



CITY OF KINGSTON
REPORT TO COUNCIL

Report No.: 12-349

TO: Mayor and Members of Council
FROM: Cynthia Beach, Commissioner, Sustainability & Growth
RESOURCE STAFF: Paul MacLatchy, Director, Environment & Sustainable Initiatives
DATE OF MEETING: October 16, 2012
SUBJECT: Authority to Negotiate Acceptance of Proposal for Re-Development of Failed Tax Sale Brownfield Property at Former I. Cohen and Sons Properties on Montreal Street

EXECUTIVE SUMMARY:

This report provides an update on the results of the City's recent request for proposals to take title and redevelop failed tax sale brownfield properties. Two proposals were received for two different properties. A proposal was received by Options for Homes UCLG (Options for Homes) for the remediation and redevelopment of the former I. Cohen & Sons properties on Montreal Street. Staff have reviewed the proposal and are continuing to work with Options for Homes to create a redevelopment scenario that could result in a successful brownfield project. This report recommends that staff be authorized to continue working with Options for Homes UCLG toward acceptance of their proposal for purchase and redevelopment of the former I. Cohen and Sons property on Montreal Street and creation of an agreement of purchase, sale and redevelopment.

RECOMMENDATION:

THAT Council authorize staff to continue negotiating with Options for Homes UCLG toward a redevelopment approach for the former I. Cohen & Sons properties on Montreal Street as per proposals received pursuant to Request for Proposals F31-SG-ESI-2012-1.

October 16, 2012

- Page 2 -

AUTHORIZING SIGNATURES:

ORIGINAL SIGNED BY COMMISSIONER Cynthia Beach, Commissioner, Sustainability and Growth
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Lanie Hurdle, Community Services	N/R
Denis Leger, Transportation, Properties & Emergency Services	N/R
Jim Keech, President & CEO, <i>Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

OPTIONS/DISCUSSION:The Failed Tax Sale Process

In May, 2004 Kingston City Council approved a process whereby properties, in serious tax arrears that have been unsuccessfully offered for sale in exchange for the outstanding tax amount, can have the outstanding tax amount cancelled and be offered to redevelopers through a "Failed Tax Sale" process that uses a request for proposals model.

As per the Ontario *Municipal Act*, municipalities have two years following the conclusion of a failed tax sale to assess environmental conditions on the subject properties and vest title for the purpose of municipal acquisition or for transfer to another party selected through a Failed Tax Sale Request for Proposals process.

In November of 2010 fourteen (14) properties were identified as failed tax sale properties. The Environment and Sustainable Initiatives Department undertook environmental testing of the properties to determine if potential municipal uses might be possible and so that preliminary environmental information could be provided to potential redevelopers through a Failed Tax Sale RFP.

Evaluation of the fourteen failed tax sale properties has resulted in acquisition of three of them (Sutherland Drive, 771 Division Street, 603 Montreal Street) for use in various municipal purposes. One property, Princess Street, was not assessed due to difficulties in acquiring safe access. One property, 661 Montreal Street continues to be evaluated for potential municipal re-use. The remaining nine properties were offered for redevelopment through a request for proposals process.

Request for Proposals

On March 22, 2012 the City of Kingston issued RFP FG-SG-ESI-2012-1 seeking proposals from qualified organizations to purchase and redevelop brownfield properties that were eligible through the failed tax sale process.

Nine parcels comprising four properties were offered for redevelopment through the request for proposals. The City received two proposals; one for the six parcels that compose the former I. Cohen & Sons property on Montreal Street and one for the former Graves Engineering building at 176 Railway Street. The proposal for the former I. Cohen & Sons property is the subject of this report and is discussed in more detail below.

Options for Homes Proposal for the former I. Cohen & Sons Property

The proposal submitted by Options for Homes UCLG (the "Options Proposal") offers to take title to the six (6) land parcels that make up the 6.25 acres formerly occupied by the I. Cohen & Sons business bounded approximately by Joseph, Montreal and Railway streets.

The parcels that make up the former I. Cohen & Sons property and that are the subject of this report are:

<u>Roll Number</u>	<u>Address</u>
101104010001500	546 Montreal Street and 15 Joseph Street
101104010002400	576 Montreal Street
101104010002900	594-598 Montreal Street
101104010003100	600-602 Montreal Street
101104010003500	Montreal Street
101104010003800	Railway Street

Property locations and layouts are shown within Exhibit A of this report.

The Options proposal was reviewed by City staff and was deemed to be complete. As no other proposals were received for the subject parcels of land, the Options Proposal is being recommended for award.

A summary of the Options Proposal includes the following points:

1. Proposed purchase price = \$1.00.
2. Partners:
 - a. Options for Homes UCLG
 - b. Home Based Housing
 - c. Social Planning Council of Greater Kingston and Area
 - d. XCG Consultants
3. Redevelopment proposal:
 - a. 114 low rise stacked townhouse style condominiums with parking in the rear on 2.25 acres (approximately 36% of the property) along Montreal Street using the Options for Homes model for affordable home ownership. Each building would consist of one, two and three bedroom units ranging in size from 600 to 1300 square feet,
 - b. A park amenity at the rear of the residential property,
 - c. Ground mounted solar photovoltaic installations (approximately 500kW generation capacity) over approximately 3 acres,
 - d. Approximately 0.5 acres of parking that will service Home Based Housing at 15 Joseph Street, and
 - e. Approximately 0.5 acres with frontage on Railway Street reserved for future commercial development.
4. Environmental Clean-Up Approach:
 - a. Complete Phase I and II Environmental Site Assessments,
 - b. Combination of contaminated soil removal and Site Specific Risk Assessment/Risk Management Plan,

