



OAKVILLE

REPORT

PLANNING AND DEVELOPMENT COUNCIL MEETING

MEETING DATE: JULY 9, 2018

FROM: Legal Department

DATE: June 1, 2018

SUBJECT: **Former Oakville Trafalgar Memorial Hospital Site RFP for the Sale of the Future Residential Subdivision Lands**

LOCATION: 327 Reynolds Street and 348 Macdonald Road

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RECOMMENDATION:

1. That staff be authorized to issue a public tender (the “**RFP**”) for the sale of that portion of the former Oakville Trafalgar Memorial Hospital site which is subject to the draft plan of subdivision application File No.: 24T-18001/1613 (the “**Subdivision Lands**”) based upon the principles in the report from the Legal Department dated June 1, 2018 entitled “*Former Oakville Trafalgar Memorial Hospital Site RFP for the Sale of the Future Residential Subdivision Lands*”.
2. That staff be authorized to complete the sale of the Subdivision Lands to the proponent from the RFP that offers the highest offer price, provided the proponent complies with the terms of the RFP and the offer price is at or above the threshold amount (the “**Threshold Amount**”) set out in confidential Appendix “A” to the Legal Department report dated June 1, 2018 entitled “*Former Oakville Trafalgar Memorial Hospital Site RFP for the Sale of the Future Residential Subdivision Lands*”.
3. 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.
4. That staff report back to Council if the highest offer price from the RFP is below the Threshold Amount.

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KEY FACTS:

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

- 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 submitted in February 2018, revised in May 2018 and is being considered for final approval at the July 9, 2018 Planning and Development Council meeting.
- The Draft Plan 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, and require the developer to construct an internal public road (the “**L-Road**”).
- Staff are seeking authority to issue the RFP for the sale of the Subdivision Lands and enter into a sale agreement to sell the Subdivision Lands to the proponent who offers the highest price, provided they comply with the terms of the RFP and the offer price is at or above the Threshold Amount.
- The sale agreement will contain conditions and controls to ensure the Subdivision Lands are developed in a timely manner consistent with the Draft Plan.
- As part of the sale agreement, staff are proposing requiring the purchaser to enter into an agreement with Oakville Hydro to provide geothermal energy to the Subdivision Lands, and the Town will secure temporary construction access rights to assist with the construction of the South East Community Centre.

BACKGROUND:

The South Central Lands Study was completed in 2014 and is a comprehensive land use study focused on several properties including the former OTMH site. 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. The Draft Plan for the Subdivision Lands is consistent with the master plan and was submitted in February 2018 and revised in May 2018. A report from the Planning department seeking final approval of the Draft Plan is being discussed at the July 9, 2018 Planning and Development Council meeting.

The Draft Plan 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 Draft Plan will require the developer to construct the internal L-Road which the Town will need for certain operations once the South East Community Centre is operational. The Draft Plan

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will also require the developer to urbanize and construct certain improvements to MacDonald Road and Allan Street.

COMMENT/OPTIONS:

Recommended Disposition Strategy

A public RFP will expose the Subdivision Lands to the market to ensure the disposition process is open and transparent, and the purchase price obtained is at market value. The RFP process will allow the Town to impose controls and conditions on the future development of the Subdivision Lands to ensure the development is completed in a timely fashion and consistent with its planning vision and approvals for the site. The RFP process will also allow the Town to screen the proponents to ensure the successful proponent has the required experience and financial capacity to complete the project based upon the Town's requirements.

It is recommended that staff be authorized to prepare and issue a public tender for the sale of the Subdivision Lands based upon the principles discussed in this staff report, and enter into a sale agreement with the successful proponent, provided the proponent complies with the RFP and the offer price is at or above the Threshold Amount.

Staff obtained an appraisal for the Subdivision Lands. The results of the appraisal and a recommended minimum Threshold Amount to ensure market value is obtained are discussed in Confidential Appendix "A". If the successful proponent's offer is at or above the Threshold Amount, staff are requesting authority to accept the offer and complete the sale. If the successful proponent's offer is below the Threshold Amount, staff will return to Council to seek direction.

