

 <b>COBOURG</b>	<b>THE CORPORATION OF THE TOWN OF COBOURG</b>	
	<b>STAFF REPORT</b>	
TO:	Mayor and Council	
FROM: TITLE:	Stephen Peacock CAO	
DATE OF MEETING:	June 25, 2018	
TITLE / SUBJECT:	Sale of Land 36 Queen Street	
REPORT DATE:	June 7, 2018	File #:

1.0 STRATEGIC PLAN

Objective: #4 Managing Sustainable Growth and Development

3.0 RECOMMENDATION

It is recommended that Council authorize the preparation of a by-law declaring lands known as 36 Queen St as surplus to the needs of the Municipality and for sale

AND

Direct the Clerk to publish notice of said sale of land as required by by-law 013-2008 being a by-law to establish procedures for the sale of Land by the Corporation of the Town of Cobourg

AND

No less than 10 day after publication of said notice provide Council with a By-law authorizing the Mayor and Clerk to enter into an agreement of private sale of land known as 36 Queen St. in the Town of Cobourg to Queensview Garden Inc.

## 5.0 BACKGROUND

In late 2016, Queensview Garden Inc. purchased lands known as 22 Queen Street, the site formerly occupied by Lakeshore Auto Electric. Upon finalization of this purchase, Queensview Garden Inc. approached the Town with an offer to purchase lands known as 36 Queen St., presently the site of a municipal parking lot. Council has reviewed a number of development concepts and offers on 9 occasions in closed sessions beginning in May of 2017. This memo is provided to describe the results of these negotiations and to provide details and a recommendation on a draft offer of sale.

(See Attachment A)

## 6 ANALYSIS

The Town owned property in question consists of a municipal parking lot which is currently improved with 64 public parking spaces. The lot is 0.58 acres (25,185 sf) in size and zoned Main Central Commercial (MC) in the Comprehensive Zoning By-law. This zoning permits a wide range of commercial and mixed uses, including public and commercial parking, at a maximum building height of 3 stories.



The adjacent property to the west is presently owned by Queensview Garden Inc. and known as 22/28 Queen St. The lot is 0.51 acres (22,013 sf) in size and is zoned Main Central Commercial Exception 15 (MC-15). This zone similarly allows for a wide range of commercial and mixed uses under the MC Zone, but permits a maximum building height of 5 storeys with further restrictions governing maximum peak building height (21.5 m or 70 feet), minimum rear building step-back, and side yard setbacks.



The purpose of acquisition of the Town property by Queensview Garden would be to combine this site with its present site for the development of a single, mixed-use residential/commercial building. Preliminary concepts indicate a development consisting of approx. 65 dwelling units, approx. 554.2 sq m (6,000 sq ft.) of commercial space, and at least 155 underground and in-building parking spaces, including a minimum of 64 publicly-accessible “Green P” parking spaces. The estimated value of project construction is \$32,000,000. Precise specifications and details associated with the development are still being refined and once detailed plans are completed they will be subject to further review and Council approval at the Site Plan Control stage.

The Ontario Provincial Policy Statement (PPS), 2014 and Places to Grow Growth Plan for the Greater Golden Horseshoe, 2017, the County of Northumberland Official Plan, 2016 and the Town of Cobourg Official Plan, 2017 all speak to the strong desire of intensifying existing urban, serviced built-up areas, more efficiently

utilizing existing infrastructure, building compact, livable and healthy communities, and maintaining the vitality and viability of main streets, among other important policy directives. In particular, the Growth Plan specifies that at least 40% of all new development in upper or single-tier municipalities shall be located within delineated built-up areas (ie. the “built boundary”), increasing to 60% by 2031. The proposed development site is located within the existing, serviced built boundary of the Town of Cobourg and any resulting residential growth will count towards the Town’s and County’s intensification targets as established by the Growth Plan and County Official Plan.

The small size of each individual parcel of land limits development opportunities. By combining the two parcels of land into one, single development property, an intensification opportunity exists that would not be as possible if the two properties remained as two stand-alone parcels. It is therefore felt that this proposal represents the Highest and Best use of the properties in question and helps satisfy the growth policies and directives of the Province, County and Town. The development as proposed would meet all requirements of the zoning presently on each of the properties with the following two (2) exceptions, where minor variances would be required:

1. Due to the construction of a single building that will cross over an existing mutual property line and zone boundary, the site-specific easterly interior side yard setback requirement for 22 Queen Street (which was implemented specifically to provide spatial separation from the municipal parking lot) would need to be reduced from 3 – 5 m (depending on windows) to 0 (zero). The front and side yard requirements for the municipal parking lot at 36 Queen Street are already zero as per other MC Zones in the downtown and therefore no adjustments are required on this property.
2. Due to the proposed location of public “Green P” parking in the underground level of the proposed structure, the concept includes the construction of an additional 67 parking spaces within the 1<sup>st</sup> and 2<sup>nd</sup> levels of the building to serve the residential units. By doing so, the development will exceed the allowable “Floor Space Index (FSI)” under the current zoning definitions. FSI is defined as the ratio of building floor area to the lot area, excluding underground parking, mechanical and other ancillary space, and is set at a maximum of 2.0 as it applies to the standard MC Zone. Parking areas located within the building at-grade and above grade are considered part of the FSI calculation, but if this space is removed the ratio will meet this requirement. This exception has been implemented in other site-specific MC zones in the downtown/harbour area.

