



MEMO / NOTE DE SERVICE

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TO: Chair and members of the Finance and Economic Development Committee

DESTINATAIRE : Président et membres du Comité de finance et développement

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DATE: June 3, 2022

3 juin 2022

FILE NUMBER: ACS2022-PIE-CRO-0006

SUBJECT: Fee Simple Acquisition of Richmond Hydro Corridor Lands from Her Majesty the Queen in Right of Ontario as Represented by the Minister of Government and Consumer Services

OBJET : Acquisition en fief simple des terrains situés dans le couloir de transport d'électricité Richmond de Sa Majesté la Reine du chef de l'Ontario, représentée

par le ministre des Services gouvernementaux et des Services aux consommateurs

PURPOSE

The purpose of this memo is to inform the Finance and Economic Development Committee that the Director, Corporate Real Estate Office, will enter into agreements as follows:

1. With Her Majesty the Queen in Right of Ontario as represented by the Minister of Government and Consumer Services (“IO”) to acquire the IO Corridor Lands as shown and described on Document 1 attached.
2. With Caivan Communities (“Caivan”) to require Caivan:
 - a. To pay all costs related to the acquisition of the above-noted IO Corridor Lands; and
 - b. To pay to the City of Ottawa a developer contribution of a minimum of \$334,500 in exchange for facilitating the acquisition of the IO Corridor Lands.

EXECUTIVE SUMMARY

Caivan owns a large development parcel known as 6335 Perth Street in Richmond, which is bisected by the IO Corridor Lands. IO’s disposal policy does not permit them to sell property to a developer, but does permit them to sell to a municipality, at a discounted price, provided the subject lands remain in municipal ownership. Caivan have proposed the City enter into an agreement of purchase and sale with IO to purchase the IO Corridor Lands, in exchange for a developer contribution, and with all costs related to the agreements to be borne by Caivan. The Director, Corporate Real Estate Office, will enter into agreements with IO and Caivan pursuant to authority granted via Delegated Authority By-law 2020-360 to acquire the IO Corridor Lands, which will in turn be used for municipal infrastructure within Caivan’s Fox Run Community development.

BACKGROUND

Caivan, through the Richmond Village Development Corporation and Caivan (Richmond North) Ltd, is developing the area known as the Fox Run Community. For this project, Caivan requires rights to construct municipal infrastructure, such as roadways, parkland, and sewers, over a vacant, unused hydro corridor of lands (the “Richmond Corridor Lands”) which bisects their larger development parcel. The Richmond Corridor

Lands are partially owned by the City (the “City Corridor Lands”) and partially owned by IO (the “IO Corridor Lands”) as outlined on Document 1 attached.

The City Corridor Lands are described as Parts 8 and 12 on Plan 4R-34216, cover an area of 1,286.9 square metres (or 0.318 acres) and are zoned O1P – Parks and Open Space Zone, Hydro Corridor Subzone. They were conveyed from IO to the City in 2018 as a condition of subdivision approval for Caivan, operating under the Richmond Village Development Corporation. In particular, Caivan paid the negotiated purchase price for the City acquisition directly to IO, in exchange for rights to use the City Corridor Lands as part of their development for the construction of road crossings, including storm and sanitary sewers and watermains. Refer to DEL2018-CREO-0077 for more details related to this transaction. Based on the advancement of design for the Fox Run Community project, Caivan now requires access to the entirety of the Richmond Corridor Lands to implement their proposed development.

The IO Corridor Lands are described as Parts 1 to 7, 9 to 11, 13 to 18 on Plan 4R-34216, encompass an area of 18,048.7 square metres (or 4.460 acres) and are zoned O1P – Parks and Open Space Zone, Hydro Corridor Subzone. IO’s disposal policy indicates that IO cannot sell surplus property to a private developer. Consequently, IO cannot sell the IO Corridor Lands directly to Caivan. However, IO can sell surplus property to a municipality for public infrastructure purposes, at a discounted rate of 75 per cent of market value.

