



Subject: Sale of 235-241 Welland Street

To: Council

From: Chief Administrative Office

Report Number: 2022-18

Meeting Date: February 8, 2022

Recommendation:

That Chief Administrative Office Report 2022-18 be received;

That Council approve entering into an Agreement of Purchase and Sale with 1703217 Ontario Inc. for \$325,000 regarding 235-241 Welland Street;

That the Mayor and Clerk be authorized to sign and execute any and all documents respecting the sale of these lands; and

That a by-law to authorize entering into an Agreement of Purchase and Sale with 1703217 Ontario Inc. regarding 235-241 Welland Street be brought forward.

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 the East Village and 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. A minimum bid price of \$319,900 was established and included in the RFP document.

The deadline for submitting proposals was December 2, 2021. At a closed session meeting held on December 13, 2021, Council directed staff to bring forward a contract with 1703217 Ontario Inc. to open 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. Staff have recommended that the new owner be required to have a site plan finalized and approved within one year and have a building permit issued within two years. This is consistent with stipulations the City has included in recent real estate transactions to ensure the property owner commits to building within an acceptable time frame.

1703217 Ontario Inc. have proposed a multi-storey mixed building that includes two main floor commercial units and twenty-four residential units comprised of 1, 2, and 3-bedroom suites, as well as roof top amenities. The proponent has submitted a detailed concept plan and drawings to the City and participated in a pre-consultation meeting on January 13, 2022 with City staff from Planning, Fire, Engineering, Building, and Economic Development as well as staff representatives from other commenting agencies. A copy of the concept plan and preliminary drawings are attached to this staff report. The purchaser is aware of necessary planning approvals that are required to complete a building of the type presented in the concept plan and preliminary drawings.

This proposal provides for more housing units in the downtown core which benefits the City and will support businesses in the downtown core. It also provides for a variety of accommodation types and two commercial units on the main floor. There is ample parking with the parking lot being located at the back of the building.

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 proposals. The proposal submitted by 1703217 Ontario Inc. meets these criteria and will establish a new standard of urban design for multi-unit residential buildings in the City. This will attract new residents who are looking for innovative design and urban living in the downtown core 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 1703217 Ontario Inc. for \$325,000. This meets and exceeds the minimum bid price in the RFP of \$319,900. The sale proceeds will be used to eliminate the tax arrears and any surplus will be transferred to the Economic Development Land Reserve.

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 be something other than residential once developed. The approach of assessing the whole property as residential was done for purposes of conservatism, recognizing any split is currently unknown. For the purpose of the storm sewer, once developed, the property was 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. 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, and 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.

Strategic Plan Alignment:

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

- Attracting Business Investment and Tourists to Port Colborne
 - Value: Financial Management to Achieve Financial Sustainability
 - Governance: Communications, Engagement, and Decision-Making
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Conclusion:

Urban design guidelines were established for the development of 235-241 Welland Street and these were included in an RFP document that was issued on November 9th and closed on December 2nd. Development proposals were reviewed by the City Project Team comprised of staff from Economic Development and Tourism Services, and Planning and Development. Council accepted the Project Review Team's recommendation to award the contract to 1703217 Ontario Inc.

235-241 Welland Street is a gateway location within the downtown area and the City's East Village where revitalization and renewal is a strategic focus.

Appendices:

- a. Agreement of Purchase and Sale
- b. By-law
- c. Pre-consultation Concept Drawings

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.