

6. DECLARATION OF SURPLUS AND SALE OF 3099 UPLANDS DRIVE TO COADY CO-OPERATIVE HOUSING INC.

DÉCLARATION DE BIEN-FONDS EXCÉDENTAIRE VISANT LE 3099, PROMENADE UPLANDS, ET DÉCLARATION DE VENTE DE CE BIEN-FONDS À COADY CO-OPERATIVE HOUSING INC.

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Waive Section 2.3 of the Disposal of Real Property Policy pertaining to the public marketing of viable properties and Section 5.1 pertaining to public notification of the proposed disposal;**
- 2. Declare the property municipally known as 3099 Uplands Drive and legally described as Block H, Registered Plan 4M-213, being all of PIN 04075-0241, shown as Parcel 1 on Document 1 attached, as surplus to City requirements;**
- 3. Approve the sale of property identified in Recommendation 1 above, subject to easements as LT206528, LT261102 and LT261102 and any easements that may be required, to Coady Co-Operative Housing Inc. for \$2,880,000.00 plus HST, if applicable, pursuant to an Agreement of Purchase and Sale that has been received.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. renonce les dispositions 2.3 et 5.1 de la Politique sur l'aliénation des biens immobiliers de la Ville, qui portent respectivement sur l'offre au public des biens immobiliers viables et sur la diffusion d'un avis public sur les projets d'aliénation;**
- 2. déclare excédentaire la propriété dont l'adresse municipale est le 3099, promenade Uplands, ayant pour description légale l'îlot H, plan**

enregistré 4M-213, se rattachant à la cote foncière 04075-0241 et étant désignée comme parcelle 1 dans le document 1 ci-joint;

- 3. approuve la vente de la propriété décrite dans la recommandation 1 ci-dessus, propriété assujettie aux servitudes LT206528, LT261102 et LT261102 et à toute autre servitude éventuellement requise, à Coady Co-Operative Housing Inc., pour la somme de 2 880 000,00 \$ (TVH applicable en sus), conformément à la convention d'achat et de vente reçue.**

DOCUMENTATION/DOCUMENTATION

1. Director's report, Corporate Real Estate, Office Planning, Infrastructure and Economic Development Department, dated 22 January 2020 (ACS2020-PIE-CRO-0002).

Rapport du Directeur, Bureau des partenariats et du développement en immobilier, Direction générale de la planification, de l'infrastructure et du développement économique, daté le 22 janvier 2020 (ACS2020-PIE-CRO-0002).

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
February 4, 2020 / 4 février 2020**

**and Council / et au Conseil
February 12, 2020 / 12 février 2020**

**Submitted on January 22, 2020
Soumis le 22 janvier 2020**

**Submitted by
Soumis par:
Derrick Moodie**

Director / Directeur

**Corporate Real Estate Office / Bureau des biens immobiliers municipal, Planning,
Infrastructure and Economic Development / Services de la planification, de
l'infrastructure et du développement économique**

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Ward: RIVER (16) / RIVIÈRE (16)

File Number: ACS2020-PIE-CRO-0002

**SUBJECT: Declaration of Surplus and Sale of 3099 Uplands Drive to Coady
Co-Operative Housing Inc.**

**OBJET: Déclaration de bien-fonds excédentaire visant le 3099, promenade
Uplands, et déclaration de vente de ce bien-fonds à Coady
Co-Operative Housing Inc.**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommends that Council:

- 1. Waive Section 2.3 of the Disposal of Real Property Policy pertaining to the public marketing of viable properties and Section 5.1 pertaining to public notification of the proposed disposal;**
- 2. Declare the property municipally known as 3099 Uplands Drive and legally described as Block H, Registered Plan 4M-213, being all of PIN 04075-0241, shown as Parcel 1 on Document 1 attached, as surplus to City requirements;**
- 3. Approve the sale of property identified in Recommendation 1 above, subject to easements as LT206528, LT261102 and LT261102 and any easements that may be required, to Coady Co-Operative Housing Inc. for \$2,880,000.00 plus HST, if applicable, pursuant to an Agreement of Purchase and Sale that has been received.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil :

- 1. de lever les dispositions 2.3 et 5.1 de la Politique sur l'aliénation des biens immobiliers de la Ville, qui portent respectivement sur l'offre au public des biens immobiliers viables et sur la diffusion d'un avis public sur les projets d'aliénation;**
- 2. de déclarer excédentaire la propriété dont l'adresse municipale est le 3099, promenade Uplands, ayant pour description légale l'îlot H, plan enregistré 4M-213, se rattachant à la cote foncière 04075-0241 et étant désignée comme parcelle 1 dans le document 1 ci-joint;**
- 3. d'approuver la vente de la propriété décrite dans la recommandation 1 ci-dessus, propriété assujettie aux servitudes LT206528, LT261102 et LT261102 et à toute autre servitude éventuellement requise, à Coady Co-Operative Housing Inc., pour la somme de 2 880 000,00 \$ (TVH**

applicable en sus), conformément à la convention d'achat et de vente reçue.

