



Council Report

Report Number: RS2022-010
Meeting Date: January 25, 2022
Title: Land Sale Strategy
Description:
Author and Title: Sharri Dyer, Manager – Realty Services

Recommendation:

That Report RS2022-010, **Land Sale Strategy**, be received.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

Realty Services was given a target by Council of achieving \$6,000,000.00 in land sales revenue in the 10-year period from 2015-2024, inclusive. To date, \$2,484,809.03 in revenue has been achieved. Attached at Appendix A is a document entitled "Achieved and Projected Revenue from Land Sales", which covers this 10-year period.

The purpose of this Report is to provide Council with an overview of the strategy for proceeding with land sales over the balance of this 10-year period ending 2024.

In 2001, Council created the Property Disposition Task Force, with the goal of identifying all property in the City that were surplus to City needs, so that this property could be sold and revenue could be obtained.

Unfortunately, this process over-represented the available lands for sale. As a result, many lots were declared surplus by Council that actually cannot be sold, due to reasons enumerated below. In 2018, Council revoked its surplus designation on a number of Parkland and Greenspace properties and in 2019, Council revoked its surplus designation on a number of other surplus properties. In 2021, Council revoked the surplus designation on an additional three surplus properties.

Rationale:

Projected Land Sales

Attached at Appendix A is a document entitled "Achieved and Projected Revenue from Land Sales", which covers a 10-year period from 2015-2024, inclusive. To date, \$2,484,809.03 in revenue has been achieved. According to these projections, Realty Services will sell a total of \$8,342,764.76 over this period, not including requests by the public to sell Road Allowances or Shoreline Road Allowances adjacent to their property, for the purposes of lot addition.

Six properties - declared surplus based on the recommendations of the Property Disposition Task Force – remain outstanding (that is, have not been sold nor have had their surplus declaration status revoked).

Of these six properties, four properties are not suitable for sale. Accordingly, Realty Services will bring forward Reports to Council in 2022 to remove the surplus declarations on those properties.

If the two remaining properties can be made or are found to be currently suitable for sale, they will be placed on a listing plan for a future year (2025 or later). Otherwise,

Realty Services will bring forward Reports to Council in 2022 to remove the surplus declarations on these properties also.

Land Sale Process

On average, the sale of City property takes 17-22 months. The process for City land sales is more complicated and time consuming than a traditional residential sale of land. The reason for this complexity is:

- Often, municipal property does not have a legal description, and thus must be surveyed
- Municipal property cannot be sold to a commercial or industrial purchaser at below fair market value, according to the Municipal Act, 2001
 - Fair market value is best achieved through an appraisal, although an “estimate of value” could be obtained as an alternative
 - Although using an “estimate of value” could save 1-2 months, the concern with this approach is that a property could be sold at below value.
- Municipal property is often zoned “Community Facility” and thus must be rezoned. Property is often rezoned by Realty Services prior to sale, or sold “as is”. In the latter case, the purchaser usually makes the rezoning a condition of the sale. Otherwise, the property value is significantly decreased.

Attached as Appendix B is a comparison of a traditional residential sale and a City land sale in order to highlight the increased complexity for a City sale.

Following listing, Realty Services holds all offers received for ten days, then reviews and accepts the highest offer (only accepting it if the offer is, at minimum, fair market value as established by appraisal, plus all costs of the transfer).

Attached as Appendix C is a breakdown of the time it takes to complete each step of a land sale. Neither of these outlined timelines contemplate the property requiring a rezoning, which requires additional time.

Reduce Time or Increase Revenue?

There is a trade-off to be had between achieving maximum revenue (obtaining an appraisal) and reducing time (foregoing the appraisal, and going with an estimate of value or – in the case of a road allowance - a set linear rate, which rates are set out in the Disposition of Land By-law 2018-020).

Historically, Council has commented that the set linear rates for road allowance sales are too low. Accordingly, since September 2021 Realty Services has been recommending to Council that it sell road allowance at the greater of linear set rate and appraised value. To date, none of the appraisals have come back.

The trade-off, of course, is that each road allowance sale would take additional months and additional staff time to complete. This process would take an additional 1-3 months: 1-2 months for the appraisal and then the additional time required to take the sale back to Council after the appraisal is obtained. However, given that land is a finite resource, Realty Services recommends maximizing revenue despite the additional time and staffing requirements.

Once enough appraisals are obtained, Realty Services intends to use these appraisals to establish new linear set rates, thus maximizing revenue and reducing time.

Creating Efficiencies in the Land Sale Process: How Can Council More Efficiently Sell Land without making trade-offs in terms of revenue?

For land that has been advertised and declared surplus by Council after proceeding through public advertising and Committee of the Whole, the following amendments to policy and by-law will help speed up the time to sale:

1. Remove the requirement that appraisals come to Council; and
2. Remove the requirement that a final disposition by-law comes to Council, after the property has been declared surplus and Staff have been directed to sell it at no less than appraised value and all costs recovered.

However, even with the incorporation of the above amendments, the amount of time saved would be approximately 3 months per sale. This will not address the large delays caused by environmental or zoning issues. The only way to address these issues would be to prioritize development and sales of City-owned land over that of privately-owned land.

Other Alternatives Considered:

This report is for information purposes only.

Alignment to Strategic Priorities:

The recommendations set out in this Report align with the following strategic priorities:

- Good Government
 - Effective management of the municipal building and land portfolio

Financial/Operation Impacts:

None. This report is intended to identify the current Land Sales Strategy for the City of Kawartha Lakes, and explain the land sales process, including identifying potential efficiencies in the process.

Consultations:

City Solicitor

Attachments:

Appendix A – Achieved and Projected Revenue from Land Sales



Appendix A -
Achieved and Projec

Appendix B – Land Sale Comparison



Appendix B - Land
Sale Comparison.pd

Appendix C – Breakdown of Land Sale Timelines



Appendix C -
Breakdown of Land

Appendix D – By-Law 2018-020 (By-Law to Regulate the Disposition of Municipal Real Property)



Appendix D -
By-Law 2018-020 (By

Appendix E – CP2021-033 Disposal of Real Property Policy



Appendix E -
CP2021-033 Disposa

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