

City Policy & Procedure

Title: Land Transaction Policy & Procedure

Policy: 1025

Covers: Land Transactions within the City of Brandon

Effective: April 6, 2021

Purpose:

To establish a transparent, consistent, and equitable framework to complete land transactions in the City of Brandon.

1.0 DEFINITIONS

"administration" shall mean a representative from City Departments (consisting of Planning, Property, Engineering, Economic Development and other impacted departments) that hold a vested interest in City owned lands;

"director or designee" means the Director of the City Department responsible for City land transactions;

"affordable housing" means land which will be dedicated for the construction of housing to be occupied by an owner or renter whose annual household income does not exceed the current affordable housing definition established by the City of Brandon and defined in the Affordable Housing Strategy;

"appraisal" means a fair market valuation of land prepared by an accredited Appraiser;

"appraiser" means a member in good standing of the Appraisal Institute of Canada, holding an Accredited Appraiser Canadian Institute or Canadian Residential Appraiser designation as appropriate;

"civic need" or "civic purpose" shall mean the use of lands by the City of Brandon as organized in the following categories:

- Infrastructure, including but not limited to roads/intersections, retention ponds, servicing corridors, and dikes
- Public Facilities, including but not limited to offices, landfills, airport, bus terminals, public works yards, parking lots, recreation complexes, and treatment plants
- Greenspace, including but not limited to activity, celebration, leisure and connector greenspaces; and
- Affordable housing as defined in this policy

"fully developed" means land which the City currently uses for its civic purposes and is not available for sale;

"partially developed" means land which the City currently uses and intends to further develop or use for its civic purposes and is not available for sale;

"land(s)" shall mean real property and any improvements thereon owned by the City, including roads, streets, lanes, or walkways which have been or may be stopped up and closed;

"developable lands" means land that is capable of sustaining development and complies with existing development parameters;

"non-developable lands" means land that is undevelopable on its own due to size, shape, location, topography, environmental condition, land use restrictions, or any other factor, however may be of interest to adjoining property owners;

"non-profit organization" means:

- (a) a corporation that is prohibited from paying dividends to its members and distributing the assets to its members on a winding-up, or
- (b) any other entity established under a law of Manitoba or Canada for a purpose other than to make a profit,

but does not include a credit union, caisse populaire or co-operative established under a law of Manitoba or Canada;

"potential surplus" means surplus land that is not currently available in the open market due to a development constraint (e.g. servicing), need for future land use planning, or any other strategic priority in the best interest of the City; "real property" means lands and anything permanently affixed to the land, such as buildings, fences and any appurtenance attached to the building, such as light fixtures, plumbing and heating fixtures, or other such items which are not personal property and are not attached;

"reserved" means land which the City intends to develop or use for its future civic purpose and is not available for sale;

"surplus" means land which the City does not have a future need for and would be of interest to potential purchasers in the open market due to size, shape, location, topography, environmental condition, permitted land uses, or any other factor;

"ward values" means listing values of non-developable land on a price per square foot basis for each electoral ward in the city;

"as is" means without regard for state of repair, location of any and all structures, walls, retaining walls or fences (freestanding or otherwise) or encroachment by buildings or fences or otherwise, on the land or adjoining properties or streets, and without warranty or representation as to use, environmental contamination, hazards or risks.

2.0 ADMINISTRATION

This policy shall be administered on behalf of the City of Brandon by the Director or designee responsible for City land transactions as delegated by the City Manager.

3.0 LAND ACQUISITION

3.1 Land Acquisition Priorities

3.1.1 Land acquisition is prioritized in seven (7) classifications for either Civic or Development purposes as shown in Sections 3.1.2 and 3.1.3.

