



PORT COLBORNE

Subject: Sale of 235-241 Welland Street

To: Council

From: Office of the Chief Administrative Officer

Report Number: 2024-131

Meeting Date: June 25, 2024

Recommendation:

That Chief Administrative Office Report 2024-131 be received; and

That Council approve the by-law attached as Appendix B, being a By-law to Authorize Entering into an Agreement of Purchase and Sale with 1342392 Ontario Ltd. For 235-241 Welland Street; and

That the Mayor and Acting City Clerk be authorized to sign the by-law for the Agreement of Purchase and Sale and any and all documents respecting the sale of these lands.

Purpose:

The purpose of this report is to bring forward the Agreement of Purchase and Sale and by-law to formally approve the sale of 235-241 Welland Street.

Background:

235-241 Welland Street is a vacant City-owned property strategically located in the City's downtown core, with views of the Welland Canal and Clarence Street Bridge, and the gateway to Nickel Beach. Council directed staff to have design guidelines prepared and included within a request for proposals (RFP) document to guide the development of this property.

NPG Planning Solutions' Senior Planning Consultant appeared at the October 25, 2021, Council meeting and presented a vision and guiding principles; City planning policies for the area; design priorities; site organization; and key design elements for mixed use, residential, and commercial buildings.

An RFP was issued on November 9, 2021, that included the urban design guidelines prepared by NPG Planning Solutions. The RFP was emailed to a database of investors, developers, and real estate agents that is maintained and updated by the City's Economic Development and Tourism Services Division. It was also posted on the City's website and posted on Biddingo which is an online public sector bid service. This disposition process did not produce a successful outcome.

On March 21, 2024, the RFP was re-issued and closed on April 19, 2024, with no bid submissions. After the RFP process was completed, an unsolicited bid was brought forward by a development group 1342392 Ontario Ltd. This bid was presented at a closed session of Council on May 28, 2024. Council directed staff to work with the purchaser to ensure the development concept adheres to the property specific Urban Design Guidelines that were approved in 2021, and to bring forward an Agreement of Purchase and Sale (APS) to an open session of Council.

Discussion:

The City Solicitor has reviewed and revised the draft Agreement of Purchase and Sale to incorporate wording and conditions important to the City. This version of the agreement has been reviewed and approved by the purchaser.

The guidelines approved by Council were intended to challenge conventional thinking and design for multi-unit residential developments and encourage investors to be bold and creative in their planning.

Staff feel that the location of this property as a gateway to the downtown core and to Nickel Beach means the property should have an innovative design to attract new residents who are looking for the downtown core experience with shops and amenities nearby, recreational options at Vale Health and Wellness Centre, and walkability to Nickel Beach, parks, and trails. City staff believe that the redevelopment of 235-241 Welland Street will be a catalyst for private sector investment on the East Side and the redevelopment of other residential and commercial properties along Welland Street.

Internal Consultations:

Staff from Planning and Development, Economic Development and Tourism Services, and Corporate Services worked together on this project.

Financial Implications:

This property is being sold to 1342392 Ontario Ltd. for \$250,000. The sale proceeds will eliminate the majority of the tax arrears and fines. The remaining balance of arrears,

estimated to be \$15,000 will be funded from the property tax reassessment and accounts receivable uncollectable budget.

As identified in Report 2022-13, the financial legacy from the sale of a property is not necessarily in the net proceeds but rather the future contribution to the tax, water, wastewater, and storm sewer base.

- Prior to development, Staff estimate the municipal value to be \$9,500 annually. The net present value of this contribution over 50 years is approximately \$60,000.
- Following development, Staff estimate the municipal value to be \$60,500 annually. The net present value of this contribution over 50 years is approximately \$1,444,000 plus water usage charges.

The calculations above were made using the following key assumptions:

- The property was considered residential with a ¾" water meter for the purpose of the calculations above. Staff acknowledge a portion of the property could have a use other than residential once developed. The approach of assessing the whole property as residential was done for purposes of providing a conservative estimate, recognizing any split is currently unknown.
- For the purpose of the storm sewer, once developed, the property will be assessed as a multi-residential property with greater than 10 units.
- That taxes grow by 2%, water/wastewater by 5% and storm sewer by 5%. These figures will vary based on factors such as inflation, defined service levels, growth, and density of growth.
- A 4.45% discount rate (2.45% Bank Rate + 2% Risk)

Once this property is developed, the property will be re-assessed by the Municipal Property Assessment Corporation (MPAC). Staff will recalculate the economic value of this sale at that time.

Staff anticipate that the new owner will apply to the City's Community Improvement Plan (CIP) incentive programs which are designed to leverage public sector investment and encourage and facilitate private sector investment in designated areas of the City including the downtown, East Waterfront, and Humberstone areas. This program was taken into consideration when calculating the net present value above.

Public Engagement:

The urban design guidelines, which were an integral part of the RFP, are based on the City's Official Plan, Zoning By-Law, East Waterfront Secondary Plan, and the Region's Smart Growth Criteria and their programs. These policy documents were developed through a public process and involved considerable resident and stakeholder engagement.

The property was listed on the City web site between the dates of March 21 and April 19, 2024. The RFP was also emailed to the City Developer Database.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillars of the strategic plan:

- Welcoming, Livable, Healthy Community
 - Economic Prosperity
 - Increased Housing Options
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Conclusion:

235-241 Welland Street is a gateway location within the downtown area and the City's East Side where revitalization and renewal are a strategic focus. The Urban Design guidelines were established for the development of 235-241 Welland Street and the standard reconveyance clause are included as part of the APS.

Staff recommend that City Council approve the sale of 235-241 Welland Street to 1342392 Ontario Ltd. plus legal expenses for \$250,000 and the attached by-law be approved.

Appendices:

- a. Property Map 235-241 Welland Street
- b. Agreement of Purchase and Sale By-law

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.