BACKGROUND

The subject property, municipally known as 3099 Uplands Drive, was acquired by the former City of Ottawa in 1977 under the Municipal Land Assembly Program for the purpose of a housing development.

On March 21, 1977, City Council approved leasing the subject property to Coady Co-Housing Co-Operative Inc. (Coady), for the construction of 74 affordable housing units. The lease was for a term of 55 years and Coady pre-paid the rent on the land for the full term of the lease in the amount of \$449,306. The lease has approximately 13.5 years remaining on the original 55-year lease term, expiring on October 31, 2033. Coady entered into a federal government housing program and borrowed funds from Canada Mortgage and Housing (CMHC). The Co-op built and independently manage the housing units. A condition of the lease is that the dwelling units, and all other fixed improvements become the property of the City upon expiration or termination of the lease.

In April 2019, Coady contacted the City with a proposal to negotiate an extension to their existing lease to create a new 35-year term. The extension to 35 years was required to facilitate new CMHC mortgage financing of the leasehold interest. Coady intends to use the mortgage proceeds to fund the capital cost of renovations required to refurbish the existing 74 affordable housing units and address significant deferred lifecycle items.

Coady's request for an extension to their lease was circulated to all City departments to determine if there were any objections to the requested lease term. No objections were received.

During the lease extension negotiations, the option of Coady purchasing the fee simple interest in the property was broached. Coady has the right under the lease to purchase the lands and structures. Coady indicated their interest in purchasing of 3099 Uplands Drive, subject to approval of the purchase by their Board of Directors. The property was internally recirculated with the request for comment on the purchase of the lands in early December. Coady received approval in principle to purchase the property on

December 10, 2019. Coady received their Board of Directors final approval to purchase 3099 Uplands Drive on January 16, 2020 and executed the Agreement of Purchase and Sale in the amount of \$2,880,000.

DISCUSSION

The internal circulation to City departments did not identify a need to retain the property for any City purpose. Other than the existing easements currently registered on title, no other utility company indicated easement requirements.

Section 2.3 of the Disposal of Real Property Policy and Procedures approved by City Council on February 26, 2018, requires that all viable City properties are to be advertised for sale to the general public and sole sourcing is not permitted and that public notification be provided by either placing an add on the City's website or a sign on the property. It is recommended that Council waive Section 2.3 in this instance to allow for the direct sale to Coady, given that 3099 Uplands Drive will continue to operate the development for affordable housing. Section 5.1 of the Disposal of Real Property Policy and Procedures requiring public notification of the property being for sale should also be waived in this instance.

Coady is a non-profit housing Co-op that operates under a federally regulated operating agreement with Canada Mortgage and Housing Corporation until the agreement's maturity in January 2028. The Co-op built and will own the dwelling units until the land lease expiry. The dwelling units are leased at below average market levels to the Co-op membership. There are limitations and restrictions on membership that are designed to promote affordability. In addition, there are limitations on the Co-op itself, whereas should it dissolve, the proceeds (assets) are required to be sold/transferred to a non-profit organization or similar non-profit housing provider. Given the Co-op's ongoing mandate to support low to moderate income households, and the limitations on ownership of the assets, the City's Housing Services is in support of Coady acquiring the land with the federal obligations and continuing to offer affordable housing in the long term. At this time, it has been determined that there are no known benefits for the City of Ottawa housing if the City was to assume ownership and operation of the 74 housing units at the end of the term in 2033.

The Corporate Real Estate Office (CREO) is in support of the sale, subject to ensuring:

- the intent of the original lease by requiring; the site is reserved for non-profit affordable housing which will be secured through a Restrictive Covenant registered at the time of closing
- the equity generated by the new mortgage will be applied to the purchase of the lands and to capital repairs on the 74 dwelling units, which is regulated by Canada Mortgage and Housing; and that
- City processes are followed to address market value.

The Purchase and Sale is subject to a covenant that requires Coady to operate the units as affordable co-op housing. The purchaser must continue to use the property only for the purpose of non-profit co-operative housing with rents directed to mixed-income occupants and for no other purpose, until October 31, 2033 being the date on which the 55-year lease with Coady would have expired.

CMHC is the funding provider, and not the City. The federal operating agreement with Coady places limitations on the use of capital funds and requires the co-op to transfer and maintain capital funding in a restricted Capital Reserve account. The City Housing Services and CREO have reviewed the list of capital repairs to be undertaken by Coady. The proposed workplan reflects a regime of prudent care, asset rehabilitation and energy conservation retrofit initiatives, and a long-term asset management plan to ensure the continued safe, sustainable and healthy occupation of the dwelling units. While the co-op continues to be subject to the original federal operating agreement with CHMC which matures in January 2028, the agency for Co-operative Housing as federal administration of the operating agreement, will be their responsibility to monitor and ensure that new mortgage funds are spent on the repairs, energy retrofits, and lifecycle items.