In order to achieve their goal to develop their larger parcel municipally known as 6335 Perth Street, Caivan has proposed the City enter into an agreement of purchase and sale with IO to purchase the IO Corridor Lands in compliance with IO’s disposal process. The City will then grant rights to Caivan to construct municipal infrastructure on the entirety of the Richmond Corridor Lands as part of the Fox Run Community development, which is currently under review by the City under subdivision application D07-16-21-0031. In exchange for the City’s participation and cost savings achieved for them as part of the IO land transfer, Caivan will pay a developer contribution to the City. Caivan will also pay the negotiated purchase price for the IO Corridor Lands as part of the proposed transaction and any other costs borne by the City.

Pursuant to Delegated Authority By-law 2020-360, the Director of the Corporate Real Estate Office is delegated the authority to approve and execute documentation as required, and conclude real estate transactions involving the acquisition of an interest in land or property, including fee simple acquisitions, easements, rights of way, leases including extensions and renewals thereof, joint use and maintenance agreements,

licences including licences of occupation, consents to enter, and mortgages, including amendments to such transaction, provided that:

- (a) the total value of the transaction is \$1,000,000.00 or less;
- (b) the funds are within those provided in estimates approved by City Council;
- (c) local Planning Appeal Tribunal (operating now as the “Ontario Land Tribunal”) approval is not required; and
- (d) all applicable Council-approved policies have been met.

DISCUSSION

Completion of this acquisition will result in the City receiving a net revenue of a minimum of \$334,500 in the form of a developer contribution. In addition, the City shall be reimbursed for all costs incurred in the execution and implementation of the agreements discussed herein.

The IO Corridor Lands and the City Corridor Lands, together forming the Richmond Corridor Lands, currently bisect a large development parcel municipally known as 6335 Perth Street owned by Caivan, as shown on Document 1. To develop their parcel, Caivan requires rights to construct municipal infrastructure over both the IO Corridor Lands parcels and the City Corridor Lands parcels.

As part of the proposal, the IO Corridor Lands, being Parts 1 to 7, 9 to 11, 13 and 16 to 18 on Plan 4R-34216, will be transferred to the City pursuant to IO’s standard agreement of purchase and sale. Given that all costs associated with the transaction are borne by Caivan, negotiations regarding the market value of the IO Corridor Lands were conducted between Caivan and IO directly, each party having obtained their own market value appraisal. The compensation for the fee simple interest acquisition has been established at \$1,003,500, plus applicable HST, to be paid by Caivan.

The compensation amount represents 75 per cent of the agreed upon market value, as it is IO’s policy to provide a 25 per cent rebate when selling property to a municipality. As an incentive for the City to facilitate the transfer of ownership of the IO Corridor Lands, Caivan has agreed to flow through to the City the 25 per cent market value cost savings, in the amount of \$334,500, to be deposited in the City’s general revenue account. The 25 per cent discount is proposed to be the minimum developer contribution as compensation for the City facilitating this acquisition; the final developer contribution amount remains under negotiation by the parties but will be no less than \$334,500.

Each agreement between the City and Caivan and between the City and IO will include a condition precedent to ensure that neither agreement becomes effective until both agreements are fully executed by the relevant parties.

CONCLUSION

The Director, Corporate Real Estate Office, will finalize negotiations and enter into agreements with IO and Caivan to facilitate the acquisition of the IO Corridor Lands and receipt of the developer contribution in the City's general revenue account. Corporate Real Estate Office and Legal Services staff will provide the required support to finalize the agreements and complete the transactions contemplated therein.

