

DATE OF MEETING October 5, 2020

AUTHORED BY NANCY SKEELS, PROPERTY AGENT, REAL ESTATE

SUBJECT PROPERTY DISPOSITION – 350 AND 398 FRANKLYN STREET

OVERVIEW

Purpose of Report

To obtain Council approval to dispose of City-owned property at 350 and 398 Franklyn Street.

Recommendation

That Council:

1. approve the disposition of 350 and 398 Franklyn Street to SoGood Properties Limited for \$1,216,000; and
2. direct the Mayor and Corporate Officer to execute the necessary documents to affect the transaction.

BACKGROUND

The City owns 350 and 398 Franklyn Street (the “Property”), which are two contiguous City-owned parcels located near the Service and Resource Centre and City Hall in the downtown core (Attachment A).

The Property was traditionally used for parking by City Staff. It has an area of 1,733 sq. m. (18,654 sq. ft.) with the land gently sloping from the back of Wesley Street to Robson Street at the front. Servicing is available from Franklyn and Robson Streets and is zoned DT2 (Fitzwilliam), which supports residential and commercial uses.

On 2019-DEC-16, Council authorized the acquisition of 431 Dunsmuir Street and 424 Wesley Street (the “Dunsmuir Property”) for \$1,165,000. The Dunsmuir Property transferred to the City on 2020-JAN-31. City Staff parking has been relocated from the Property to the Dunsmuir Property. The acquisition of the Dunsmuir Property has left the Property surplus to City requirements.

At the 2020-MAY-25 “In Camera” Council meeting, Council directed Staff to:

- “1. issue a Request for Offers for the disposition of City-owned property at 350 and 398 Franklyn Street; and
2. report back to Council with an evaluation and summary of the responses for Council’s consideration”

Proponents were asked to provide background information on their proposed project and purchase price. Offers were required to be submitted by 2020-JUL-31.

The Official Community Plan (the “OCP”) recognizes the area around the Property as part of the Downtown Urban Node. The Downtown Urban Design Plan and Guidelines (the “Design Plan”) notes the Property as an important redevelopment opportunity.

The Design Plan calls for the Property to include a building four stories in height, with a three-metre setback on the fourth floor. The Design Plan recommends a continuous façade along Franklyn Street and Robson Street similar to what was achieved by the Cardea project at 238 Franklyn Street.

Redevelopment of the property will complete a gap in the urban fabric on Franklyn and Wesley Streets. The introduction of new residents to this area of the downtown core will help support downtown businesses and provide a more vibrant and diverse neighbourhood. Investment in the property will likely stimulate redevelopment of other underutilized properties along Wesley Street and Robson Streets.

An appraisal of the Property identified the site as well suited for residential development, with some ground floor commercial uses. The appraisal noted a market value of \$1,070,000.

DISCUSSION

Request for Offer Results

The Request for Offers process has shown there is considerable interest in the Property and there are a number of feasible options for the site. Five proposals were received and were reviewed by Staff.

The following criteria outlined in the 2020-MAY-25 report assisted with choosing the proponent:

- Purchase price;
- Financial feasibility (financing arrangements and risk);
- Strength of the proponent and team (firm experience and capacity);
- Number of non-market housing units and number of adaptable units;
- Strength of the concept (the design and development can fit with the site and surroundings);
- Proposed conditions (exemptions and requirements of the City); and
- Value-added components (community and economic benefit, ability to catalyze and/or enhance surrounding development).

Staff reviewed each of the proponents, and based on the above, SoGood Properties Limited met the majority of the criteria. They offered the highest purchase price, cash purchase, 70% of construction costs from financial institutions, 43 residential units and three commercial units on the corners of Wesley and Robson Streets, a comprehensive list of their team members was provided, and the concept appears to fit the site and complements the Cardea development at 238 Franklyn Street. No conditions are being imposed on the City, and they are willing to complete the transfer of the Property within 15 days after receiving approval from Council.

A condition imposed by the City will require SoGood Properties Limited to enter into an Option to Purchase Agreement with the City, which would allow the City to repurchase the Property should development on the site not occur in a timely manner. The Request for Offers noted the

proponent would have two years to commence construction after the transfer of the property and requires \$1,000,000 of work to be completed by 2024-OCT-22.

