

CITY-OWNED LAND DISPOSITION FRAMEWORK

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PART 1 - OVERVIEW

The City of Kitchener owns over 2,000 parcels of land which provide service to the community through the use of parks, recreation facilities, community centres, trails, natural areas and the delivery of infrastructure, stormwater management, transportation and administrative services. A small number of City-owned parcels currently do not serve such purposes, are underutilized or may not represent the highest and best use of land.

These parcels provide Council with an opportunity to achieve the following strategic objectives:

Objective #1 – Manage a set of City-owned Lands as a distinct asset portfolio

City-owned lands should be managed as a portfolio with an emphasis on balancing dispositions and acquisitions on an ongoing basis to ensure a continuous adequate supply of options well into the future. To do so requires balancing the following:

- Short-term opportunity vs. long-term need – balance the use of parcels to enable short-term opportunities while ensuring a reasonable supply of lands for future uses, some of which cannot even be anticipated today.
- Sales vs. acquisitions – ensuring a portion of land sale proceeds are retained and made available for future land acquisitions. This will position the city to engage in strategic land acquisition activities which maintain an ongoing portfolio of land assets.
- Community benefit vs. revenue generation – ensuring across the portfolio that lands are utilized to bring about either direct community benefit and/or revenue for future strategic investments.

Careful management of City-owned lands as an asset portfolio, with a long-term view, should ensure that decisions are made comprehensively, not simply responsive to a site-specific opportunity.

Objective #2 - Focus on addressing the city's strategic priorities

The disposition of City-owned lands should be used to advance strategic priorities and/or major investments. This could include, for example, the sale of lands to establish new employment lands, new affordable housing, new parkland, etc. Council may identify such opportunities through the City Strategic Plan and supplemental plans. For example, Make It Kitchener 2.0 and the Housing For All Strategy both identify the use of City-owned Lands as a key asset necessary to advance strategic objectives.

Council may also identify groupings of properties which may be considered uniquely. For example, some properties may facilitate major public-private partnerships while others, due to their size and configuration, may better serve an adjacent land

consolidation. Likewise, Council may identify groupings of properties to target specific strategic initiatives.

Objective #3 – Ensure centralized portfolio oversight by Realty Services

In order to manage these properties as an asset portfolio, centralized corporate oversight will be critical. While the disposition of specific parcels may be led by a Division (ex: Economic Development for new employment lands, Parks & Cemeteries for new parkland), the City's Realty Services team will be responsible for providing high level oversight of the portfolio. Realty Services will ensure staff and Council adhere to proper policies and procedures while also ensuring opportunities are maximized and priorities are balanced across the portfolio. This may include directing focus, attention and resources on a select number of parcels each year that best advance Council's current strategic priorities.

Objective #4 – Maximize the use and value of lands

As City-owned lands are a finite resource, to properly steward the asset portfolio, Council should always seek to maximize the community benefit derived from each land disposition. This could take many different forms:

- Maximizing development or the strategic objective for each parcel (including strategically timing the development);
- On partnerships, maximizing the contribution from partners;
- Retaining public assets (ex: creation of new building space for City use);
- Retaining equity where possible (ex: land leases); and/or,
- Land swaps that improve the City's strategic position.

When disposing of lands with no strategic value, land sale values should be maximized and retained within the asset portfolio to enable the future acquisition of lands.

PART 2 - STRATEGIC OUTLOOK (2024-2026)

For 2024-2026, the following strategic priorities would be the focus for staff:

2.1 Affordable Housing

The City's 'Housing For All' strategy recommends the use of City-owned lands for affordable housing and to play a leadership role in advancing innovative mixed-housing communities. This work aligns with Objective 7 of the Housing Accelerator Fund (utilize City-owned land to advance affordable housing units). Certain parcels could also be considered for broader housing partnership opportunities.)

Corporate Strategic Plan Alignment:

Building a CONNECTED CITY together – Housing For All implementation.

2.2 Parkland & Open Space

The City's Open Space Strategy 'Places & Spaces' identifies areas of the city that could be better served with additional parkland. Parks & Cemeteries will identify opportunities within the portfolio for enhanced public space.

Corporate Strategic Plan Alignment:

Cultivating a GREEN CITY together – Parkland acquisition strategy

2.3 Economic Development

Make It Kitchener 2.0 leverages City-owned land to advance catalytic investments. The City has already begun work on the Charles Street Terminal lands (in collaboration with the Region) and the Bramm Yards. The City is also in discussions with Conestoga College on the development of a future School of Creative Industries. Options being considered could include the use of City-owned lands. Make It Kitchener 2.0 identifies the need to utilize land to support the creation of affordable and attainable housing.