As part of the sale, the successful proponent would be responsible for completing the Draft Plan conditions, including the installation of the necessary site servicing and infrastructure and construction of the public L-Road, and the urbanization and improvements to Allan Street and MacDonald Road. The Town will at all times retain control and ownership of the adjacent park block, and the retention of this park block will fully satisfy the requirements of parkland dedication for the Subdivision Lands.

If Council approves the recommendations in this report, staff anticipate releasing the RFP in late July and closing the RFP in early September. Staff will return to a future Council meeting if the offer price is below the Threshold Amount.

Controls and Conditions for the Development of the Subdivision Lands

Prior to disposing of the Subdivision Lands, staff want to ensure that sufficient controls and restrictions are in place to ensure the site is developed in a timely

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manner consistent with the Council approved Draft Plan and the development is coordinated with the development and future operations of the South East Community Centre. Staff are recommending including the following controls or restrictions in the sale agreement and related closing documents:

- 1) **Draft Plan** – Town 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.
- 2) **Repurchase Agreement** – To ensure the site is developed in a timely manner and the purchaser does not try to amend the zoning or the Draft Plan, the sale agreement will include a requirement that the purchaser enter into a repurchase agreement with the Town. The repurchase agreement will allow the Town to buy back the lands at a reduced price if one of the following triggers are met:
 - a. first occupancy permit for a residential home is not obtained within 3 years of closing and occupancy permits for all 35 homes are not obtained within 5 years of closing;
 - b. applying for a Draft Plan amendment, zoning or OP amendment, or minor variance that is opposed by the Town;
 - c. the developer files for bankruptcy; or
 - d. selling the Subdivision Lands to another developer.
- 3) **L-Road Construction** –The sale agreement will require the developer to complete the construction of the L-Road by a certain time, so it is available for the community centre operations when the community centre opens. The Town will also retain an easement to use a portion of the Subdivision Lands for an interim access route, in case the developer fails to complete the L-Road in time. This will ensure the operations of the community centre are not disrupted by the sale of the Subdivision Lands.

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- 4) **South East Community Centre Development** – The successful developer will need time to complete the design work and obtain the necessary approvals before they start construction on the Subdivision Lands. During this interim period, the Town will retain a temporary construction easement to assist with the development of the community centre. Once the developer commences construction on the Subdivision Lands, the community centre contractor will use alternative access routes.

Oakville Hydro Geothermal Requirement

Through discussions with staff at Oakville Hydro it was determined that the Subdivision Lands would be an appropriate site for the introduction of geo-exchange energy systems to each of the residential lots. Subject to final approval from Oakville Enterprises Corporation, staff are recommending that a condition be included in the sale agreement that requires the developer to enter into an agreement with Oakville Hydro Energy Services Inc. for the installation and supply of geothermal energy to each of the residential lots.

Geo-exchange systems utilize heat pump technology to extract and reject heat to the ground for the purpose of heating and cooling a home. Each lot would have its own geo-exchange energy system, replacing the standard fossil fuel burning heating and cooling systems in homes. Geothermal benefits include reduced operating costs, reduced heating system maintenance/replacement costs, increased safety, improved air quality, improved comfort and reduced overall greenhouse gas emissions.

CONSIDERATIONS:

(A) PUBLIC

The public has been engaged for several years throughout the South Central Public Lands Study as well as through additional public consultation regarding the overall design of the whole Oakville-Trafalgar Memorial Hospital concept plan and master plan. A Public Meeting was held on May 14, 2018 regarding the Draft Plan for the Subdivision Lands. Notice of the Planning & Development Council meeting of July 9, 2018 was provided through a mailing to all properties within 120m of the subject property.

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(B) FINANCIAL

In accordance with town policy, the net proceeds from the sale of the land will be used to replenish the general capital reserve.

Development charges will be applicable to the development of the newly created residential lots.

The retained park block is in excess of the Town's 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

Conditions of the draft plan approval and provisions in the subdivision agreement will address matters identified through review by internal and external departments and agencies.

(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS

This report addresses the corporate strategic goal to:

- be innovative in everything we do
- be fiscally sustainable
- be the most livable town in Canada

(E) COMMUNITY SUSTAINABILITY

The proposed disposition strategy is consistent with the sustainability objectives and principles in the Livable Oakville plan

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APPENDICES:

Appendix "A" Confidential Appendix discussing the Threshold Amount (under separate cover)

Appendix "B" Draft Plan of Subdivision

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