

## REPORT

### Council

**Meeting Date: November 15, 2021**

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**FROM:** Legal Department

**DATE:** November 2, 2021

**SUBJECT:** **Former Hospital Lands RFP for sale of the residential lands – November 15, 2021**

**LOCATION:** 348 MacDonald Road

**WARD:** Ward 3

Page 1

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#### **RECOMMENDATION:**

1. That staff be authorized to complete the sale of the future residential subdivision lands identified as Parts 3, 8 and 9 on Plan 20R-21190 (the “Subdivision Lands”), being part of the former Oakville Trafalgar Hospital site on the terms set out in the Confidential report from the Legal Department dated November 2, 2021 titled “Confidential Former Hospital Lands RFP for sale of the residential lands – November 15, 2021”.
2. That the sale agreement to sell the Subdivision Lands be executed in accordance with By-law 2013-057 on terms satisfactory to the Town Solicitor, and the Town Solicitor be authorized to execute all other related documentation required to complete the sale of the Subdivision Lands.

#### **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 November 15, 2021.
- The Subdivision Lands are approximately 2.0 hectares in size and part of the former Oakville Trafalgar Memorial Hospital (“OTMH”) lands.
- On December 4, 2017, Council approved a town-initiated official plan amendment, passed Zoning By-law 2017-131 and approved a master plan for the former OTMH lands.
- A Draft Plan of Subdivision (24T-18001/1613) application (the “Draft Plan”) for the Subdivision Lands was approved at the July 9, 2018 Planning and Development Council meeting.

- The Draft Plan would facilitate a total of 35 residential homes on the Subdivision Lands consisting of 19 detached dwelling lots fronting onto Macdonald Road and Allan Street and 16 multiple attached dwelling units internal to the site, with an internal public road.
- A RFP for the sale of the Subdivision Lands was completed in 2018, but did not produce the type of offers the Town was anticipating.
- Council directed staff to seek feedback from the bidders of the previous RFP and revise the terms of the RFP to encourage more bidders to bid on a future RFP.
- Staff revised the RFP based on feedback from developers and released a new RFP on August 23, 2021 that closed on October 18, 2021.
- The results of the RFP are detailed in the confidential companion report together with appraisal advice as to the value of the Subdivision Lands.
- Staff are recommending completing the sale of the Subdivision Lands to the highest compliant bidder in the RFP on the terms set out in the confidential companion report.

#### **BACKGROUND:**

On December 4, 2017, Council approved a town-initiated official plan amendment, passed Zoning By-law 2017-131 and approved a master plan for the former OTMH lands. On July 9, 2018, Council approved a draft plan of subdivision for the Subdivision Lands that would facilitate a total of 35 residential homes consisting of 19 detached dwelling lots fronting onto Macdonald Road and Allan Street and 16 multiple attached dwelling units internal to the site. The Subdivision Lands are approximately 2.0 hectares in size and part of the former Oakville Trafalgar Memorial Hospital site.

On July 9, 2018, Council directed staff to issue a RFP for the sale of the Subdivision Lands and the RFP closed on September 5, 2018. The 2018 RFP was ultimately unsuccessful and Council chose not to proceed with any of the bids received in that RFP. Staff were directed to seek feedback from the developers who participated in the 2018 RFP and those who chose not to submit bids, to determine which terms or restrictions caused concerns for the developers. Staff were directed to revise the RFP based on this feedback and return to the market with a new RFP.

The following are examples of some of the changes made to the RFP based on the feedback received from the developers:

- Removal of the requirement to use geothermal energy - The successful purchaser will still have the option of using geothermal energy, but it is no

longer a requirement. The feedback suggested this would be costly to the end user, and was not typical for this type of development.

- More time for the construction of the internal road - In the previous RFP the purchaser was required to build the internal road quickly because it was needed to support the community centre operations. Staff were able to make alternative arrangements, so the internal road is no longer required for the community centre operations in the short-term.
- More time to complete the construction of the development – In the previous RFP the purchaser was required to complete construction within 5 years. This has been extended to 10 years in case the developer wishes to construct the subdivision in phases. They will still be required to finish the first house within 5 years of closing.
- Added a due diligence period – The Town has provided a number of environmental due diligence documents for review as part of the RFP. However, developers raised some concerns about the state of the lands and indicated they would feel more comfortable if they were given time to examine the property themselves. So the sale agreement will include a 30 day due diligence period.

The revised RFP was issued on August 23, 2021 and closed on October 18, 2021. The RFP was advertised in the Oakville Beaver and the Novae Res Urbis (NRU) and posted on the Town's website. The detailed results of the RFP are set out in the confidential report from the Legal Department dated November 10, 2021 titled "Confidential Former Hospital Lands RFP for sale of the residential lands – November 15, 2021" (the "Confidential Report").

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

Staff are recommending proceeding with the results of the RFP and completing the sale of the Subdivision Lands on the terms set out in the Confidential Report. The RFP process exposed the opportunity to the market to ensure fair market value was achieved for the sale of the lands and allowed the Town to screen the bidders to ensure the successful bidder had the required experience and capacity to complete the project.

Staff initiated the zoning and OP amendments and the Draft Plan application to ensure the vision of Council for the site was clear before the Subdivision Lands were sold to a developer. The successful purchaser will be required to follow the amended zoning and OP and satisfy the Draft Plan conditions. To protect for this, the purchaser will be required to enter into a repurchase agreement on the closing of the sale. The repurchase agreement will allow the Town to buy back the lands at a reduced price if one of the following triggers are met:

- first occupancy permit for a residential home is not obtained within 5 years of closing and occupancy permits for all 35 homes are not obtained within 10 years of closing;
- an application is made for a Draft Plan, zoning or OP amendment, or minor variance that is opposed by the Town; or
- the purchaser files for bankruptcy or sells the Subdivision Lands to another developer.

**CONSIDERATIONS:**

**(A) PUBLIC**

The opportunity to purchase the Subdivision Lands was posted on the Town website and advertised in the Oakville Beaver and NRU.

**(B) FINANCIAL**

In accordance with Town policy, the net proceeds from the sale of the Subdivision Lands will be used to replenish the general capital reserve. The capital reserve was used as an interim funding source for the demolition of the hospital buildings and the construction of the community centre and retrofit of the parking garage on the OTMH site. The funds from the sale of the Subdivision Lands were always intended to replenish this interim draw on the capital reserve.

The Town-retained parkland 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.

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

Executive staff from all commissions have been briefed and are in concurrence with recommendations of the 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 – Draft Plan of Subdivision

Prepared by:  
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Assistant Town Solicitor

Prepared by:  
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Manager, Realty Services

Submitted by:  
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Town Solicitor