

**Subject: Acquisition of 1245 Kilborn Place**

**File Number: ACS2023-PRE-CRO-0015**

**Report to Finance and Corporate Services Committee on 5 September 2023**

**and Council on 13 September 2023**

**Submitted on August 1, 2023 by Peter Radke, Director, Corporate Real Estate Office; Planning, Real Estate and Economic Development Department**

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**Ward: Alta Vista (18)**

**Objet : Acquisition du 1245, Kilborn Place**

**Dossier : ACS2023-PRE-CRO-0015**

**Rapport au Comité des finances et des services organisationnels le 5 septembre 2023**

**et au Conseil le 13 septembre 2023**

**Soumis le 1 août 2023 par Peter Radke, Directeur, Bureau des biens immobiliers municipal, Services de la planification, des biens immobiliers et du développement économique**

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**Quartier : Alta Vista (18)**

## REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee recommend City Council:

1. Approve the acquisition as described in the report for the purchase of the fee simple interest in lands known municipally as 1245 Kilborn Place, shown as Parcel 1 on Document 2 attached being the “1245 Kilborn Place Lands,” from The Roman Catholic Episcopal Corporation of Ottawa for \$18.5 million plus applicable taxes and closing costs.
2. Delegate authority to the Director, Corporate Real Estate Office to enter into, conclude, execute, amend, and implement on behalf of the City, the Purchase Agreement for the acquisition of the “1245 Kilborn Place Lands”, as described in this report.

## RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil :

1. d'approuver, conformément à ce qui est prévu dans le rapport, l'acquisition en fief simple des terrains ayant pour désignation municipale le 1245, place Kilborn, illustrés comme parcelle 1 dans le document 2 joint, ou « les terrains du 1245, place Kilborn » de la Corporation épiscopale catholique romaine d'Ottawa, pour 18,5 millions de dollars (taxes applicables et frais de clôture en sus);
2. de déléguer au directeur du Bureau des biens immobiliers municipaux le pouvoir de conclure, de signer, de modifier et de mettre en œuvre, au nom de la Ville, l'accord pour l'acquisition des terrains du 1245, place Kilborn, comme le décrit le rapport.

## BACKGROUND

In July 2020, City Council approved the refreshed the [10-Year Housing and Homelessness Plan 2020 to 2030 \(ACS2020-CSS-GEN-0006\)](#) as the framework to guide the City's efforts to address local housing and homelessness needs. The Plan identifies, amongst others, a target to develop 50 new units of supportive housing per year. The “[Scaling Up Non-profit Housing in Ottawa](#)” report, received for information by the Planning and Housing Committee on May 3, 2023 ([ACS2023-OCC-CCS-0051](#)) recommends that Ottawa's target for supportive housing be increased to 100 new units annually.

As a means of delivering the targets contemplated in the [10-Year Housing and Homelessness Plan](#), City Council approved the city's first Housing Services Long-Range Financial Plan ([ACS2021-FSD-FIN-0001](#)) in 2021. The Long-Range Financial Plan (LRFP) outlines the capital funding required for affordable housing between 2021 and 2030, with a target of approximately 500 new affordable housing units per year including the above-mentioned supportive housing units.

The LRFP represents City Council's commitment to invest \$15 million of City capital, plus \$5 million in fee relief annually, toward the development of affordable housing and establishes how that commitment will be funded. In addition to being tax-supported, the contribution is funded through development charge revenues, through a portion of the revenues received from the sale of City-owned surplus land as well as revenue from the new Vacant Unit Tax.

An updated LRFP will be presented to City Council in the fall of 2023, in preparation for the City's 2024 Budget process.

On July 12, 2023, City Council approved the Integrated Transition to Housing Strategy ([ACS2023-CSS-GEN-006](#)) which outlines short-, medium- and long-term strategies to support the transition of single adults experiencing homelessness to housing while stabilizing the community shelter system and ending the operation of Physical Distancing Centres in City-owned recreation facilities.

In support of the long-term initiatives outlined in that report, the purchase of the Kilborn property would strategically position the City to explore opportunities to advance supportive housing unit development while facilitating systems coordination and integration across the housing and homelessness sector.

On September 6, 2023, Planning and Housing Committee will consider the 2023-2026 Affordable Housing Capital Strategy and Update, which recommends the allocation of up to \$21,196,852 towards this strategic acquisition.