October 16, 2012

- Page 5 -

- c. Completion of a Record of Site Condition (RSC) for residential and park portions of the property.
5. Estimated Redevelopment costs:
 - a. \$14 to \$16 million for the residential components
 - b. \$2.4 million for the Solar PV components
6. Other Potential Funding Sources Identified:
 - a. City of Kingston Brownfields CIP Program
 - b. FCM Green Municipal Fund
 - c. Canada Mortgage and Housing Corp.
7. Redevelopment Schedule:
 - a. Completion of a risk based Record of Site Condition for residential and parkland portions of the project would require a minimum of two years. Commencement of residential construction could then feasibly take place.
 - b. Construction of the solar PV component of the project requires completion of a Provincial Feed in Tariff (FIT) contract to commence.
8. Regulatory Considerations: The project as proposed would likely require the following:
 - a. Official plan and Zoning bylaw amendments,
 - b. Consent to sever,
 - c. Site Plan Control,
 - d. Stop up and closure of unopened road allowances,
 - e. Approvals under the *Green Energy Act*.

Specific elements of this proposal will become subject to Council approval through the normal municipal planning processes required for official plan amendments, zoning bylaw amendments, site plan control, etc.

The proposal provided by Options for Homes is promising but requires additional development with respect to, among other things, improved definition of project partners and associated financing, planning feasibility, parklands, and regulatory feasibility of the energy generation components. The deadline for municipal vesting of the subject properties under the failed tax sale provisions of the *Municipal Act* is within November, 2012.

It is staff's recommendation to continue negotiating details of the proposal received from Options for Homes while the properties are put back through a Tax Sale Process. Staff do not anticipate a successful sale through a Tax Sale Process and anticipate the properties being returned to "failed tax sale" status by early 2014, at which time the municipality would be again able to vest for the purpose of cancelling accumulated unpaid property taxes and transfer to a prospective redeveloper through an agreement of purchase, sale and redevelopment.

Should a successful approach to implementing the redevelopment proposal received from Options for Homes be negotiated, staff will return to Council with a recommendation to authorize an agreement of purchase, sale and redevelopment that anticipates a closing date once the properties are returned to failed tax sale status in 2014.

In the unlikely event that the properties are purchased through an impending Tax Sale Process, then negotiations with Options for Homes will be at an end and any deposits provided with their proposal shall be returned without interest as is the standard practice.

EXISTING POLICY/BY LAW:

In May, 2004 Kingston City Council approved a process whereby properties, in serious tax arrears that have been unsuccessfully offered for sale in exchange for the outstanding tax amount, can have the outstanding tax amount cancelled and be offered to redevelopers through a "Failed Tax Sale" process that uses a request for proposals model.

NOTICE PROVISIONS:

No Notice provisions are required.

ACCESSIBILITY CONSIDERATIONS:

There are no accessibility considerations directly related to this report.

FINANCIAL CONSIDERATIONS:

Redeveloped failed tax sale properties will have future property taxes paid and thus returned to the municipal revenue stream.

It is expected that the developer will make application to the City's Brownfield Community Improvement Plan for reimbursement of eligible environmental remediation costs.

CONTACTS:

Paul MacLatchy, Director Environment & Sustainable Initiatives 613-546-4291 ext 1226

OTHER CITY OF KINGSTON STAFF CONSULTED:


Grant Bain, Director of Planning & Development
Sheldon Laidman, Director of Housing
Pat Carrol, Manager of Taxation
Alan McLeod, Senior Solicitor

EXHIBITS ATTACHED:

Exhibit A - Site Location Plans for Former I. Cohen & Sons Properties

EXHIBIT A - LOCATION PLANS FOR FORMER I. COHEN & SONS PARCELS



City of Kingston 
Tax Sales Property
Parcel # 101104010002900
594-598 Montreal St



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City of Kingston *416*
Tax Sales Property
Roll # 101104010003100
600-602 Montreal St

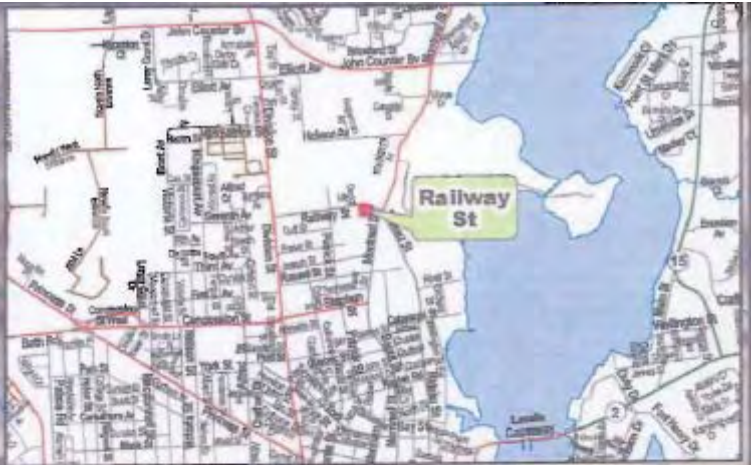


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City of Kingston #7
Tax Sales Property
Roll # 101104010003500
Montreal St



City of Kingston #8
Tax Sales Property
Roll # 101104010003800
Railway St



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