The terms of the sale are based on Market Value principles as per City Disposal Policy. To facilitate a sale of the lands CREO completed an internal valuation and engaged the services of an external appraiser. The market value of the land, as if vacant and for development of 74 townhouse units, was estimated at \$8 Million. The Coady Co-op has a prepaid leasehold interest in the property, that being a right to occupy the lands for approximately 13.5 years at no cost. The market value of the leasehold interest for 13.5 years was calculated based on the current market value of the land and the standard City land lease procedure. The reconciled value of the Coady leasehold interest in the

land was estimated at \$5,120,000 based on internal and external valuations. The difference between the market value of the land unencumbered with a lease (\$8 million) less the leasehold encumbrance (\$5,120,000) represents the market value of the City's interest as of April 1, 2020 being the proposed closing date. The Purchase and Sale Agreement was reached with Coady Housing Co-Operative Inc. to purchase 3099 Uplands Drive for \$2,880,000.00.

The sale of 3099 Uplands Drive to Coady will allow the Co-op to more readily obtain CMHC financing as the owner of the entire property (land and improvements). Coady can register a new mortgage on the property and extract out equity to both obtain the necessary funds to complete work to improve the condition of the affordable housing units and to fund the acquisition of the lands from the City. The monthly cost to finance the new mortgage, amortized over 35 years at a discounted CMHC interest rate, added to the monthly lease costs for residents remains under the CMHC affordability monthly rent threshold. Therefore, the sale and subsequent financing of the land, does not inhibit Coady from continuing with its obligations to provide affordable housing.

The sale benefits the City by generating a cash revenue in the amount of \$2,880,000.

RURAL IMPLICATIONS

There are no rural implications associated with the recommendations in this report.

CONSULTATION

In accordance with policies approved by City Council on March 28, 2012, the availability of this property was circulated to all City departments, including the Housing Services, Planning and Infrastructure, City Operations and the Ward Councillor to determine if the property was required for a City mandated program. The Natural Systems and Rural Affairs Unit of the Planning, Infrastructure and Economic Development Department was consulted with respect to the City's natural heritage system and related policies in the Official Plan.

There were no objections or concerns expressed by the Ward Councillor or any City department at the time of the circulation.

The utility companies were also circulated. Other than the existing registered easements currently on title, no further easements were indicated.

The Ward Councillor has also been consulted with respect to this report and his comments are indicated under the Comments from Ward Councillor section below.

Affordable Housing Land and Funding Policy

The Affordable Housing Land and Funding Policy approved by Council on April 26, 2017, advances the vision and targets established in the Ten-Year Housing Homelessness Plan, the Official Plan and other Council-approved affordable housing initiatives. The policy also requires that the Official Plan target of 25 per cent affordable housing be met on any City owned property where existing or proposed zoning allows for residential uses. These zones include:

All residential zones (R) - Village and rural residential zones (RR, RU, VM, V1 - V3) - Mixed use/commercial zones (TM, AM, GM, MC, MD and TD) and Institutional zones (I1 and I2).

Where a property is disposed of without a condition requiring an affordable housing component in any of the above zones, 25 per cent of the net proceeds from the sale are to be credited to a housing fund to be used for the development of affordable housing elsewhere in the City.

While 3099 Uplands Drive is in an R3B Zone – Residential Third Density Zone, this disposal does have requirements related to affordable housing, therefore the 25 per cent contribution to affordable housing from the net proceeds of the sale is not triggered.

COMMENTS BY THE WARD COUNCILLOR

Councillor Brockington provided the following comments:

“I have received and read the report, consulted with the Hunt Club Community Association and support staff’s recommendations.”

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

There are no Risk Management Implications associated with the recommendations in this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications associated with the recommendations of this report.

FINANCIAL IMPLICATIONS

Proceeds of the sale will be credited to the Sale of Surplus Lands account.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with the recommendation in this report.

ENVIRONMENTAL IMPLICATIONS

The Environmental Remediation Unit does not have any environmental records for the subject property or the surrounding properties. A review of the historic land use inventory did not identify any past uses of environmental concern on the subject property or the surrounding properties. According to the air photographs the site was vacant undeveloped land prior to the current housing development which was constructed in 1977.

TERM OF COUNCIL PRIORITIES

The recommendations of this report support the City Council strategic priorities of:

Economic Growth and Diversification with the goal of an affordable city for all residents; and thriving communities with the goal to support affordable housing options.

SUPPORTING DOCUMENTATION

Document 1 Location Map

DISPOSITION

Following approval, the Corporate Real Estate Office and Legal Services will complete the conveyance of the property to Coady Housing Co-Operative Inc.

CONCLUSION

Staff supports the sale of 3099 Uplands Drive to Coady Co-Operative Housing Inc.

Document 1 – Location Map

