**Agenda – Council – June 26, 2013**

**Report – Standing Policy Committee on Property and Development – June 11, 2013**

**Item No. 10 Declaration of Surplus Land - 265 Osborne Street and Sale to the Adjacent Land Owner at 255 – 261 Osborne Street (Fort Rouge-East Fort Garry Ward)**

STANDING COMMITTEE RECOMMENDATION:

On June 19, 2013, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the following to Council:

1. That 265 Osborne Street be removed from the City's Inventory of Historical Buildings List.

2. That the City-owned property located at 265 Osborne Street, shown as "Proposed City Owned Land Available for Sale" on attached Misc. Plan No. 12694/3 be declared surplus to the needs of the City.

3. That the sale of the "Proposed City Owned Land Available for Sale" on attached Misc. Plan No. 12694/3 in favour of the owner of 255 – 261 Osborne Street, for the purchase price of $424,435.00, for the purpose of a Transit Orientated Development, be approved in accordance with the terms and conditions, dated April 8, 2013 and any other terms and conditions that the Director of Planning, Property and Development Department and Director of Legal Services/City Solicitor consider necessary to protect the interest of the City.

4. That the Property Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

**Agenda – Council – June 26, 2013**

**Report – Standing Policy Committee on Property and Development – June 11, 2013**

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 19, 2013, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On June 11, 2013, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

# ADMINISTRATIVE REPORT

**Title:** **To Seek Council's Approval to Declare the City Owned Property at 265 Osborne Street Surplus to The City's Needs and Be Sold to the Adjacent Land Owner at 255 – 261 Osborne Street**

**Critical Path:** **Standing Policy Community on Property and Development,**
**Executive Policy Committee**
**City Council**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| J. Zabudney | B. Thorgrimson | M. Ruta | D. Joshi |

## RECOMMENDATIONS

1. That 265 Osborne Street be removed from the City's Inventory of Historical Buildings List.

2. That the City-owned property located at 265 Osborne Street, shown as "Proposed City Owned Land Available for Sale" on attached Misc. Plan No. 12694/3 be declared surplus to the needs of the City.

3. Subject to the approval recommendations No. 1 and No. 2, that the sale of the "Proposed City Owned Land Available for Sale" on attached Misc. Plan No. 12694/3 in favour of the owner of 255 – 261 Osborne Street, for the purchase price of $424,435.00, for the purpose of a Transit Orientated Development, be approved in accordance with the terms and conditions, dated April 8, 2013 and any other terms and conditions that the Director of Planning, Property and Development Department and Director of Legal Services/City Solicitor consider necessary to protect the interest of the City.

4. That the Property Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

## REASON FOR THE REPORT

Council's approval is required to remove 265 Osborne Street from the City's inventory of historical buildings list and to declare the "Proposed City Owned Land Available for Sale" on attached Misc. Plan No. 12694/3 surplus to the City's needs.

Standing Policy Committee on Property and Development's approval is required for the sale of City owned land that does not fall under the delegated authority of the Chief Administrative Officer or the Director of Planning, Property and Development.

## IMPLICATIONS OF THE RECOMMENDATIONS

- 265 Osborne Street will be removed from the City's historical building inventory.
- The Planning, Property and Development Department plans to sell the City owned property, shown as "Proposed City Owned Land Available for Sale" on attached Misc. Plan No. 12694/3, (Subject City Property), directly to the adjoining owner of 255 – 261 Osborne Street (the Proponent), subject to a number of conditions, including the provision for a Transit Orientated Development.
- The City will receive lands that it requires for future right of way purposes for $1.00.
- The City's standard terms and conditions of sale will include provisions to protect the City's interest.
- The risk of a potential claim against the City for instructing the Proponent to alter its original development plans and related loss of potential income will be avoided.
- There is no regulatory or human resource implication associated with this report.

## HISTORY

The Proponent is the beneficial owner of the property at 255-261 Osborne Street. The Proponent's intention is to redevelop 255 – 261 Osborne Street in accordance with a transit orientated model.

Prior to preparing plans for the redevelopment of 255 – 261 Osborne Street, the Proponent contacted the City's Zoning & Permits Branch to determine the zoning requirements for the development of its property. At that time, the Proponent was advised that the City had a reversionary right for a seven foot wide strip of land fronting on Osborne Street over one of its three lots, but otherwise development could extend to the property line. With this information, the Proponent prepared plans for the development of its site with a seven foot set back from the Osborne Street right of way along its entire property.