At the 2020-AUG-21 “In Camera” Council meeting, Council directed Staff to:

1. *prepare a Purchase and Sale Agreement for the disposition of 350 and 398 Franklyn Street to 1250882 BC Ltd.; and*
2. *return to a future Council meeting, upon completion of negotiations, to present the Purchase and Sale Agreement for Council’s approval.*

Negotiations are now complete. 1250882 BC Ltd. has started a company, SoGood Properties Limited, for this development. SoGood Properties Limited has signed a Purchase and Sale Agreement and Option to Purchase and has provided a deposit of \$5,000, and if approval of the purchase is received, an additional deposit of \$60,800 will be paid 48 hours after approval is received.

Staff are requesting Council provide approval to dispose of the Property to SoGood Properties Limited for the purchase price of \$1,216,000. Subject to approval being received, it is anticipated the Property will transfer on 2020-OCT-22.

OPTIONS

1. That Council
 1. approve the disposition of 350 and 398 Franklyn Street to SoGood Properties Limited for \$1,216,000; and
 2. direct the Mayor and Corporate Officer to execute the necessary documents to affect the transaction.
 - **Advantages:** SoGood Properties Limited met the majority of the criteria within the Request for Offers. The Property could be disposed of and constructed in a timely manner. Selling the Property without delay will encourage investment in the neighbourhood and will help to further establish the Downtown Urban Node and fulfill the vision in the Downtown Urban Design Plan and Guidelines. A co-ordinated development of the site would lead to enhanced integration, interface, and transition within the site itself and the wider neighbourhood. Staff have published a Notice of Disposition as required by Sections 26 and 94 of the *Community Charter*. Providing approval to dispose of the Property would be consistent with Council’s past decisions.
 - **Disadvantages:** Selling the Property to SoGood Properties Limited will prevent Council from designating the land for another municipal purpose.
 - **Financial Implications:** If Council directs Staff to move forward with the property disposition, the City will receive \$1,216,000 from the sale. The proceeds of the sale will be returned to the Property Sales Fund to spur further acquisitions.

2. That Council deny the disposition of 350 and 398 Franklyn Street to SoGood Properties Limited for \$1,210,000.
 - Advantages: Denying the disposition will allow Council to use the property for another municipal purpose should Council want to.
 - Disadvantages: Denying approval to dispose of 350 and 398 Franklyn Street would be inconsistent with Council's past decisions. The existing parking lot on the Property will be removed from the downtown inventory.
 - Financial Implications: The City would not receive \$1,216,000. The property will remain undeveloped and owned by the City.

SUMMARY POINTS

- 350 and 398 Franklyn Street (the 'Property') are City-owned properties located near City Hall in the downtown core.
- The Property is a key redevelopment site in the downtown core and is identified in the Downtown Urban Design Plan and Guidelines as suitable for a four-storey building. The redevelopment of the property will help to spur further investment on Wesley Street and Robson Street.
- The City issued a Request for Offers for the City-owned properties at 350 and 398 Franklyn Street. The closing date for offers was 2020-JUL-31.
- The Request for Offers process has shown there is considerable interest in the Property and there are a number of feasible options for the site. Five proposals were received and were reviewed by Staff.
- Staff reviewed each of the proponents and SoGood Properties Limited met the majority of the criteria.
- At the 2020-AUG-21 "In Camera" Council meeting, Council directed Staff to:
 1. *prepare a Purchase and Sale Agreement for the disposition of 350 and 398 Franklyn Street to 1250882 BC Ltd.; and*
 2. *return to a future Council meeting, upon completion of negotiations, to present the Purchase and Sale Agreement for Council's approval.*
- Negotiations are complete and Staff are requesting Council provide approval to dispose of the Property to SoGood Properties Limited for the purchase price of \$1,216,000. Subject to approval being received, it is anticipated the Property will transfer on 2020-OCT-22.

ATTACHMENTS:

ATTACHMENT A: Location Plan |

Submitted by:

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Concurrence by:

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