

# **The Corporation of the City of Kawartha Lakes**

## **Committee of the Whole Report**

**Report Number RS2020-002**

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**Meeting Date:** March 10, 2020  
**Title:** Land Disposition Procedure  
**Description:** Response to Memorandum COW2020-02  
**Ward Number:** All  
**Author and Title:** Robyn Carlson – City Solicitor

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### **Recommendations:**

**That** Report RS2020-002 Land Disposition Procedure, be received;

**That** By-law 2018-020 be amended to require appraisal reports for sales valued at over \$50,000.00 to be presented to Council prior to final disposition of the property.

**That** an amending by-law be put before Council; and

**That** these recommendations be forwarded to the agenda for the next Council meeting for adoption.

**Department Head:**\_\_\_\_\_

**Chief Administrative Officer:**\_\_\_\_\_

## **Background:**

On February 4, 2020, Councillor Dunn drafted a Memorandum to Council numbered COW2020-02 and regarding the sale of municipal property:

### **CW2020-031**

**Moved By** Councillor Dunn

**Seconded By** Councillor Yeo

**That** the Memorandum from Councillor Dunn, **regarding the sale of municipal property**, be received;

**That** staff be directed to review all public land sale processes requiring an appraisal to determine fair market value, and make recommendations to Council at the March 10 Committee of the Whole meeting to update these processes to include the provision of the appraisal report to Council prior to authorizing the final transfer of the lands; and

**That** this recommendation be brought forward to Council at the next regular Council Meeting.

### **Carried as resolution CW2020-031**

On February 18, 2020, this resolution was approved by Council. As of the time of drafting this report, the Minutes to the February 18, 2020 Council meeting have yet to be posted. Accordingly, the author is unable to include the resolution number here.

## Determining Value of Land

The City's Disposition By-law, which governs the disposition of all City-owned property, provides that all land excluding road allowances must be appraised by a certified land appraiser prior to sale. The City is then obligated to recover at least the appraised value, plus all the costs associated with the sale (survey, legal, appraisal, advertising and staff time).

The appraisal is based on what the highest and best use of the property is, notwithstanding current zoning. In other words, the appraisal will conclude what the property could be used for, in order to yield the highest return on investment, even if such a use would require a rezoning. So, for example, if a property within an urban setting is zoned Agricultural, but is designated Residential and is surrounded by Residential properties, the appraisal report will likely conclude that the property's highest and best use is for residential, and will value the property as residential, notwithstanding its current zoning.

What the appraisal report will not do is provide an opinion on development concepts. For example, an appraisal report will not conclude whether or not the City would be more likely to recover a higher return should the property be subdivided and individual lots within sold for development.

Once a property has been appraised, and unless the property is road allowance being sold to the adjacent owner for the purposes of merger with that owner's existing property, or unless Council has directed that the property be sold to an identified buyer, the City will put the property on the open market. It will list the property for sale on [www.realtor.ca](http://www.realtor.ca) (formerly "MLS"), will post a "for sale" sign on the property, and will list the property for sale on its website. All offers that come in within the first 10 days of a posting will be held and – on day 10 – the City will open those offers and take the highest unconditional offer that meets the minimum financial requirements. Following this period, the City will accept any offer that comes in that meets the minimum financial requirements, on conditions that are acceptable to it.

### Land Sale Process

In addition to the process that is described above, the City's Disposition By-law ensures that the public is given notice before a property is declared surplus by Council, for the purpose of sale or otherwise (for example, long term land lease to airport hangar tenancies and the Kawartha Lakes Haliburton Housing Corporation long term lease for affordable housing at 68 Lindsay Street North).

If a property will be declared surplus by Council, it will first be advertised for 3 weeks in the newspaper, on site (unless the property is a road allowance) and on the City's website. The matter will then go to Committee of the Whole and then to Council. If Council declares the property surplus, the City will then obtain a survey (if necessary) and an appraisal (unless the property is road allowance). It will then be advertised for sale, as set out above.

Once the City has received an offer to purchase on a property, an agreement of purchase and sale will be entered into, conditional upon final Council approval. This final Council approval takes the form of a by-law (no accompanying report, as in the case of a declaration of surplus for disposition).

### **Rationale:**

In the existing process, developable properties are always appraised and road allowances that will merge with an adjacent lot are sold based on a linear price, which is set out in the by-law. For shoreline road allowances adjacent to lakes, road allowances are sold at \$23/ linear foot (road allowances are 66 feet in width). For shoreline road allowances adjacent to rivers, road allowances are

sold at \$20/ linear foot. For internal road allowances, road allowances are sold at \$15/ linear foot.

As an example, see report RS2020-001, on this Agenda. 256 feet of shoreline road allowance adjacent to a river is being sold for \$5,118.11.

Realty Services Staff did a market comparison in 2018 to confirm the appropriate set values for road allowances, based on those municipalities that set a rate for road allowances. However, some municipalities require that road allowances be subject to appraisal.

A by-law will be advanced to the March 24, 2020 Council, to make these minimum prices rather than set prices. This will allow Staff to negotiate higher prices than the minimum prices, which may or may not be established by appraisal.

For road allowances that will merge with adjacent lots, where a set linear price has been used, Staff have been able to include the price in the “Financial Implications” section of the surplus declaration report. The appraisal is obtained after the property has been declared surplus, to prevent a landowner of incurring appraisal costs if there is a public interest in the property (for example, consider the case of Jessie Avenue, being a shoreline road allowance adjacent to Rose Street in Pleasant Point, Dunsford, where Council decided not to declare the property surplus and sell it to the adjacent owner due to public interest in using the property as a walking trail). Accordingly, since only a by-law authorizing ultimate disposition returns to Council after the appraisal is obtained, Council never sees the appraised value of a developable property; only Staff see this.

The recommendations above address Council's wish to see the appraised value of property before it is disposed of. The author of this report is recommending that only higher value sales, which may be \$50,000.00 as per the recommendation, or may be some other number that Council decides, come to Council for consideration. If Council wishes to see the appraised value of property, it will need to come to Council as a closed matter on the same agenda as the by-law for ultimate disposition.

### **Other Alternatives Considered:**

Council could decide an alternative minimum value of land for which it wishes to see appraised value, and amend the recommendations above, accordingly.

### **Financial/Operation Impacts:**

The recommendations will make it more time consuming for the City to sell City-owned land. It may be the case that these recommendations improve the net recovery on the sale of City-owned land; time will tell.

### **Relationship of Recommendations to the 2020-2023 Strategic Plan:**

This report and recommended resolutions aligns with the Guiding Principle of fiscally responsible core service delivery, while still maintaining service excellence. Moreover, this report and recommendations support the strategic priority of good government.

### **Review of Accessibility Implications of Any Development or Policy:**

N/A

### **Consultations:**

None.

### **Attachments:**

None.

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**Department Head:** Robyn Carlson