The Proponent submitted its development plans (five story building with a main level restaurant and four stories of office space) for review and approval. The City's Public Works Department subsequently advised that a 13 foot wide strip of land along the entire frontage of the Proponent's property would be required for future road widening and the Proponent was told it would have to revise its original development and building plans to accommodate the new land requirements of the City in order to have the necessary permits issued.

To accommodate the City's new land requirements for the future road widening, the Proponent incurred additional costs to change its original development and building plans. The new development plan effectively reduced the footprint of the building as well as the potential gross rental area (reduced footprint X five stories).

At that time, the Proponent contacted the Planning, Property and Development Department and inquired as to the availability to purchase or enter into a long term lease for the Subject City Property with the intention it would become Phase II of its redevelopment of 255 – 261 Osborne Street.

The details of the Subject City Property are:

| | |
|---|---|
| Address: | 265 Osborne Street, north/west corner of Osborne Street. & Jessie Avenue; |
| Lot Size: | 12,126 sq. ft; |
| Building: | 1,166 sq. ft., one story masonry brick building with a full basement built in 1947; |
| Zoning: | C2 – Commercial Community; |
| Current Use: | Greater Council of Winnipeg Community Centers offices. |

Various City Departments were canvassed to provide comments in regard to the inquiry to the proposed lease/sale of the Subject City Property and the following comments were received:

**Heritage Preservation** – The Historical Building Committee evaluated the Subject City Property on December 20, 2012 and determined it to be eligible as a Grade III structure. The Committee felt that building's special historical and architectural features give it sufficient merit to consider it to be placed on the Building's Conservation List under the terms of the Historical Buildings Bylaw No. 1474/77 (as amended)

(The Historical Buildings Committee evaluates structures to determine if they have special architectural and historical significance and its recommendations are purely from this perspective, and for advisory purposes. Whereas decision-making Committees consider issues in a much broader context, including factors such as economic viability, neighborhood redevelopment and well-being, etc.)

**Public Works** – The easterly 13 feet of the City owned lands at Subject City Property will have to be retained for future road widening (also intersection improvements and grade separation works). As well, the City will need to acquire a similar 13 foot wide strip of land along the entire frontage of the Proponent's adjacent property for similar reasons, shown as "Private Land Required for Future Road Works", on Misc. Plan No. 12694/3, attached.

**Community Services** – Community Services does not object to the sale of the Subject City Property but advises that the Greater Council of Winnipeg Community Centers (GCWCC) offices are currently located at this location. Should the property be sold, Community Services anticipates it would require at least one year to relocate the GCWCC, i.e. locating a suitable facility and making any necessary renovations.

**Area Planner** – The area planner has advised that due to the proximity of the Rapid Transit corridor that any new development on this site should be in accordance with a transit oriented development model. The area planner has provided certain criteria for the proposed development of the Subject City Property (see attached).

After several rounds of negotiations the City and the Proponent have agreed to the proposed negotiated terms and conditions, briefly stated:

- Proposed purchase price of 265 Osborne Street at $424,435.00; (reflects the City retaining the 13 foot strip required for future road widening);
- City to receive the lands needed for future road widening at 255-261 Osborne Street for $1.00, (an estimated market value of $36,000.00);
- City to receive from the Proponent a Release and Quit Claim in regard to cost to amend building plans, any future road widening, loss of potential future revenue due to smaller building footprint, etc.);
- Date of Possession to be September 1, 2014, or sooner by mutual consent;
- The City have the reversionary right to take back the Subject City Property (at the approved purchase price less 15%), if development of Subject City Property does not begin within two years of date of possession or any extension of time granted by the City;
- The Proponent cannot sell the Subject City Property until such time as development of the property has been substantially completed;
- The Proponent agrees that the proposed development of Subject City Property will be within the guidelines of a Transit Orientated Development model as per attached criteria provided by the Area Planner;

The Planning, Property and Development Department is supportive of the sale of the Subject City Property to the owner of 255-261 Osborne Street for the following reasons:

- The sale price of $424,435.00 is in accordance with the estimated market value of the property as established by an internal appraisal report;
- The Ward Councillor is supportive of this transaction;
- The Proponent will develop the Subject City Property in accordance with a Transit Orientated Development model;

- The City will obtain the land needed for the future road widening at 255 – 261 Osborne Street for $1.00, (an estimated market value of $36,000.00);
- The property would be placed on the City tax roll at the closing of the sale;
- The sale will eliminate the liability for the City associated with holding this property.

