



## REPORT

### Council

**Meeting Date: April 26, 2021**

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**FROM:** Legal Department

**DATE:** April 20, 2021

**SUBJECT:** Sale of Former Brantwood School Site

**LOCATION:** 221 Allan Street

**WARD:** Ward 3

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#### **RECOMMENDATION:**

1. That the Oakville Municipal Development Corporation (“OMDC”) be requested to market and secure a buyer for a portion of the former Brantwood school site consisting of the school building and 7 future residential lots on Douglas Avenue, identified as Parts 1-7 and 9 on Plan 20R-21091 (the “Property”), on the conditions set out in the report.
2. That the Town proceed with the sale of the Property to the purchaser recommended by the OMDC provided the transaction meets the conditions set out in this report and the purchase price is above or within 5% of the Town’s appraised value of the Property as set out in the Confidential report from the Legal Department dated April 20, 2021 titled “Confidential Sale of Former Brantwood School Site”.
3. That the OMDC be paid a management fee of 1.5% of the purchase price for its work marketing and securing a buyer for the Property upon successful completion of the transaction.
4. That the Town Solicitor be authorized to execute all documents required to complete this transaction.
5. That staff move the playground that is located on the Property to the future park block and install an underground storm sewer pipe under the park block, so a future developer will not have to disturb the park block to develop the rest of the site.

**KEY FACTS:**

The following are key points for consideration with respect to this report:

- There is a companion confidential report listed on the confidential agenda of April 26, 2021.
- In 2013, Council approved a plan for the former Brantwood School site to create seven residential lots along Douglas Avenue, retain a park block and reuse the existing school building for four to nine residential units.
- Staff completed a RFP for the sale of the school building and the seven lots in 2017, but the results of this RFP were not approved by Council.
- In 2019, Council directed staff to proceed with a sale of the 7 lots without the school building and requested the OMDC to seek out potential interested parties for the redevelopment of the school building.
- The OMDC completed its search and does not believe the Town will be successful in selling the school building by itself without attaching it to the seven lots.
- Staff are seeking instructions from Council on how to proceed with the disposition of the Property.
- Staff are recommending the OMDC market the seven lots and school building together as a package and secure a purchaser for the Town provided the purchase price is in line with the appraised value determined by a Town appraisal.
- The park block would be retained by the Town and staff will move the playground to the park block and install a portion of a required underground sewer to ensure the park block is not disturbed by the future development of the rest of the site.

**BACKGROUND:**

The former Brantwood school site is approximately 2.2 acres in size and has frontage on Allan Street, Palmer Avenue, and Douglas Avenue as shown on Appendix "A". It is currently occupied by a vacant two-storey former school building and was purchased by the Town in 2012 from the Halton District School Board.

The future disposition and development of the site was discussed at the Planning and Development Council Meeting of April 8, 2013. At that meeting, Council endorsed a concept plan for the site that included the development of seven single family residential homes (the "**Seven Lots**"), the retention of an approximately 0.15-acre park block fronting onto Douglas Avenue (the "**Park Block**"), and reusing the existing school building (the "**School Building**") for four to nine residential dwelling units. Reference Plan 20R-21091 is attached as Appendix "B", depicting the Seven Lots as Parts 1-7, the Park Block as Part 8, and the School Building as Part 9.

Staff developed an RFP to gather information and ultimately implement the sale of the Property, provided there was some certainty that it would be developed in accordance with the Council-endorsed concept plan. The original RFP was issued on March 28, 2017, and involved consultation with the proponents on their vision of the site. Based on feedback received during the RFP, staff proceeded with a site-specific Town-initiated Official Plan Amendment and Zoning By-law Amendment to ensure the site would be redeveloped in accordance with the Council-approved concept plan. Ultimately, the results of the RFP did not meet the Town's expectations, and Council decided not to proceed with the disposition at that time and to cancel the RFP.

On April 23, 2019, Council directed staff to break up the site and try to sell the Seven Lots without the School Building. However, Council directed staff not to sell the Seven Lots until the Oakville Trafalgar Community Centre and associated park were open to the public. The community centre and park are now finished and open.

Council also requested the OMDC to seek out potential partners for the redevelopment of the School Building and for staff to report back to Council with the results of this search. Attached as Appendix C is a memo from the OMDC setting out the results of its search. The OMDC does not believe the Town will be successful in disposing of the School Building by itself without the value of the Seven Lots. Given these findings, staff are seeking instructions from Council prior to proceeding with the sale of the Seven Lots.

#### **COMMENT/OPTIONS:**

There are three potential options for advancing the sale of the former Brantwood School Site:

#### **Option 1: Staff proceed with the sale of the Seven Lots separate from the School Building**

During the original RFP, staff received feedback from the development community that the redevelopment of the School Building according to Council's vision would be challenging. The inclusion of the School Building led to some developers not being interested in the RFP. As set out in the memo from the OMDC, the OMDC was not able to find any developers willing to purchase the School Building by itself and redevelop it under the current zoning and heritage constraints.

Staff could proceed with a sale of the Seven Lots separate from the School Building, as originally directed by Council. However, given the OMDC's investigations into the viability of the School Building as a standalone asset, it seems unlikely that the Town will be able to sell the School Building by itself and achieve Council's vision for the School Building. If the Town proceeded with this option it may take some time to

find a buyer putting at risk the deterioration of the vacant school. To achieve value from the site, Council would need to consider Official Plan and zoning changes to increase the height and usability of the building or the demolition of the building. Staff had undertaken a comprehensive process with the community in determining the current designation and zoning on the site. Further, the front portion of the School Building is within the Trafalgar Road Heritage Conservation District, so demolition is not a recommended option.