Given the preliminary review by Housing Services and the analysis by the Corporate Real Estate Office (CREO), in May 2023, CREO entered discussions with the Listing Broker to acquire 1245 Kilborn Place conditional on approval by City Council.

## **DISCUSSION**

In February 2023, the Real Estate Broker, Avison Young advised the City of Ottawa that the Roman Catholic Episcopal Corporation of Ottawa (the Owner) had engaged them to market and sell the property municipally known as 1245 Kilborn Place.

The property is an 8.7-acre parcel of land improved with an older (1957) three-storey

vacant institutional building formerly used as a seminary, office, and residence. It is located at the western edge of the Alta Vista neighbourhood, in Ward 18, at the corner of Kilborn Place and Lamira Street. The details of the property are further set out in Documents 1 and 2 of this report.

The property is currently zoned Minor Institutional to permit a range of community uses and institutional accommodations including supportive housing uses. The location is well-served by public transit, with access to shopping, employment, and community and social services.

### **Intended Use**

The property is being purchased on the basis of “Vacant Land Value” for future use to meet the strategic goals and initiatives of Housing Services. The existing buildings on the property have been vacant since December 2020. To this end, Housing Services has initiated a Building Condition Audit to determine the state, next steps, and high-level financial implications of the existing improvement.

This transaction is a result of a sustained and increasing need for supportive housing, with 369 individuals on the waitlist as of June 1, 2023, the majority of whom are being served currently by the community shelter system and Physical Distancing Centres. Over the course of a year, the Corporate Real Estate Office worked with Housing Services to identify properties for lease or purchase that would meet its needs. In addition to reviewing extensive public listings, staff evaluated many facilities and this property was deemed one of the only viable options.

This property was prioritized as it presents opportunities to support system needs over the medium-term. The size of the parcel and its proximity to transit, amenities and services provides the City’s Housing Services group with strategic options for a variety of developments to fulfill Council priorities.

Once purchased, the Property would be developed over the long-term into a supportive housing community hub focusing on transitions to housing and integrated with housing, social and, health services systems. The site would facilitate co-location of community and health services, development of a range of new housing options and, offer options for systems and resource coordination.

The site would also provide an opportunity to address urban Indigenous specific housing and homelessness needs and priorities through a partnership with the Ottawa Aboriginal Coalition and urban Indigenous community service providers, should it align with their priorities.

In order to inform the long-term design and services on-site, an extensive analysis, community consultation (neighbourhood and service sectors), business case and financial strategy development process will be designed and undertaken with the housing and homelessness service sector over the coming years.

### **Purchase Cost and Conditions**

There was no listed price for the property, but staff understood through discussions with the Broker that the Owner hoped to sell the property for approximately \$20 million and believed the value was higher than that amount.

The market value compensation in the offer was supported by both an internal City appraisal as well as a third-party independent appraisal. Both appraisal reports concluded that the highest and best use of the property was demolition of the existing buildings and redevelopment for residential uses. Planning amendments (Official Plan, Rezoning, Plan of Subdivision and Site Plan Approval) would be required for redevelopment. All avenues are currently being explored for the use of the property as vacant as well as currently improved. A building condition audit is currently being completed from which Housing Services will determine next steps, which may include the re-purposing of the existing structure.

The estimated value range of the City's two appraisals was between \$18 and \$20 million prior to any discount for demolition. The City made an initial offer below this range at \$17 million accounting for potential demolition costs. Upon receiving the City's offer, the owner asked for an in-person meeting to discuss the property, the value and the intended use. While the owner was encouraged by the intended uses being considered by the City, they explained their position and noted that interest had been received from others to purchase and redevelop the site. From those discussions, the owner counter-offered at \$20 million and asked the City to re-evaluate its offer understanding that other offers were being considered. Following consultation with, and the agreement of, Housing Services, the City then counter-offered at \$18.5 million, which was accepted by the owner.

Recommendation 1 of this report is to approve the acquisition of the property for \$18.5 million plus applicable taxes and closing costs, to protect the property for future Housing and Community and Social Services use.

The City's offer was made subject to a set of conditions, which expire January 14, 2024, each of which if not completed to the satisfaction of the City would render the offer null and void. The conditions are:

- The City to have time to review and satisfy itself with the title to the Lands and all

related encumbrances.