Corporate Strategic Plan Alignment:

Creating an ECONOMICALLY-THRIVING CITY together – Implement health/medical technology innovation campus & Develop a creative industries school

PART 3 - DECISION MAKING FRAMEWORK

The following outlines the various processes and principles that are intended to guide decision making of City Council and staff when considering the disposition and acquisition of City-owned land.

3.1 Land Disposition Principles

The sale or disposition of City-owned land should only be considered when:

1. There is no current or future use for the land, or the current use may be moved or eliminated;
2. The property is underutilized (e.g. a surface parking lot); and,
3. The disposition would help achieve a strategic or core service objective (e.g. affordable housing).

Where one of the above conditions is not met, additional analysis should be undertaken prior to considering a sale or disposition.

Where the property contains environmentally sensitive lands or lands of cultural or heritage significance, any disposition process shall ensure best planning principles are applied to ensure the proper stewardship of the lands.

3.2 Initiation of a Disposition or Acquisition Process

In general, consideration of land disposition would be initiated as a result of one of the following:

1. Direction is provided through a Council approved strategic plan or master plan;
2. The Mayor and/or Council has provided direction to staff, either directly or through a delegation of authority;
3. Staff have identified an opportunity, and obtained Council direction to consider;
4. The periodic review of this strategy.

3.3 Disposition Methods

Wherever possible, the sale or disposition of lands should occur through a competitive process, using one of the following methods:

1. *Competitive Sale (Request for Proposals)*
For any large or significant parcels of land, where there is a reasonable expectation that multiple offers to purchase could be received from private interests, the City should undertake a competitive process led by Procurement Services. Where opportunity exists to advance strategic objectives, Council would identify a vision, objectives and/or criteria to inform the evaluation of bids.

2. *Competitive Sale (simple land sale)*

For properties where there is a reasonable expectation that multiple offers to purchase could be received from private interests, but where there is no ability to advance a strategic objective, the City should undertake a competitive process led by Realty Services. In these instances, the intent is to achieve the highest sale price for the lands and to sell on an 'as is, where is' basis.

Exceptions to this approach include the following:

3. *Direct Sale (public entity)*

Where the City is working in partnership with another public entity (e.g. Province, Region, Educational Institutions, etc.) to advance a strategic objective or facilitate community infrastructure, a non-competitive process may be utilized.

4. *Direct Sale (land assembly or adjacent property owner)*

Where a surplus parcel of land is unlikely to receive multiple offers to purchase and/or the highest and best use of the land can be best achieved through a land assembly, a non-competitive process may be utilized. Similarly, where a surplus parcel of land cannot reasonably be developed, and the City is incurring costs to maintain, the City may consider a direct sale to an adjacent property owner.

Additional considerations include the following:

5. *Long Term Land Lease*

Prior to initiating a sale process, the City should consider the appropriateness of a long-term land lease, whereby the City would retain ownership of the land. This may be most appropriate when the land disposition involves other public entities or long-standing community organizations (e.g. not-for-profit affordable housing providers).

6. *Retention of a Public Asset*

Prior to initiating a sale process, the City should consider the appropriateness of retaining any assets as part of the transaction. This could include, for example, the retention of lands for public use (e.g. trails, public spaces) or elements of a building that could service future needs (e.g. condominium ownership of ground floor units for community use).

7. *Conditional Sales*

Where the sale of land is to facilitate development, the City should always include conditions within the Purchase-and-Sale Agreement that the land would not transfer until all planning approvals and building permits have been obtained. The City should always include buy-back clauses where the City would have the ability to reacquire the lands at a specified discount if the proposed use/development is not completed within a specified time period.

3.4 Land Use and Density Principles

As stewards of public lands, the City has an obligation not to simply achieve fair value for the land, but to also ensure the appropriate and proper use of the lands. Prior to the sale of any land, the City should review existing land use and zoning regulations to assess the benefit of any land use modifications. Such modifications should be considered if they would advance one of the following:

1. To achieve specific City objectives or priorities;
2. To achieve a greater public benefit; and/or
3. To achieve the policies and intent of the City's Official Plan and Growth Management Strategy.

Rezoning of City-owned lands may be undertaken as part of a broader Official Plan or Zoning review, through a site-specific process, or as the responsibility of the purchaser/developer to submit (ex: through a conditional agreement of purchase and sale). When selecting the proper process, consideration should be given to:

- Perceptions the City may be placing financial considerations ahead of proper planning; and,
- Staff resources/costs required to defend an Ontario Land Tribunal (OLT) appeal.

The above principles do not preclude accepting proposals conditional upon the purchaser securing an Official Plan Amendment or Zoning Bylaw Amendment.