3.1.2 Civic Purposes, including:

a. Infrastructure: The acquisition of land to facilitate the construction of public infrastructure, including but not limited to roads/intersections, retention ponds, servicing corridors and dikes as outlined in infrastructure master plans and the 10 year capital budget. The timing of acquisition will vary as per availability of land and the scale of the infrastructure project, with land

- acquisition occurring following completion of a design and typically 2-5 years before the infrastructure is constructed.
- b. Public Facilities: The acquisition of land to facilitate the construction of public facilities, including but not limited to offices, landfills, airports, bus terminals, public works yards, parking lots, recreation complexes, and treatment plants as outlined in facility master plans and the 10 year capital budget. The timing of acquisition will vary as per availability of land and the scale of the public facility project, with land acquisition typically occurring 2-5 years in advance for smaller projects (e.g. parking lot) and 6-10 years in advance for larger (e.g. landfill, recreation complex) projects.
- c. Greenspace: The acquisition of land to facilitate the establishment of greenspace, including but not limited to activity, celebration, leisure and connector greenspaces as identified in the Assiniboine River Corridor Master Plan, the Greenspace Master Plan, and the 10 year capital budget.
- d. Affordable Housing: The acquisition of land to facilitate the construction of affordable housing as to further the goals and objectives of The Affordable Housing Strategy. Land exchanges and road closure assembly processes should be explored along with opportunities brought to the City of Brandon by land owners as part of other development opportunities. Acquisition of raw land in a future growth area as defined in the City Plan or Growth Strategy may be considered.

3.1.3 Development Purposes, including:

- a. Downtown: The acquisition of land and/or land and buildings for downtown development in partnership with the Brandon Downtown Development Corporation or similar organization to expedite land and/or building acquisition/assembly to facilitate development or redevelopment that furthers the Downtown Secondary Plan vision.
- b. Industrial: The acquisition of land for industrial development to facilitate the availability of serviced industrial land for economic development opportunities and to transition lawfully nonconforming land uses (e.g. industrial in residential areas) from other locations in the City.

- c. Residential/Commercial: The acquisition of land for residential and commercial development to facilitate the availability of serviced land for market development.
- d. Future Growth: The acquisition of raw land in future growth areas as defined in the City Plan or Growth Strategy to facilitate the development of lands in areas most cost effective for servicing.
- 3.1.4 The Director or designee shall coordinate a confidential review of land acquisition priorities with Administration every four (4) years as per Council's strategic priorities and adopted plans/strategies/frameworks. The Director or designee shall recommend a ranking for each of the seven (7) classifications in Section 3.1.1 from very low priority (1), to very high priority (5).
- 3.1.5 The Director or designee shall present the recommended ranking and approach to land acquisition for each of the seven (7) classifications in Sections 3.1.4 at an in-camera City Council meeting every four (4) years for review and approval. Council approval of the priority ranking will determine future reserve allocations and timing of land acquisition as set forth in the land acquisition strategy in Section 3.2.

3.2 Land Acquisition Strategy

- 3.2.1 The Director or designee will annually coordinate and update a confidential 10 year Land Acquisition Strategy with Administration identifying land acquisition needs, financial requirements and timelines. The strategy shall be informed by Council priorities/approach to land acquisition in Section 3.1.3 and provide justification for annual reserve allocation requests.
- 3.2.2 The Director or designee shall coordinate with Administration to determine the annual land acquisition priorities as determined by the 10 year Land Acquisition Strategy, current land inventory and availability of funds in the land acquisition reserve and other applicable reserves.
- 3.2.3 The Responsible Department (e.g. engineering for infrastructure land acquisition) and the Director or designee shall coordinate to clarify roles and responsibilities prior to land acquisition discussions being initiated with property owners.

3.3 Council Approval

- 3.3.1 By approving reserve withdrawals in the annual budget, City Council delegates the authority for the Director or Designee to undertake negotiations for land acquisitions as per the Land Acquisition Strategy.
- 3.3.2 Where the reserve withdrawals are not approved in the annual budget as per Section 3.3.1, the Director or designee shall make offers subject to City Council approval. The offers shall be reviewed at an incamera meeting of City Council, and if supportable, a resolution will be passed at a regular meeting of City Council to allocate funds from the appropriate reserve for the acquisition.
- 3.3.3 The Director or designee is delegated the authority to close land acquisitions that do not exceed fair market value by more than 10% as determined by an appraisal or ward values. Offers that exceed fair market value by more than 10% will be made subject to City Council approval and reviewed at an in-camera meeting of City Council, and if supportable, a resolution will be passed at a regular meeting of City Council.
- 3.3.4 Following acceptance of the offer, the Director or designee will prepare and execute all documents required to complete the land acquisition transaction.