Original signed by

Peter Radke

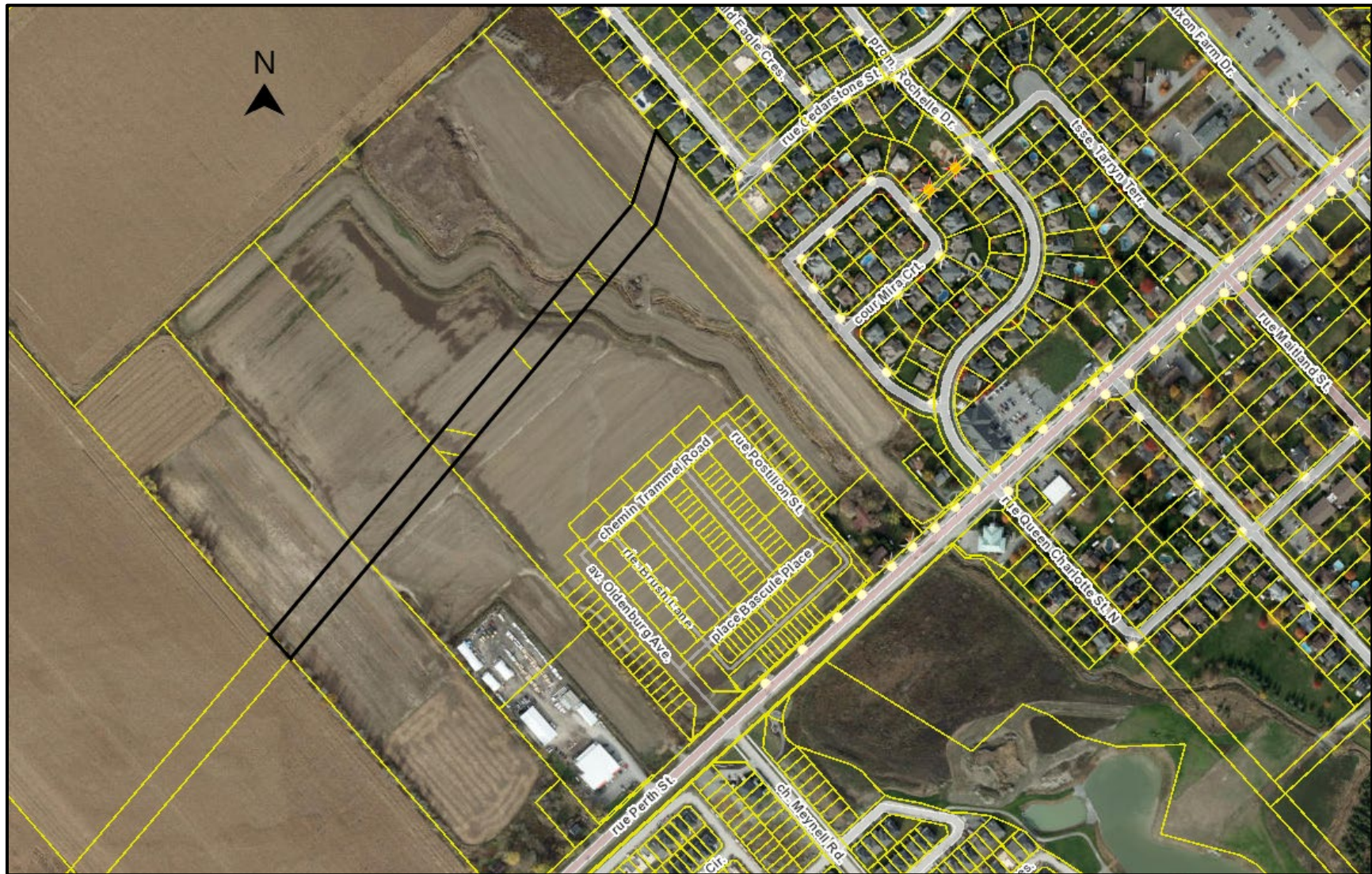
Director, Corporate Real Estate Office

Planning, Real Estate and Economic Development

SUPPORTING DOCUMENTATION

Document 1: Richmond Corridor Lands Location Map and Description.

Document 1 – Richmond Corridor Lands Location Map



Description of IO Corridor Lands and City Corridor Lands, together the Richmond Corridor Lands

