

# STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



<b>Report to:</b>	Mayor and Council Members	<b>Priority:</b>	<input type="checkbox"/> High <input type="checkbox"/> Low
<b>Submitted by:</b>	Melissa Graham Small Business Facilitator Economic Development <a href="mailto:mgraham@cobourg.ca">mgraham@cobourg.ca</a>	<b>Meeting Type:</b>	Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>
<b>Meeting Date:</b>	<b>March 8, 2021</b>		
<b>Report No.:</b>	Corporate Services-034-21		
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**Subject/Title: Repurchasing Lucas Point Property**

## RECOMMENDATION:

THAT Council provide staff direction to enact the Business Park Land Sale Covenant to repurchase undeveloped property for future sale opportunities.

## 1. STRATEGIC PLAN

**PROSPERITY PILLAR:** The Town plans for, markets and develops assets for economic growth and financial security.

## 2. PUBLIC ENGAGEMENT

Lucas Point Business & Industrial Park Lands are municipally-owned, serviced lands which have been available for sale to proponents of light industrial and similar business uses since the 1980's. Development is subject to Site Plan Approval by Cobourg Municipal Council, which includes the installation of a development sign on the property and staff reports to Council.

## 3. PURPOSE

This report is provided to council to provide council the options and implications in which to seek further direction to staff for the repurchasing the 1.5 acres of undeveloped land in Lucas Point Industrial and Business Park.

## 4. ORIGIN AND LEGISLATION

The Economic Development Department received an offer to purchase of \$30,000/acre for approximately 1.5 acres of industrial land from 2364574 Ontario Inc. (Vancor) in April 17, 2017. In addition to the 1.5 acre parcel, there was a request for a right of first refusal on the 1.3 acre parcel abutting the property to the west.

## 5. BACKGROUND

As indicated in the April 17, 2017 staff report from Economic Development Coordinator; Mr. Vander Schaaf delivered an offer to purchase a 1.5 acre industrial lot on the South East corner of Thompson and Dodge Streets in the Lucas Point Business & Industrial Park for the purposes of constructing a 5,000 ft<sup>2</sup> building. He would further like to establish a “First Right of Refusal” on an adjacent 1.3 acre parcel for future expansion.

As stated in a letter from Mr. Vander Schaaf on March 23, 2017, Vancor has been installing insulated metal panels for large and small projects for the past 27 years. They have 30 years prior experience in housing, commercial, industrial and heavy construction across Canada and the United States. Their main focus has been in projects such as freezers, coolers, and food preparation and distribution buildings.

The facility that was proposed was to be used to assemble all materials needed for houses, including the steel frames which will be built by Simpson Welding in Alderville. The materials will be loaded onto trucks or into containers and shipped to the building sites.

Mr. Vander Schaaf estimated the business will require 10 to 15 employees and as the business grows they anticipate hiring more employees to facilitate the assembly/loading process.

The proposed 5,000 ft<sup>2</sup> building will face east with a potential for entrances on both Thompson and Dodge Streets. Although not depicted on the preliminary sketches, Mr. Vander Schaaf had indicated he intended to construct a 900 ft<sup>2</sup>.office on the front of the building that will include a partial stone front. The metal clad building warehouse will be constructed in dark blue with white trim. The Town’s Planning Department staff were consulted with a site plan application received on June 25<sup>th</sup> 2018 with the Site Plan Approval by-law being accepted on July 3<sup>rd</sup>, 2018 by Council.

On January 14, 2019 Council provided the Mayor and Municipal clerk authorization and direction to execute on behalf of the Corporation a Sale of Land agreement with 2364574 Ontario Ltd. (Vancor) with the formal closing of the property occurring on January 25<sup>th</sup>, 2019. This resulted in a total purchase price of \$45,240 for the approximate 1.5 acres of land located in Lucas Point.

## 6. ANALYSIS

While Council provided the authorization and direction to execute the Sale of Land agreement on January 14, 2019. With formal closing and transfer occurring on January 25<sup>th</sup>, 2019, there is also a part of the agreement of purchase and sale which includes the Business Park Land Sale Covenants.