3.4 Methods of Land Acquisition

3.4.1 Negotiation

The Director or designee shall obtain appraisals on potential land acquisitions of $10,000~\rm{ft^2}$ or greater. Lands should be acquired on the basis of fair market value and where there is a variance that exceeds market value by 10%, the variance shall be explained in a report to Council for consideration in their decision.

3.4.2 Expropriation

Expropriation may be considered as a last resort to acquire land for civic infrastructure purposes as allowed for under The Expropriation Act.

3.4.3 Donation

The City may acquire land through gifts or donations, subject to Council approval. Before accepting a gift of land, the Director or Designee shall complete an analysis of any existing encumbrances or liabilities (e.g. environmental constraints), on the property and the potential future use. A

charitable donation receipt may be issued in the amount of the appraised market value of the land.

3.4.4 Tax Sale

Should the City decide to acquire a property through tax sale, the Director or designee shall receive a resolution from Council clarifying the maximum bid amount. Should the City bid be successful, all expenses incurred for the resale, not including staff time, shall be added to the value of the land, including but not limited to appraisal or demolition costs, if applicable.

3.4.5 Land Exchanges

The City may acquire or assemble lands through land exchanges coordinated by the Director or designee with Administration. Land exchanges shall be completed as determined by Ward Values or an Appraisal.

3.4.6 Development Approval

This Policy does not apply to acquisition of land such as public reserve, roadway dedications, or easements obtained through the subdivision or zoning by-law amendment process under The Planning Act.

3.5 Easements

The City may acquire easement rights on land for civic infrastructure purposes that cannot be acquired through the subdivision of land under The Planning Act. The acquisition of easements should follow the negotiation process outlined in Clause 3.4.1, with potential additional compensation for operational losses as set forth in a confidential administrative procedure.

4.0 CITY LAND INVENTORY

- 4.1 The Director or designee shall maintain an inventory of the development status of all city owned lands in two (2) categories:
 - a. Civic Lands (Fully Developed, Partially Developed, and Reserved);
 - b. Surplus Lands (Developable, Affordable Housing, Non-developable Lands, and Potential).
- 4.2 The Director or designee shall present the inventory at an in-camera meeting of City Council every four (4) years for review and approval.
- 4.3 Prior to submitting the inventory to City Council for approval, the Director or designee shall coordinate a review of the inventory with

Administration to determine the potential of lands to be disposed of as surplus lands for affordable housing and other development purposes as per the following criteria:

- a. Size, shape, and topography of the lands
- b. Existing structure(s)
- c. The value and marketability of the lands
- d. Proximity to transportation networks (e.g. transit, active transportation, pedestrian), essential services (e.g. medical, educational, financial, food), and public amenities (e.g. parks, playgrounds, sports fields)
- e. City of Brandon strategies, plans and frameworks impacting development, including City master plans, The Development Plan, Secondary Plans, Neighbourhood Plans and the Zoning By-law
- f. Availability of water, sewer, drainage, and electrical servicing
- g. Development constraints, including, easements, encumbrances, potential flooding, methane sites, heritage sites, impacted sites, provincial highways
- h. Neighbourhood character
- Mix of housing types in neighbourhood, including existing affordable housing
- j. Public opinion and/or concerns
- k. Development potential/highest and best use
- 4.4 The Director or designee may shortlist lands on the inventory by removing lands categorized as Civic Lands (fully developed, partially developed) and Surplus Lands (Non-developable) where no change has occurred since completion of the previous inventory.
- 4.5 On the occasion that a consensus cannot be reached by Administration with respect to the proposed development status of lands, the Director or designee will prepare a report noting all options, costs, and projected revenues associated for City Council's decision.