- The City to have time to review and satisfy itself with the environmental condition of the Lands. In that regard, a qualified consultant has been retained to complete Phase One and Two Environmental Site Assessments to ensure that the acquisition of the Property does not pose an environmental liability to the City. A review of the available reports provided by the Owner indicates the presence of petroleum hydrocarbon contaminated soil; therefore, completion of soil remediation will be required as part of the redevelopment of the site.
- The City to have time to review and satisfy itself with a Building Condition Audit (BCA). In that regard, a qualified consultant was retained to complete a BCA in order to provide options to Housing Services as to any future use of the improvement (mothball, demolition, renovation and repair). The report will provide an estimate of the life span of the building's elements and systems and determine the repairs/renovations required in the short- and long-term. It will also provide an estimate of the costs for each of the options.
- The Owner to have time to receive approval by the appropriate Papal authority following approval by Council.

The Owner also requested that the Offer require the following clause: "The Fee Simple Lands are currently a Catholic Church property. The City will neither use the property nor willingly sell the property so that activity which would in any way contradict the teachings and morals of the Catholic Church would take place." Housing Services concurred with this addition to the Offer, but, for clarity, Legal Services added an additional acknowledgment in the offer that the City is subject to the Ontario Human Rights Code as a provider of services, goods, facilities, and accommodations and if any provision of the agreement requires the City to contravene its obligations under the Code, the Owner's provision is null and void.

Upon completion of the acquisition, Community and Social Services will work cross-departmentally and with community partners and the Ward Councillor to develop a plan for community consultation and the development of the site.

The purchase agreement has been negotiated subject to approval by City Council or its Delegated Authority. To complete the transaction in a timely and efficient manner, Recommendation Two is for Council to delegate authority to the Director, Corporate Real Estate Office to execute and conclude the Agreement on behalf of the City.

The acquisition of 1245 Kilborn Place is a unique and rare opportunity for the City to acquire lands in close proximity to transit, community services and amenities that could

be utilized to meet future housing needs. The negotiated price of \$18.5 million is considered fair and reasonable. Staff recommend that Council approve the Agreement of Purchase and Sale as described in this report for the acquisition of 1245 Kilborn Place.

## **FINANCIAL IMPLICATIONS**

Funding for the acquisition costs of \$18.5 million plus applicable taxes and closing costs is conditional on Council approval of the 2023-2026 Affordable Housing Capital Strategy Update (ACS2023-CSS-GEN-011 Recommendation 1.h.). Once the 2023-2026 Affordable Housing Capital Strategy Update is approved, an account will be established and funds will be reserved for the acquisition of 1245 Kilborne Place.

## **LEGAL IMPLICATIONS**

There are no legal impediments to implementing the recommendations of this report.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

The subject property is in Ward 18–Alta Vista adjacent to the border of Capital Ward–17 along Bank Street. The Councillor for Ward 18, Alta Vista, Marty Carr, is aware of and supportive of the purchase, and provided the following comment, “Alta Vista Ward has hosted hundreds of unsheltered individuals since April 2020 in community centres, and a more permanent solution for housing is required. Furthermore, residents in Alta Vista have expressed concern about the future of the Diocesan Centre, expressing a preference for it to be retained as opposed to being redeveloped.”

## **CONSULTATION**

This property acquisition is in support of the Integrated Transition to Housing Strategy, approved by Council on July 12, 2023 ([ACS2023-CSS-GEN-006](#)). To shape the recommendations of that Strategy, staff engaged with single adult shelter partners, housing and homelessness sector partners through the Alliance to End Homelessness, the Homelessness Community Advisory Board and the Housing Systems Working Group, as well as the Ottawa Aboriginal Coalition, and through those working group engaged representatives from over 25 community agencies. The consultation supported the continued emphasis on supporting clients to transition to housing, and the ongoing development of supportive housing.

To inform the design and services on-site, an extensive analysis, community consultation (neighbourhood and service sectors), business case and financial strategy development process will be developed with the housing and homelessness service sector and undertaken over the coming years.

## **ACCESSIBILITY IMPACTS**

As part of the Building Condition Audit being undertaken, an Accessibility Audit will also be completed. It will identify current gaps in accordance with the Building Accessibility Audit Tool (BAAT) and cost of accessibility improvement if the main building were to be used for its current purposes (office and residence), as well as identify what improvements are needed in terms of exterior path of travel, parking lots, including accessible spaces, and driveway, within the property to make them accessible.