The present parking use is important to the downtown, adjacent parkland and waterfront areas, and the number of public parking spaces will be maintained and enhanced if this development proceeds. There are presently 64 outdoor parking

spaces provided by the McGill Street parking lot, including two (2) barrier-free spaces.



These spaces are underutilized for most of the year with the exception of the summer months. As part of the negotiated agreement the Town will be provided a 99 year lease agreement for at least 64 indoor Green P parking spaces, including at least 2 barrier-free spaces.

The Condo Corp will own, collect fees and maintain the Green P parking facility in a manner acceptable to the Town and will charge rates that cannot be higher than 2x the Town's rate for parking as set out in its Fees and Charges By-law. In return the parking provided will:

- be equal to what is now present (minimum of 64 spaces);
- provide indoor parking which will be attractive for users during winter months and inclement weather;
- provide no liability concerns for the Town as it will be operated and maintained by the Condo Corp.

It was important to protect the interests of the Town in regard to exposure to risk in the unlikely event of failure of the developer to perform. In this regard the following clauses have been included in the draft agreement and are shown in more detail in the attached timeline. (Attachment B)

- The existing parking lot will remain as an open, public parking lot until the actual construction begins.
- At the time of closing the Town will receive a payment of \$600,000;
- If construction progress is not made as outlined in the agreement the Town has an option to buy back the property at the cost of the original purchase minus a \$10,000 fee.
- Prior to commencement of construction the Town will receive a letter of credit for a further \$600,000 which combined with the purchase payment represent a total in excess of the appraised value. This fund is available to the Town in the event of frustration of the contract.

The Town has worked with the principals of Queensview Garden in the past, operating as EIE Corporation and the developer of lands known as Cedar Shores on King Street West. Staff experience working with this group has been very positive and the engineering work provided to the Town has been of the highest quality.

For the above-noted reasons it is recommended that Council exercise clause 3.(b) of By-law 013-2008 (See Attachment C) being the Town's by-law controlling sale of Town-owned lands and agree to sell the property to Queensview Garden Inc. by private sale, as the sale is seen to be in the best interest of the Town.

## 7.0 FINANCIAL IMPLICATIONS/BUDGET IMPACT

A fair market value appraisal of 36 Queen Street was obtained by the Town from Baayen Real Estate Appraisers with a value set at:

\$1,133,000.00

(See Attachment D)

The terms of the draft agreement include a cash payment of \$600,000 and the provision of public Green P parking equal to or in excess of the parking presently in place. Engineering estimates indicate an indoor parking value that can vary from \$15,000 to \$25,000/spot. This variance considers value of land, complexity of design and location such as underground, above ground or at grade. Using this range of cost it can be demonstrated that the parking provided represents an investment of \$960,000 to \$1,600,000 for 64 parking spaces. Therefore considering the cash payment and the value of the parking the total value to the Town would be between \$1,560,000 and \$2,200,000, well in excess of the appraised value. All funds received will be directed to the parking reserve. These funds will be available for contribution to future parking solutions for the Downtown. This is in keeping with the Town's Parking Study and Waterfront Study.

It is difficult to provide an exact revenue number for this lot as fees are collected from all meters at the same time. Engineering staff have estimated that the meters generate \$20,000 to \$30,000 per year with maintenance of the lot and of meters of approximately \$10,000. This net profit would not be received by the Town in the Agreement as currently drafted.

Based on preliminary concept drawing, Development Charges assessed at 2018 rates would provide a payment to Town DC reserves of approximately \$700,000.

Property taxes payable to the Town can also be estimated as follows:

- a) Residential Net area(63,540 sf) x value(\$500/sf) x town portion mill rate (.00839052)

Residential tax is therefore \$266,567 per year

- b) Retail Net area(5965 sf) x value(\$450/sf) x town portion mill rate(.0127133)

Retail tax is therefore \$34,126 per year

Total Cobourg portion of annual property tax would be \$300,693

Note: In the Analysis section of this report financial protections were discussed in the form of buyback clauses and securities.

## 8.0 CONCLUSION

Staff conclude that it is in the best interest of the Town to enter into an agreement of Purchase and Sale with Queensview Garden Inc. for 36 Queen Street. It is felt that a development project utilizing a consolidated property is the Highest and Best use of the two properties in question, and will satisfy the growth objectives and policy direction of the Province, County and Town. Increasing Downtown population will support vitalization efforts already undertaken by the Town and is in keeping with the objectives of the Downtown Vitalization Report. Financial considerations indicate a value of return on the property in excess of the appraised value. Present parking is protected and improved with an agreement over a 99 year period with guarantees of maximum prices that can be charged over the life of the contract. Revenues in the form of property taxes and Development Charges are significant with municipal services presently available to the site. Finally, the development will be attractive and will be a positive addition to the Downtown area.

**Approved By:**

Stephen Peacock, Chief Administrative Officer

**Department:**

CAO