5.0 SURPLUS LANDS

5.1 The category of Surplus Lands shall include the following development statuses:

- a. Developable Lands,
- b. Affordable Housing Lands,
- c. Non-developable Lands; and
- d. Potential Lands;

5.2 General

- 5.2.1 The resolution of City Council in declaring Surplus Lands shall clearly state the development status of the lands (Developable Lands, Affordable Housing Lands, Non-developable Lands, and Potential Lands).
- 5.2.2 The Director or designee will not entertain options for First Right-of-Refusal on any lands. Any existing options will be honoured, however no extensions shall be granted upon their expiry.
- 5.2.3 The Director or designee may request a non refundable deposit of 5% of the purchase price to motivate the purchaser to follow through with the transaction and compensate the City for lost costs should the purchaser default on the purchase agreement.
- 5.2.4 The Director or designee shall consult with Administration to determine if any studies or assessments (e.g. phase 1 environmental, building condition assessment, heritage resource assessment) are required prior to sale to provide greater certainty to future property owners and increase the likelihood of a project proceeding. Phase 1 environmental assessment should typically be completed for sites in close proximity to known environmental impacts (e.g. railways, designated impacted sites) and in established areas where previous land uses are not known.
- 5.2.5 All sales, regardless of the studies or assessments completed in Section 5.2.4 will be sold on a "as is/where is" basis, and all development and closing costs are the responsibility of the purchaser.
- 5.2.6 All sales are subject to the addition of the Goods & Service Tax. The Land Transfer Tax, if applicable, is additional to all costs noted in this policy, which will be charged by the Property Registry upon registration of the closing documents (e.g. plan of subdivision,

- easements, discharge fees), and is the full responsibility of the purchaser.
- 5.2.7 By declaring surplus developable lands, City Council delegates authority for the Director or designee to negotiate, finalize and close land transactions.
- 5.2.8 Any funds received through the sale of surplus lands shall be allocated to the Land Acquisition Reserve unless recommended otherwise by The Director or designee and approved by City Council.

5.3 Developable Lands

The following procedures shall apply to all lands, as approved by City Council, with the development status of Developable Lands.

- 5.3.1 The Director or designee shall obtain appraisals on surplus Developable Lands 10,000 ft² or greater. Appraisals shall be standard on all Developable Lands with a permanent structure to ensure the City obtains the best value for its lands.
- 5.3.2 Any written request to the Director or designee to change the development status of City owned lands to Surplus Developable shall be reviewed by Administration. Should the lands not be required for Civic or affordable housing purposes they shall be disposed of as Developable Lands.
- 5.3.3 The Director or designee may require that a request to change the development status in 5.3.2 include a conceptual plan to demonstrate the site is developable.
- 5.3.4 The Director or designee shall coordinate with administration to determine if the lands should be disposed of through a call for proposal or if the lands should be marketed and sold. The Director or Designee should take into consideration the size and location of the property, Council adopted strategies, plans, frameworks, and Council priorities when determining the appropriate land disposal approach. Generally call for proposals should be required for larger development sites in areas of higher public visibility where the

design, uses and density/intensity of development is of equal or greater importance to the sale price (e.g. Downtown Brandon, large higher density residential site in established area).

- 5.3.5 When a call for proposals is required for disposal of Developable lands, the proposals shall be reviewed by a project team and the Director or designee shall prepare a report summarizing the proposal(s) received and provide a recommendation for review and consideration at an in-camera meeting of City Council, and if supportable, a resolution will be passed at a regular meeting of City Council.
- 5.3.6 Should no proposal be received, the Director or designee shall:
 - a. Market the lands for sale
 - b. Re-issue a call for proposals; or
 - c. Defer disposal of the lands until market conditions improve
- 5.3.7 The Director or designee reserves the right to re-issue a call for proposal at any time, should prior proposal calls and/or marketing of the land(s) be unsuccessful.
- 5.3.8 Where the Director or Designee determines the lands should be marketed and sold for sale, the lands shall be advertised on the City's website for a minimum of 30 days. If multiple offers are received during the 30 day period, the City shall accept the highest offer. Following the 30 day period Offers will be reviewed on a first-come first-serve basis. The Director or Designee reserves the right to retain the services of a realtor to assist with marketing the lands.
- 5.3.9 The Director or designee is delegated the authority to close land sales that are not less than fair market value by more than 10% as determined by an appraisal or ward values. Offers received that are less than fair market value by more than 10% will be made subject to City Council approval and reviewed at an in-camera meeting of City Council, and if supportable, a resolution will be passed at a regular meeting of City Council.