These covenants are in place to protect the municipality to avoid developers or land owners to sit on the property to gain a profit while not fulfilling the initial plans of job creation and growth.

Schedule "B", part 1 (a) indicates the following;

1. (a) Construction and erection of a building on the Property in compliance with the Site Plan Agreement made between the Corporation and the Purchaser shall be commenced bona fide by the Purchaser within twelve (12) months of the date of registration of a deed or transfer of the Property from the Corporation to the Purchaser, and said building shall be substantially completed to the satisfaction of the Corporation within twenty-four (24) months of the registration date of the said deed or transfer, failing which the Corporation may, at its option, at any time thereafter, require the Purchaser to reconvey the Property to the Corporation free of all liens, charges, mortgages, debentures, or other securities, encumbrances or work orders at a price equal to the purchase price paid by the Purchaser to the Corporation for the Property less Two Thousand (\$2,000.00) Dollars. The Purchaser shall execute and deliver to the Corporation all such deeds and assurances and obtain and register all such discharges and releases as may be requisite in order to convey good title free and clear of all liens, charges, mortgages, debentures or other securities and encumbrances and vacant possession to the Corporation within thirty (30) days of having been requested to do so in writing by the Corporation.

As indicated above in Schedule B the building as initially proposed by the owner in the presentation back in 2017 has yet to be substantially completed to the satisfaction of the Corporation within twenty-four (24) months of the registration date. The twenty-four (24) month period expired on January 25<sup>th</sup>, 2021.

Further to the agreement of purchase and sale, the owner would have had to sign a development agreement through the Planning Department which is registered the property.

As per the Development Agreement Part 21 Section (d)

"It is understood and agreed that if the Owner fails to apply for a building permit(s) for the development contemplated by this Agreement within six months from the date of the execution of this Agreement by the Municipality then the Municipality shall at its sole option have the right to terminate or suspend this Agreement and require that the plans and drawings be resubmitted by the Owner for approval. Nothing in this Agreement shall affect the rights of the Municipal Chief Building Official under Section 6 of The Building Code Act, R.S.O. 1990, c.B.13, as amended"

With the owner of the subject lands known as municipal address 115 Dodge Street failing to apply for any building permits within the six (6) month, thus requiring the owner to provide updated plans and drawing for approval.

With Lucas Point Business and Industrial Park service ready parcels (properties as depicted in attachments) all being accounted for with pending sales, it is in the Economic Development Staff opinion that council purchase the land back to sell to other interested developers.

By purchasing the 1.5 acres, we create other investment opportunities to purchase the land at \$40,000/acre, unless Council would like to revise the price of land for future land sales. We also have an opportunity to merge the two properties to sell approximately 3 acres if the need is requested.

## 7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

As provided from the Finance Department there would be no budget implication if Council directs staff to enact Schedule B of the Agreement of Purchase and Sale.

The final sale price of the 1.5 acres was a total of **\$45,240** and this sale closed January 25, 2019.

The municipality incurred legal fees of **\$1,657.76** paid to Templeman as a result of this land sale, while in addition there were survey costs of **\$5,342.40**. It should be noted the full surveying request was for both Vancor & Cardinal properties, so it would be fair to split this amount as **\$2,671.20** towards each deal.

Net: **\$40,911.04** after expenses

If the municipality does provide direction to purchase the land back the full cost will go into an **asset account – Land Held for Resale**, so there would be no budget implications. We are simply trading one asset for another;

Example: Cash for another asset; Land

## 8. CONCLUSION

It is the opinion of municipal staff to recommend that council provide further direction to the Chief Administrative Officer to send correspondence in which the corporation enacts Schedule “B” of the Agreement of Purchase and Sale which will be sent to company 2364574 Ontario Inc. (Vancor) in order to repurchase the 1.5 acre parcel which is located on the corner of Dodge and Thompson Street as depicted on map attached.

Document Title:	Repurchasing Lucas Point Property - Corporate Services-034-21.docx
Attachments:	
Final Approval Date:	Feb 26, 2021

This report and all of its attachments were approved and signed as outlined below:

**Tracey Vaughan, Chief Administrative Officer - Feb 26, 2021 - 1:17 PM**