



## TOWN OF MINTO

**DATE:** April 28, 2017

**REPORT TO:** Mayor and Council

**FROM:** Bill White, C.A.O. Clerk

**SUBJECT:** Ann Street Lot Sale Process

### STRATEGIC PLAN:

Ensure growth and development in Clifford, Palmerston and Harriston makes cost effective and efficient use of municipal services, and development in rural and urban areas is well planned, reflects community interests, is attractive in design and layout, and is consistent with applicable County and Provincial Policies.

### BACKGROUND

Earlier this year Lot 315 in Block B on Ann Street was declined by the original purchaser. When notice of the lot's availability was given four offers were received. Rather than select from these offers Council passed a resolution returning all four and requesting sealed bids by March 15. A minimum bid of \$28,000 was set, and Council passed a resolution that remaining Ann Street lots be sold according to the following rules:

- Compliance with Town standard covenants (not for resale or speculation)
- Obtaining a building permit as a condition of closing to start construction this year.
- Status of other transactions and building permits on Ann Street (if any)
- Compliance with Town disposition of land policy



In the case of Lot 315 one bid was received from Logan Reidt for \$28,000. That transaction has closed and a building permit obtained. Others who had shown interest could not obtain permits quick enough to start construction by June 1.

Assuming Council awards the tender to service both Block C and D, servicing and

road reconstruction will begin in coming weeks. Triton Engineering is preparing a master grading and drainage plan for both blocks to match in with servicing drawings. Builders can use the engineered drawings to set grades and begin construction of a home while servicing is underway. As such the requirement of obtaining a building permit and starting to build in 2017 is realistic.

Interest in these lots on Ann Street remains strong. The purchaser with closings in Block A scheduled through 2017 asked to close much sooner than outlined in the agreement of purchase and sale. This will result in more homes being built this year.

#### **COMMENTS:**

It is important to learn from the experience of selling the first 14 lots in Blocks A, B and E. A purchaser should not be able to offer conditions with delayed closings on numerous lots. A bid process will ensure that lots are allocated only to those that would close quickly and begin construction shortly after closing.

Block D does not have final survey, and some prep work is needed so the lots are ready for sale. The Town may want to have two bid periods for the lots; one closing in early June and a second in September. The criteria for bidding could be adjusted as follows:

- Compliance with Town standard covenants (not for resale or speculation)
- Obtaining a building permit as a condition of closing to start construction this year by November 1, 2017 (earlier start preferred)
- No other land transactions are pending on Ann Street; multiple lots with delayed closings not preferred
- Minimum bid \$28,000 includes one connection for water and sewer to lot line
- Purchaser to identify whether single family or semi-detached lot to be constructed; additional cost for second water and sewer connection
- Town may assign lots based on availability and interest
- Compliance with Town disposition of land policy

A bid form would be prepared and circulated to all who had shown interest in the Ann Street lots. The bid form would be completed by potential purchasers and submitted in a sealed envelope as a binding letter of intent. Council would receive a report on bids submitted and give direction on which bids would be considered for agreement of purchase and sale. Bids could close on Block C lots Friday June 9 and Block D Friday September 8.

#### **FINANCIAL CONSIDERATIONS:**

The Town bought the former rails lands for \$440,000 to settle a lawsuit. Lots in Blocks A through E are only part of the holdings acquired which include lands north to West Heritage Street and south to the 13<sup>th</sup> Line. Sale of Blocks A through E should amount to a minimum \$600,000 to the Town. Proceeds from sales are directed to pay off the debenture for the

original purchase of \$440,000 and to fund the Town purchase at the corner of Allan and Elora Street. Some funds are also needed to offset servicing costs.

The sale of these lots, the former Clifford Ballfield, and two infill lots for housing across from Block A have resulted in \$825,000 in actual or pending sales revenue to the Town (less legal and survey costs). When complete 46 new residences will be built in Clifford from these sales including at least 24 homes within Blocks A through E, 14 homes on the former ballfield and 8 apartments on the two Ann Street lots.

**RECOMMENDATION:**

That Council receives the C.A.O. Clerk's April 28, 2017 report regarding Ann Street Ann Street Lot Sale Process and that Council supports the bid process for Blocks C and D as outlined with intake dates of June 9 and September 8, 2017, and construction started by November 1, 2017.

Bill White, C.A.O. Clerk