

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
 MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
 RAPPORT

Our File/N/Réf. 18-96-70045-000
 Your File/V/Réf.

DATE 1 May 1998

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Commissioner
 Planning and Development Approvals Department

SUBJECT/OBJET **SALE OF SURPLUS LAND
 MCKINLEY DRIVE, KANATA**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee recommend Council approve the conditional sale of 5.44 acres of land, described as part of Block 12, Plan 4M-755, being Parts 3, 4, 5, 6, 7, 10 and 11, on Reference Plan 4R-8067, saving and excepting widenings to be retained for March Road as shown on Annex A, to R. William MacQuarrie, In Trust, for the sum of \$ 1,455,000, subject to the terms as outlined in the body of this report.

BACKGROUND

The Assisted Housing Land Bank Fund was approved by Regional Council in 1990 as one of several measures to facilitate the provision of non-profit and cooperative housing projects. The fund was established as part of the 1991 budget and purchases were to be guided through a Council approved strategic plan. The fund was designed to operate at no cost to the Regional Municipality of Ottawa-Carleton through full cost recovery of all capital and carrying costs associated with the property from the date of purchase.

The subject property was acquired by the Region from 977762 Ontario Ltd. (President, William MacQuarrie) on December 22, 1992 through the Assisted Housing Land Bank Fund, Project No. 912-19905 for \$ 875,000. The purchase was approved by Council on November 12, 1992 for the purpose of holding the land for future acquisition by a non-profit or cooperative housing corporation in accordance with the objectives of the program.

At that time, the Cooperative Housing Federation of Eastern Ontario had proposed the Region acquire the site on their behalf. The Region had indicated they would be given priority in the ultimate disposal of the site, in keeping with the strategic directions of the land bank fund. The Cooperative Housing Federation of Eastern Ontario subsequently facilitated the formation of the Beechmount Housing Co-op, who in turn submitted an offer to purchase the lands from the Region for \$875,000 in May 1995. At its meeting of June 28, 1995, Regional Council declared the lands surplus to Regional needs and approved the sale to Beechmount Housing Co-op for \$875,000.

In July 1995, the Provincial Government announced the cancellation of 385 social housing projects in Ontario including the Beechmount project. As a result, the transaction was cancelled between the Region and the Beechmount Housing Co-op. In early 1996 it was determined that the lands were no longer required for a Housing Co-operative and the property was circulated internally and externally to establish whether there was any interest for other programs. No interest was shown.

MARKETING PROCESS

The property was listed for sale through the Real Estate Board of Ottawa-Carleton on July 2, 1996 for \$950,000 based on an independent appraisal report commissioned by the Region. An offer of \$ 837,000 was received from William MacQuarrie, In Trust. It was subject to the lands being rezoned to commercial. Discussions with the City of Kanata suggested that the City would not support a rezoning at that time. The purchaser withdrew the offer. Two subsequent offers were received for \$ 300,000 and \$ 400,000, both based on medium density residential uses. Neither offer was recommended for approval by staff due to the low price. No other offers were received and the property was taken off the market in July 1997.

In November 1997 an offer was submitted by William MacQuarrie, In Trust for \$ 1.4 M, subject to obtaining a rezoning of the property to a commercial use. An independent planning consultant, Meloshe & Assoc. was retained to conduct a planning study. That study confirmed that a rezoning to commercial was reasonable in today's market considering the changes and increased market activity that have taken place within Kanata North. Discussions with the City indicated that a rezoning to commercial might now be given more favourable consideration.

As a result of these findings, staff offered the property on the open market based on the commercial potential. The property was advertised in the Ottawa Citizen, the Ottawa Sun and LeDroit on February 18, 1998 and a "For Sale" sign was placed on the property. Eleven information packages were requested as a result of the direct marketing efforts.