An extensive consultation process will be undertaken to inform the long-term vision for the site. As part of this consultation, staff will engage with relevant stakeholders such as the Accessibility Office and the Accessibility Advisory Committee as well as engage with stakeholders with disabilities. This will identify and mitigate barriers and challenges from a cross-disability perspective and assist in understanding the unique needs of residents with disabilities, as well as supporting the reduction or elimination of barriers and challenges faced in any housing, social and/or community services being considered.

Any renovations, retrofits or developments on the site, would be implemented according to the Integrated Accessibility Standards Regulation. 191/11 (IASR) of the Accessibility for Ontarians with Disabilities Act, 2005, (AODA) in addition to following the requirements of the City's Accessibility Design Standards (ADS), where applicable. Further, per the 10 Year Housing and Homelessness Plan, 10 per cent of all units to be developed are to be accessible.

The programs and services contemplated for the site will also align to the commitment of the City of Ottawa's [Accessibility Policy](#) and ensure equal treatment to people with disabilities with respect to the use and benefit of City services, programs, goods, facilities and information.

## **ASSET MANAGEMENT IMPLICATIONS**

The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

When the City commits to the acquisition of new assets, consideration must also be given to the City's commitment to fund future operations, maintenance and renewal costs. It must also account for future depreciation when reviewing long term financial sustainability.

In that regard, asset management implications will be addressed in future Committee and Council reports. A consultant has been retained to complete a Building Condition



Audit for the subject property, which will inform the City on the life span of the building's elements and systems, identifying recommended repairs/renovations in the short- and long-term. The completion of the Agreement is conditional upon the City being satisfied with the results of a Building Condition Audit.

## **ENVIRONMENTAL IMPLICATIONS**

The Environmental Remediation Unit within the Corporate Real Estate Office (CREO) was tasked with completing environmental due diligence for the subject lands in accordance with the City's property acquisition policy.

The Agreement is conditional for six months from the date of the City's acceptance to give the City time to review and satisfy itself with the environmental condition of the Lands. In that regard, a qualified Consultant has been retained to complete Phase One and Two Environmental Site Assessments to ensure that the acquisition of the Property does not pose an environmental liability to the City.

## **DELEGATION OF AUTHORITY IMPLICATIONS**

The purchase agreement has been negotiated subject to approval by City Council or its Delegated Authority. To complete the transaction in a timely and efficient manner, Recommendation Two is for Council to delegate authority to the Director, Corporate Real Estate Office to execute and conclude the Agreement on behalf of the City.

## **INDIGENOUS, GENDER AND EQUITY IMPLICATIONS**

The [10-Year Housing and Homelessness Plan](#) highlights specific population needs, further compounded in intersectional identities. In addition to considerations specific to women and Indigenous residents below, there are also factors unique to the 2SLGBTQQIA+ residents, older adults, newcomers and people with disabilities. The consultation and analysis process undertaken to inform the long-term use of the site will engage a representative group of residents and consider service delivery and practices that respond to the needs of diverse populations being served.

### **Women and Gender Considerations**

In the single adult sector, women account for on average 30 per cent of shelter system users.

Their needs are distinct from the single adult male shelter clients, and while some services that support women are co-ed, there is also distinct supportive housing just for women. To inform the long-term plans for the site, the analysis will consider the usage/data trends for women separately, as well as evaluate the continuum of housing

services available specifically to women to identify specific program and capacity requirements.

### **Indigenous Policy Considerations**

Specific to the shelter system and homelessness sector, the Indigenous population is overrepresented and unique in their experiences due to the interconnectivity of colonization, residential school abuse, intergenerational trauma of residential schools, the Sixties scoop, and structural policy and practices.

The Indigenous community will be a priority partner in the development of this property.

The City will work with the Ottawa Aboriginal Coalition, and Indigenous Homelessness Service Providers to inform the plans for the site, as informed by the Indigenous Housing and Homelessness Plan currently under development.

### **RISK MANAGEMENT IMPLICATIONS**

There are risk implications in the acquisition of this property. These risks have been identified and explained in the report and are being managed by the appropriate staff.

### **RURAL IMPLICATIONS**

There are no rural implications in this report. The Housing and Homelessness system serves residents across Ottawa.

### **SUPPORTING DOCUMENTATION**

Document 1 – Map depicting the location of 1245 Kilborn Place

Document 2 – Property Sketch

### **DISPOSITION**

Following approval by Council, Legal Services, and Corporate Real Estate Office staff will implement the recommendations in this report.

Document 1 - Map of Location of 1245 Kilborn Place



Document 2 – Property Sketch of 1245 Kilborn Place