- 5.3.10 All purchasers of Developable Lands (proposal call or market) shall be subject, under an Offer to Purchase Agreement, to be registered on the lands, to a two (2) year deadline from the date of possession to apply for and be in receipt of a development and/or building permit and proceed promptly with construction of a building(s) upon the lands in accordance with applicable City of Brandon By-laws, including but not limited to the then current Building By-law and Zoning By-law.
- 5.3.11 All purchasers of developable lands (proposal or market) shall execute a registerable Option Agreement, which would allow the land to revert back to the City should the purchaser fail to apply for and be in receipt of a development and/or building permit for construction on the lands on or before the expiration of a period of two (2) years.
- 5.3.12 Where a call for proposal is required, the Director or designee shall include a clause in the Offer to Purchase Agreement that development on the property be generally consistent with the concept plan submitted by the purchaser through the call for proposal process.
- 5.3.13 Where the land is sold directly through market, The Director or designee may include a clause in the Offer to Purchase agreement that a minimum building lot coverage be achieved based on the existing Zoning (e.g. 20% for commercial, and 10% for industrial) to ensure the highest and best use of land. The City should not sell land fronting water/sewer services for use as outdoor storage with no buildings.

5.4 Affordable Housing

The following procedures shall apply to all lands, as approved by City Council, with the development status of Affordable Housing Lands.

5.4.1 The Director of Economic Development or designee shall issue a call (expression of interest or development proposal) for the development of affordable housing to Non-Profit Organizations. Should the call not be successful in generating interested parties, the call will be

extended to for profit developers for the development of affordable housing. The call for proposal will include at minimum:

- a. A summary of known site details
- b. City of Brandon's preference for the site, if defined
- c. A clear understanding of all information required to constitute a completed expression of interest
- d. City of Brandon incentives available for affordable housing projects
- 5.4.2 Proposals/Expressions of interest will be evaluated by the Director of Economic Development or designee using established evaluation criteria. In the case of Expressions of Interest, upon completed evaluation, a short list of affordable housing projects that meet the current demand for affordable housing in Brandon will be established.
- 5.4.3 Short listed organization(s) will be invited to submit a full proposal.
- 5.4.4 Full proposals will be evaluated by the Director of Economic Development or designee and the project team, with the successful project being awarded the identified lands. All projects will be subject to Section 5.3.8, 5.3.9 & 5.3.10. Should the Purchaser discontinue providing affordable housing on the lands during the time frame established in the Offer to Purchase Agreement, the Purchaser shall forthwith pay to the City of Brandon fair market value for the lands as determined at the time of discontinuance of the affordable housing use. Interest shall be payable to the City of Brandon at the rate of prime + 1% per annum, compounded semi-annually, from the date the aforementioned sum becomes due and payable by the Purchaser to the City of Brandon, until the City of Brandon receives payment in full.

5.5 Non-Developable Lands

The following procedures shall apply to all lands, as approved by City Council, with the development status of Non-developable Lands.

- 5.5.1 The Director or designee shall present to City Council, at an incamera meeting, listing values for Non-developable Lands on a price per square foot area basis. The price per square foot value of Non-developable Lands shall be listed by ward, recognizing the difference in locations and property values. The values will be based on comparable values in recognition that the size of the land will add value to the property and, although undevelopable on its own, once consolidated with the adjoining property, may allow for the adjoining property owner to provide in-fill housing or an increased use.
- 5.5.2 The disposal of Non-developable Lands shall be only to adjoining property owners. The Property Section shall notify, in writing, the adjacent owner(s) of the lands being available for sale.
 - a. Should adjoining property owners be interested in the lands, a general rule shall be to subdivide the lands equally, with all costs associated with the subdivision the full responsibility of the purchasers.
 - b. Should adjoining property owners be interested in the lands as a whole, they shall each submit a proposal to the Director or Designee for Administration's review. Administration will evaluate the proposals and intended use of the lands with specific attention to the existing character of the neighborhood, zoning of the lands and adjoining properties, compliance with existing development parameters, and the existing topography and elevation of the lands. The Director or designee shall prepare a report summarizing the proposal(s) received and provide a recommendation which best meets the City's objectives for City Council's decision.
- 5.5.3 Notwithstanding Section 5.5.1, the Director or designee may bring forward the disposal of Non-Developable lands at less than the price per square foot value for City Council's consideration if the sale is in conjunction with affordable housing, a not-for-profit organization, an Economic Development initiative, poses a life safety issue, or if the benefit of taxes surmounts the maintenance costs to the City.