## FINANCIAL IMPACT

### Financial Impact Statement

**Date:** May 13, 2013

**Project Name:** **First Year of Program** **2013**

To Seek Council's Approval to Declare the City Owned Property at 265 Osborne Street Surplus to The City's Needs and Be Sold to the Adjacent Land Owner at 255 – 261

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ - | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | 424,435 | 1,343 | 4,028 | 4,028 | 4,028 |
| Net Cost/(Benefit) | $ (424,435) | $ (1,343) | $ (4,028) | $ (4,028) | $ (4,028) |
| Less: Existing Budget Amounts | (424,435) | (1,343) | (4,028) | (4,028) | (4,028) |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Revenues in 2013 represent the proposed sale price of $424,435. Revenues beginning in 2014 represent municipal property taxes, assuming the sale price equals the assessed value and constant portioning and mill rates of 65% and 0.014600 respectively. The 2014 amount has been pro-rated for an assumed September 1 sale date.

*"Original signed by"*
Mike McGinn, CA
Manager of Finance

## CONSULTATION

**In preparing this report there was consultation with:**

## SUBMITTED BY

Department Planning Property and Development Department
Division Real Estate Division
Prepared by: Stewart Anderson
Date: May 23, 2013
File No. 2635 Vol. 2

o:\reports directive\real estate\sales\(sa) 265 osborne declare surplus - sale.doc




7 FOOT REVERSIONARY RIGHT TO CITY
FOR FUTURE ROAD WIDENING; Area: ±21.1 m²

PRIVATE LAND REQUIRED FOR FUTURE ROAD WORKS; Area: ±97.7 m²

CITY LAND RETAINED FOR FUTURE ROAD WORKS; Area: ±118.9 m²

PROPOSED CITY OWNED LAND AVAILABLE FOR SALE; Area: ±1126.6 m²

Date: 2013-MAY-01
District: CC
File: 2635(G)
Scale: 1:500
Requested by: SA
Drawn by: MS

NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.

**METRIC**

N W E S

**CITY OF WINNIPEG**
**PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT**
**LAND INFORMATION & MAPPING SERVICES**

**MISC. PLAN NO. 12694 / 3**

## AREA PLANNERS COMMENTS

The proposed development should align with the goals and objectives for Transit Oriented Development, which is discussed in the TOD Handbook. Some of the key goals and objectives are the following:

- Ensure that first floor uses are active and pedestrian-oriented (such as retail commercial, personal services, or a restaurant). Spill out space is encouraged within the setback zone to create vitality at the pedestrian level (patios, outdoor plazas with hard/soft landscaping, seating, canopy trees improve the pedestrian experience).
- *A mixed use building is preferred*
- The primary building facade and primary entrances should be sited and oriented to Osborne. All entrances should provide barrier free access from the sidewalks around the property including Osborne, Jessie and Pembina Hwy.
- Parking should be structured or underground. Structured parking should have first floor uses that are active and pedestrian oriented (along the Osborne, Jessie frontages). Limited surface parking will be considered behind the building only
- The building should be multi-storey (a minimum of 4 stories). The City will consider variances for height exceeding the Winnipeg Zoning By-law (currently 50 feet for commercial and 60 feet for multi-family residential) The Osborne right of way is very wide 76'+/- and will be increased to 86'+/- creating a space that has a strong horizontal alignment which is further reinforced by the horizontal alignment of the transit station creating a perception of an overly wide roadway dominated by vehicles. A strong contrasting vertical element (medium rise building) will help to reduce the perception of an overall wide street and help to create a sense of enclosure that will feel more comfortable for pedestrians.
- Amenities such as storefront windows, awnings, architectural features, lighting, seating, and landscaping should be incorporated into the building design to help create a comfortable pedestrian environment along and between buildings. This may include articulation in the building façade.
- The design of the building should convey a sense of place and relate to the street and pedestrian environment. Drawing inspiration from the neighbourhood's local character in terms of building material and building form can strengthen local distinctiveness. This could include a prominent architectural feature at the southeast or northeast corner of the building.

**Other criteria:**

- retain the existing pattern of streets and blocks (maintain the frontage along Jessie intact use back lane to access future structured parking)
- maintain the existing public sidewalk and street trees along Jessie
- expand the sidewalk width to 17m along Osborne
- maintain and enhance all pedestrian connections in particular to the S/E corner of Pembina and Corydon, to the rapid transit station (west side of Osborne), to confusion corner (west side of Osborne)
- Final plan approval by the Director of Planning, Property, and Development to include building design and location, landscaping, pedestrian amenities, accessory parking and loading, private approaches, garbage enclosures, lighting, and signage