3.5 Disposition Process (for competitive processes)

Where City Council has directed staff to pursue the disposition of land through a competitive process, staff will follow the following general process:

1. Circulation of the property to be sold to the City's Property Management Team and other internal or external stakeholders and subject matter experts, where applicable;
2. Valuation of the property by the City's Realty Services, based on the highest and best use or desired outcome (e.g. strategic objective);
3. Development of a business case (where appropriate);
4. Development of a vision, objectives and/or principles to inform the evaluation of proposals (where appropriate);
5. Development of a disposition strategy to include the preferred method;
6. Execution of the procurement process by Procurement Services in collaboration with Realty Services and any project leads;
7. Evaluation of proposals by City staff;
8. Presentation of evaluation results to Council, seeking direction on proposals and terms of the purchase and sale;
9. Negotiations with proponent by City staff; and,

10. Final approval by Council, with authorization for the Mayor and Clerk to execute the purchase and sale agreement.

Note - the above noted process may differ due to site specific considerations or circumstances (ex: where the City initiates a long-term land lease to a not-for profit organization at a nominal fee). Council approvals may be required at specific stages, as directed on a site-by-site basis.

3.6 Disposition Process (for non-competitive processes)

Where City Council has directed staff to pursue the disposition of land through a non-competitive process, staff will follow the following general process:

1. Circulation of the property to be disposed to the City's Property Management Team and other internal or external stakeholders and subject matter experts where applicable;
2. Valuation of the property by the City's Realty Services, based on the highest and best use or desired outcome (e.g. strategic objective);
3. Development of a business case (where appropriate);
4. Direction from Council on key terms of the disposition (e.g. price);
5. Execution of the procurement process by Realty Services (in consultation with Procurement Services where appropriate); and,
6. Presentation of offers to Council, seeking approval, with authorization for the Mayor and Clerk to execute the purchase-and-sale agreement.

Note - the above noted process may differ due to site specific considerations or circumstances (ex: where the City initiates a long-term land lease to a not-for profit organization at a nominal fee). Council approvals may be required at specific stages, as directed on a site-by-site basis.

3.7 Acquisition Principles

City Council may direct staff to pursue the acquisition of land. Such acquisitions should be targeted to support one of the following:

1. The implementation of strategic plans and master plans (e.g. Leisure Facilities Master Plan, Cycling and Trails Master Plan, Make It Kitchener 2.0, etc.);
2. Infrastructure needs in alignment with the City's Capital Forecast (e.g. new community centre, fire station, etc.);
3. Lot additions to increase the size of existing parcels of land; or,
4. Parcels of land that may not serve an immediate need but which can reasonably be expected to service future community need.

Acquisitions may take the form of Fee Simple (ownership of all property interests), a long-term land lease, stratified ownership (e.g. condominium unit) or a building lease.

3.8 Acquisition Process

Where City Council has directed staff to pursue the acquisition of land, staff will follow the following process:

1. Determination of the appropriate funding source;
2. Undertake due diligence to assess the opportunity including an environmental assessment where appropriate;
3. Circulation of the property to be acquired to the Property Management Team and any internal subject matter experts to identify constraints;
4. Valuation of the property by Realty Services;
5. Preparation of a business case to support a recommended purchase.
6. Direction from Council on the key terms of the purchase-and-sale agreement (e.g. price);
7. Upon successful negotiations, approval by Council and direction for the Mayor and Clerk to execute required agreements.

3.9 Financial Tools and Policies

When City Council has deemed land to be surplus to the City's needs and the property is sold, Council will specify where the sale proceeds are to be directed. Typically, land sale proceeds should be directed to the General Land Reserve with the exception of the following:

1. Reserve Funds associated with strategic objectives (e.g. land sales associated with Make It Kitchener 2.0 are directed to the Economic Development Investment Fund 2.0);
2. Reserve Funds associated with core services (e.g. Parkland Reserve, Business Park Reserve); or
3. Capital accounts associated with strategic objectives or initiatives (e.g. to support affordable housing initiatives).

Where Council wishes to acquire a parcel of land that is not tied to an existing funding source or reserve, the General Land Reserve shall be the preferred funding source.

3.10 Leveraging Land Assets

Where the City wishes to advance a strategic objective, Council may consider leveraging the land value. This could include, for example:

1. Utilizing all or part of the land value as a contribution to another public entity in accordance with the Municipal Act;
2. Utilizing all or part of the land value to acquire equivalent assets (e.g. capital assets, units/parcels/buildings within a plan of condominium or subdivision); and,
3. Utilizing all or part of the land value to achieve affordable housing in accordance with the Municipal Act (to a not-for-profit organization).

3.11 Summary

The City-Owned Land Disposition Framework is intended to provide Council and staff with a long-term framework to manage the City's land assets. Dispositions and acquisitions are intended to occur over time when opportunities become available or meet the City's strategic objectives. The above noted principles, processes, etc., will ensure consistency in the City's practices as it stewards the City's land assets.