by the city to Podium as consideration for entering into the gifting agreement; and
- The city does not intend to issue a receipt for charitable purposes.

Prior to seeking Council approval in July to negotiate with Podium, who was unnamed publically at the time, staff consulted with members of the community who expressed strong support for the proposal. With this proposal, Council will obtain its original objective of securing non-tax revenue from the private market block, and the community will receive increased parkland in the Williamsville District.

Existing Policy/By-Law:

The recommendations in this report comply with By-Law Number 2013-107: A By-Law to Provide for the Conveyance of Land for Park Purposes, or Cash-in-lieu of Parkland Conveyance

Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

The \$500,000 revenue from the private market block sale will be directed to complete the reimbursement of funds that were drawn from the Municipal Capital Reserve Fund for the original purchase of 671 Brock Street (approximately \$169,000). The remainder of the revenue

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will be directed to reimburse the Natural Land/Parkland Reserve Fund (approximately \$331,000).

Contacts:

Lanie Hurdle, Commissioner, Community Services 613-546-4291 extension 1231

Other City of Kingston Staff Consulted:

Paige Agnew, Director, Planning, Building & Licensing Services

Luke Follwell, Director, Recreation & Leisure Services

Mary C. Rae, Senior Legal Counsel, Legal Services

Exhibits Attached:

Not applicable

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