Two offers were received. One from William MacQuarrie, In Trust (MacQuarrie) for \$1,400,000 and a second from Sherbrooke Urban Developments Ltd. (Sherbrooke) for \$1,450,000. The offers contained a variety of conditions. In order to properly evaluate the two offers, the purchasers were asked to submit an offer based on an Agreement of Purchase and Sale prepared by the Region's Legal Department. The subsequent offers were:

*MacQuarrie:

- Purchase price \$ 1,455,000
- Deposit (non-refundable) \$ 10,000
- Closing date December 31, 1998
- Conditions Subject to rezoning to Commercial
Potential extension until June 15, 1999,
subject to an additional \$ 10,000 non-
refundable deposit

Sherbrooke:

- Purchase price \$ 1,450,000
- Deposit \$ 10,000
- Closing date June 28, 1999
- Conditions Subject to rezoning to Commercial

**It should be noted that the recommended purchaser, William MacQuarrie, In Trust owned the property under 977762 Ontario Ltd. when the Region purchased the property in 1992.*

The MacQuarrie offer provides the greatest financial return to the Region in the shortest timeframe. In addition, MacQuarrie is an adjacent landowner who has developed their property for commercial purposes. Their proposal will extend the commercial development into the Region's parcel. Based on the foregoing, we have concluded that the MacQuarrie proposal offers the greatest benefit to the Region.

PUBLIC CONSULTATION

The lands were circulated to all internal and external stakeholders. The property was unsuccessfully offered for sale through the local Real Estate Board and was subsequently marketed directly by Regional staff.

FINANCIAL IMPLICATIONS

The site was purchased by the Region in December 1992 for \$875,000. The total costs to the Region to the expected date of sale (December 31, 1998) include:

	\$
Purchase Price	875,000
Acquisition Costs (3% net GST, Fees, Reports, Taxes)	44,175
Disposition Costs	15,750
Carrying Cost to April 31, 1998	308,470
Estimated carrying costs to Dec. 31, 1998	40,000
TOTAL	1,283,395

The net revenue to the Corporation is as follows:

	\$
Sale Price	1,455,000
less costs	1,283,395
NET PROCEEDS	171,605

Approved by Nick Tunnacliffe

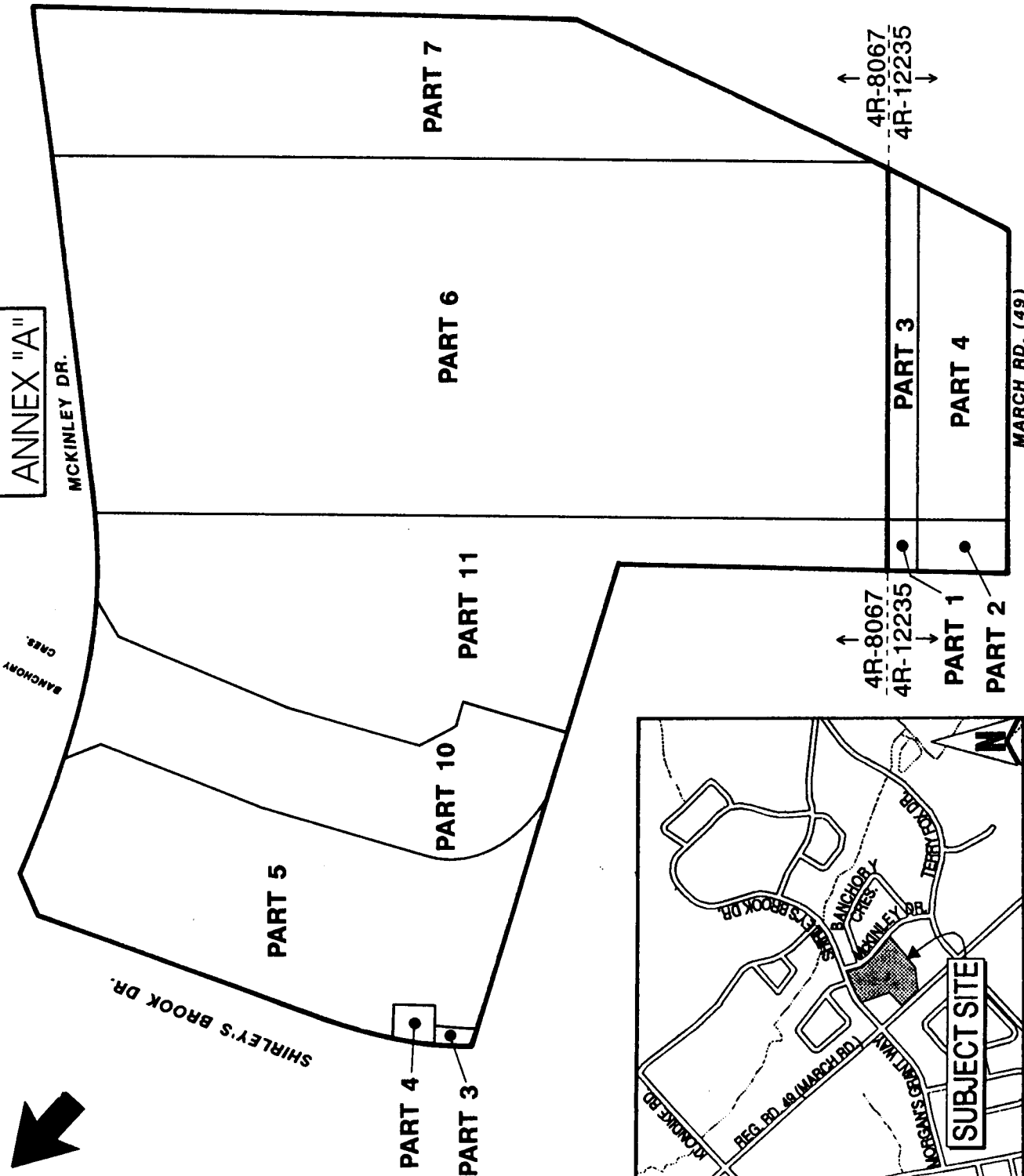
FINANCIAL COMMENT

Proceeds from the sale of the Kanata site will be credited to capital account 912-19905.

*Approved by C. Colaiacovo
on behalf of the Finance Commissioner*

Attach. (1)

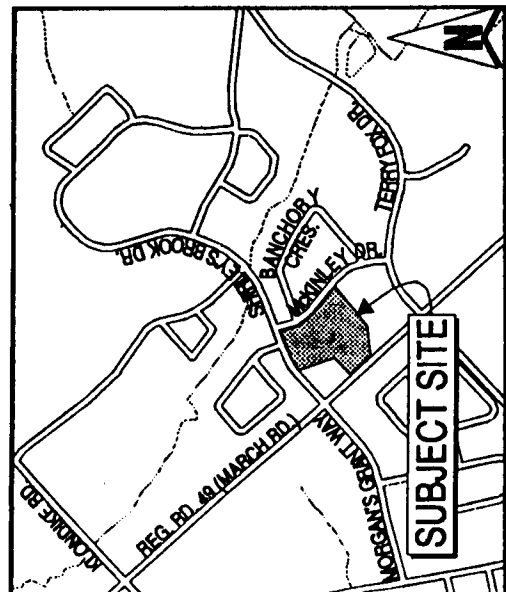
ANNEX "A"
MCKINLEY DR.



PLAN 4R-8067	
PART	AREA
3	29 sq. m.
4	52 sq. m.
5	0.297 ha.
6	1.019 ha.
7	0.337 ha.
10	0.194 ha.
11	0.370 ha.

PLAN 4R-12235	
PART	AREA
1	2.8 sq. m.
2	27.0 sq. m.
3	20.2 sq. m.
4	185.6 sq. m.

TOTAL AREA: 2.20 ha.(±)



OTTAWA-CARLETON
PLANNING AND DEVELOPMENT APPROVALS DEPARTMENT
REAL ESTATE SERVICES

SURPLUS LAND MCKINLEY DRIVE (KANATA)	
SCALE N.T.S.	FILE 18-96-70045
PROJECT 911-19905	DATE APRIL, 1998
BRANCH REAL ESTATE SERVICES	