This option would also require the Town to demolish the gymnasium at the back of the School Building because it currently sits on a portion of the Seven Lots and needs to be removed before the Seven Lots could be sold separate from the School Building. If the School Building and Seven Lots are sold together as one Property, the purchaser would be responsible for this demolition work.

### **Option 2: Staff proceed with a new RFP for the Seven Lots and School Building**

Given the concerns raised in Option 1 around the future of the School Building if the Seven Lots are sold separately, staff are recommending selling the Seven Lots and School Building together as one Property.

Staff could proceed with a new RFP for the Property similar to the previous RFP issued by staff in 2017. Staff completed an RFP for the Property once and have run similar RFPs in the past with some success. This option would save some administrative costs, as the Town would not have to pay the OMDC a management fee. However, there are some advantages to having the OMDC run this process as set out below in Option 3.

### **Option 3: OMDC markets and secures a buyer for the Seven Lots and School Building together – Staff recommended option**

The OMDC has been engaging with the development community over the past year during its investigations into the viability of the School Building and has made some valuable contacts. The renovation of a heritage building is generally a niche market and the OMDC has contacted those type of developers to ensure that the level of interest was clearly assessed. These contacts and relationships will be important when selling the entire property given the heritage building will be the most difficult to redevelop.

The OMDC also has more flexibility in its approach to marketing the Property and ability to negotiate with the potential purchasers. If Town staff were to run this sale process, staff would use the RFP model which has limitations on the ability to negotiate with the purchasers and can be time consuming. The OMDC can negotiate directly with developers and find a buyer more quickly, while ensuring that the process is still open and transparent to garner the best price. Staff are

recommending this Option 3, having the OMDC market and secure a buyer for the Seven Lots and School Building together as one Property.

### **Conditions of the Sale**

Staff are recommending the following conditions be communicated to the OMDC to ensure they are included as part of the deal it secures with a potential purchaser:

- Repurchase Agreement – The purchaser will be required to enter into a repurchase agreement to allow the Town to repurchase the Property if the purchaser (i) tries to flip the Property; (ii) applies for a zoning amendment, Official Plan amendment or minor variance which is opposed by the Town; or (iii) fails to complete construction in a timely manner.
- School Building Restriction – The purchaser will be restricted from selling the Seven Lots until the School Building has reached a certain threshold of construction to ensure the School Building is not abandoned.
- Site Plan Control – The Property will be required to go through site plan control so staff will have control over features like grading, urban design and landscaping. The redevelopment of the School Building will also require a heritage permit.
- Purchase Price – The purchase price must be above or within 5% of the appraised value as determined by the Town’s appraiser set out in the Confidential report from the Legal Department dated April 20, 2021 titled “Confidential Sale of Former Brantwood School Site”.
- Marketing - The OMDC will be directed to market this sale opportunity in an open and transparent manner. This will involve advertising the property through the OMDC website and signage on the property. The OMDC will also be given the contact information of the previous bidders in the Town’s 2017 RFP to contact directly, so they are made aware of this opportunity.

If Council approves the staff recommendations, staff will ensure the above conditions are all met before the Town agrees to move forward with a purchaser recommended by the OMDC. If these conditions are met, the Town will assume the purchase agreement provided by the OMDC and complete the sale of the Property to the purchaser recommended by the OMDC. Staff are recommending compensating the OMDC at 1.5% of the purchase price. The work being requested of the OMDC is similar to the work of a real estate broker and this percentage is in line with typical fees paid to brokers.

**Park Block**

The Town will at all times retain control and ownership of the Park Block, and the retention of this block will fully satisfy the requirements of parkland dedication for the redevelopment of the Property. The existing playground needs to be moved to its new location in the Park Block. The playground is currently located on the Seven Lots and will remain in that location at least until this summer is over in order to minimize the disruption of the public's use of the playground. The School Building currently drains through the Seven Lots, so the developer will need to reroute the stormwater with an underground pipe underneath the Park Block out to Douglas Avenue. Staff are recommending installing a segment of this pipe that is under the Park Block when the Town moves the playground. This will allow the developer to connect into the pipe when it develops the Property without further disrupting the Park Block.

**CONSIDERATIONS:****(A) PUBLIC**

The OMDC will advertise this sale on its website and with a sign on the Property. The public will also be aware of this opportunity through the inclusion of this report in the public agenda.

**(B) FINANCIAL**

In accordance with Town policy, the net proceeds from the sale of the Property will be used to replenish the general capital reserve. The Town-retained park block is in excess of the Town's typical cash-in-lieu of parkland requirement based on the proposed development scheme, and as such additional parkland contributions from the future residential developer will not be required.

The OMDC will be paid a management fee from the proceeds of the sale at 1.5% of the purchase price and reimbursed for its closing costs, such as legal fees.

**(C) IMPACT ON OTHER DEPARTMENTS & USERS**

Executive staff from all commissions have been briefed and are in concurrence with the recommendations of this report.

**(D) CORPORATE STRATEGIC GOALS**

This report addresses the corporate strategic goal to be the most livable Town in Canada.

**(E) CLIMATE CHANGE/ACTION**

N/A

**APPENDICES:**

Appendix "A" – Location Map

Appendix "B" – Reference Plan 20R-21091

Appendix "C" – Memo from the OMDC

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