6.0 PUBLIC RESERVE

- 6.1 The City will not typically dispose of public reserve lands, in particular lands dedicated to the City for greenspace at no charge through the subdivision process.
- 6.2 In those rare instances, where it is in the best interest of the City to dispose of public reserve lands, the disposal shall be determined in the following priority:
 - a. Affordable Housing Lands
 - b. Developable Lands
 - c. Non-developable Lands
- 6.2 The City shall follow The Planning Act in regards to the use and disposal of public reserve land (Sections 138 to 140).
- In the instance where the City no longer has the civic need for public reserve lands, the Director or Designee shall coordinate a review with Administration pursuant to Section 4.3. Should the lands not be required for civic purposes, the Director or designee shall commence the closure process and disposal of the lands.
- 6.4 In the instance where a request is received from an adjacent property owner to close all or any portion of public reserve, a conceptual plan will be required and the Director or designee shall coordinate a review with Administration pursuant to Section 4.3.
 - a. If Administration is in agreement to its disposal, the Director or designee shall first advise, in writing, the adjoining property owners directly affected by the proposed closure. Said notice shall advise the residents of the proposed closure, and its purpose will be to solicit concerns.
 - b. After notification to the adjoining property owners, if the applicant and the Director or designee still wishes to proceed with the closure and conveyance, the Director or designee shall commence the closure process to dispose of the land to the adjacent property owner(s) and present a report and by-law for City Council's decision. The land shall be valued at a price per square foot for Non-developable Lands pursuant to Section 5.5.1. Should utility services or City infrastructure or services exist in the public reserve, the value of the land shall be decreased by 50%. In addition to the price per square foot value for the lands, the resident shall pay for all costs associated with the closure process, including but not limited to a non-refundable deposit and an administrative fee.

7.0 RIGHT-OF-WAY

- 7.1 In the instance where it is in the best interest of the City to dispose of a right-of-way, including a street, lane or walkway, the disposal shall be determined in the following priority:
 - a. Affordable Housing
 - b. Developable Lands
 - c. Non-developable Lands
- 7.2 The City shall follow The Municipal Act in regards to the closure of public right-of-ways (Sections 288 to 291).
- 7.3 In the instance where the City no longer has the civic need for the right-of-way land, the Director or Designee shall coordinate a review with Administration pursuant to Section 4.3. Should the lands not be required for civic purposes, the Director or designee shall commence the closure process to create a parcel of land.
- 7.4 In the instance where a request is received from an adjacent property owner to close a right-of-way, a conceptual plan will be required, and the Director or designee shall coordinate a review with Administration pursuant to Section 4.3.
 - a. If Administration is in agreement to the disposal of the public road or street to the adjacent property owner(s), the Director or designee shall first advise, in writing, the adjoining property owners directly affected by the proposed closure.
 - b. After notification to the adjoining property owners, if the applicant still wishes to proceed with the closure and conveyance, the Director or designee shall commence the closure process to dispose of the land to the adjacent property owner(s) pursuant to Section 5.5.2 and present a report and bylaw for City Council's decision. The land shall be valued at a price per square foot for Non-developable Lands pursuant to Section 5.5.1. Should utility services or City infrastructure or services exist in the public road or street, the price per square foot value of the land shall be decreased by 50%. In addition to the price per square foot value for the lands, the adjoining property owner(s) shall pay for all costs associated with the closure process, including but not limited to a non-refundable deposit and an administrative fee.

- c. If the applicant is proposing a closure of an improved right-ofway to reconfigure their property, all development costs associated with the closing and decommissioning of the improvements to the existing lane, and/or construction of the right-of-way shall be the full responsibility of the applicant.
- 7.6 When right-of-way closures are undertaken to reconfigure the roadway layout in a new subdivision, the value of land charged to the purchaser shall be the difference (net increase) in developable land on a square footage basis between the existing and proposed subdivision layout. The value of the net increase in land should be determined by ward or appraised value.
- 7.7 The City should endeavor to fully close and convey undeveloped right-of-ways to adjoining property owners. Partial closures may be considered where the residual parcel is in compliance with the Zoning By-law and the Provincial Subdivision Regulation (i.e. closure cannot land lock a parcel).

Related Information

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