

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
October 6, 2020 / 6 octobre 2020**

**and Council / et au Conseil
October 14, 2020 / 14 octobre 2020**

**Submitted on September 23, 2020
Soumis le 23 septembre 2020**

**Submitted by
Soumis par:
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Director / Directeur**

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Ward: BAY (7) / BAIE (7)

File Number: ACS2020-PIE-CRO-0017

**SUBJECT: Surrender of Right of First Offer - 2475 Regina Street (Parkway
House)**

OBJET: Abandon du droit de préemption - 2475, rue Regina (Parkway House)

REPORT RECOMMENDATION

**That the Finance and Economic Development Committee recommend Council
surrender the Right of First Offer to purchase the property known as 2475 Regina
Street, described as being part of lot 23, Concession 10F, as in NS153639,
Nepean/Ottawa, and shown on Document "1", from Parkway House.**

RECOMMANDATION DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil d'abandonner le droit de préemption de l'organisme « Parkway House » pour l'acquisition de la propriété dont l'adresse municipale est le 2475, rue Regina, décrite comme faisant partie du lot 23, concession 10F, dans le secteur NS153639, Nepean/Ottawa, et illustrée dans le document 1.

BACKGROUND

According to former City of Ottawa Council minutes dated May 17, 1978, the City purchased a vacant parcel of land located at 2475 Regina Street (the "land" see Document 1), from the Separate School Board in 1977 with the intention of selling or leasing it to Participation House Ottawa and District, now known as Parkway House Ottawa and District ("Parkway House"), for the purposes of: "operating housing, workshop, educational and recreational facilities for physically handicapped men and women in Ontario".

City Council agreed to transfer the land by way of sale, subject to the City Solicitor inserting a suitable clause in the transfer of land to ensure the City has the right of first offer to purchase the land in the event said lands are not required or no longer used for the purpose now acquired.

As a result of the City Council recommendations, the subsequent transfer agreement contained a restrictive covenant which provided that Parkway House was granted the land for its sole and only use provided the lands are used for the purpose of a non-profit corporation which has as its only objectives the provision of housing, workshop, educational and recreational facilities for physically handicapped men and women in Ontario. The City's right of first offer to purchase the land was set out in a separate agreement which provided that Parkway House shall not dispose, by sale or otherwise, of the land unless they shall have first offered the City the opportunity of purchasing the same at fair market value.

The City sold the land to Parkway House for \$178,335 in 1978. The sale price represented the City's cost to purchase the land from the Separate School Board plus an administration fee of 1 per cent. The transfer included the restrictive covenant and the parties entered into the Right of First Offer Agreement both as set out above.

In 2014, Parkway House advised the City of its intention to sell the land to a third-party developer. Pursuant to the Right of First Offer, the City received an offer

from Parkway House on March 12, 2014 and the City was required to either accept to purchase the land or decline the offer within 30 days of receipt of the offer.

City staff presented a report similar to this report to Council dated May 14, 2014 ([ACS2014-PAI-REP-0013](#)) relinquishing the City's "Right of First Offer" and allowing Parkway House to move forward with its plan.

DISCUSSION

Subsequent to the 2014 report, Parkway House did not complete the disposal of the property and carried on with their stated goals and purpose to provide housing, educational, and recreational facilities for persons with physical disabilities.

Today, Parkway House continues to struggle to maintain their programming due to financial stress and is, again, speaking to potential buyers to solve their operating deficits and modernize the facility for the benefit of the residents.

To this end, it has come to the City's attention that a possible agreement with a private sector partner is being negotiated. The one impediment to this remains the "Right of First Offer" that the City maintains.

The City has not received any formal notice from Parkway House in relation to a possible agreement; however, in the interest of being proactive, the City's Corporate Real Estate Office (CREO) initiated an internal circulation to determine if a City department had interest and budgeted funds to acquire this property in the event such a proposal was presented.

From that circulation (dated August 31, 2020), no City department identified a need to acquire the subject property. Notwithstanding this lack of interest on behalf of City departments, there is also the financial component (detailed in report number ACS2014-PAI-REP-0013) indicating the financial requirement should the City initiate acquisition of the subject property:

In the event the City was inclined to accept the offer, without having come to an agreement on the terms and price with Parkway House, the acceptance requires the City to pay fair market value for the property, as determined by the parties within 60 days of the City's acceptance of the offer, and failing such agreement, by appraisers appointed by each party, and arbitration if necessary. As this process may result in a purchase price that may be greater than that permitted under the Delegation of Authority By-law for the acquisition or disposal of an interest in property, this matter is being brought to Committee and Council.

The right of first offer agreement fails to provide sufficient certainty as to the purchase price of the property without first committing the City to purchasing the land.

As the City would be committing itself to an unknown purchase price, which may be considerably higher than it would otherwise be prepared or willing to pay, it is recommended that the City decline the offer.

By declining the offer, Parkway House may dispose of the property to the private developer as contemplated in their proposal. Any proposed redevelopment of the property would be subject to all applicable planning and zoning approvals including addressing the covenant on title, site plan agreements, zoning amendments, Committee of Adjustment applications, and other processes as required.

Furthermore, a letter from Parkway House to the ward councillor dated August 31, 2020 was received imploring the City to revoke the “Right of First Offer” for them to negotiate and complete an agreement that will provide the financial foundation they require to continue operations.

Should Council agree to relinquish the “Right of First Offer,” Parkway House will be free to complete negotiations with no impediments and move forward with their business plan to secure adequate long-term funding along with an upgraded facility serving the residents.

Staff recommend that Council approve of the recommendation as set forth and decline its “Right of First Offer”.

RURAL IMPLICATIONS

There are no rural implications related to this report.

CONSULTATION

CREO circulated the option to purchase to all City departments to determine whether there was a City requirement to purchase the subject property. As previously noted, no City department identified a need for acquisition of the subject property. CREO and Legal Services have reviewed the implications of the First Right of Offer for the City.

COMMENTS BY THE WARD COUNCILLOR

Councillor Kavanagh is aware of the transaction as outlined in this report.

LEGAL IMPLICATIONS

There are no legal impediments to the adoption of the recommendation in this report. Should this report be adopted, then as noted in the 2014 report, in the event that a development proposal comes forward for this site, the City retains its full authority under the *Planning Act* to consider such proposal.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications related to this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

ACCESSIBILITY IMPACTS

The ability of Parkway House to continue its operations will impact residents who live with disabilities and receive support at 2475 Regina Street.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications resulting from the recommendation in this report.

TERM OF COUNCIL PRIORITIES

The recommendation in this report supports City Council's priorities of Governance, Planning and Decision Making; Caring and Healthy Communities, and Financial Sustainability.

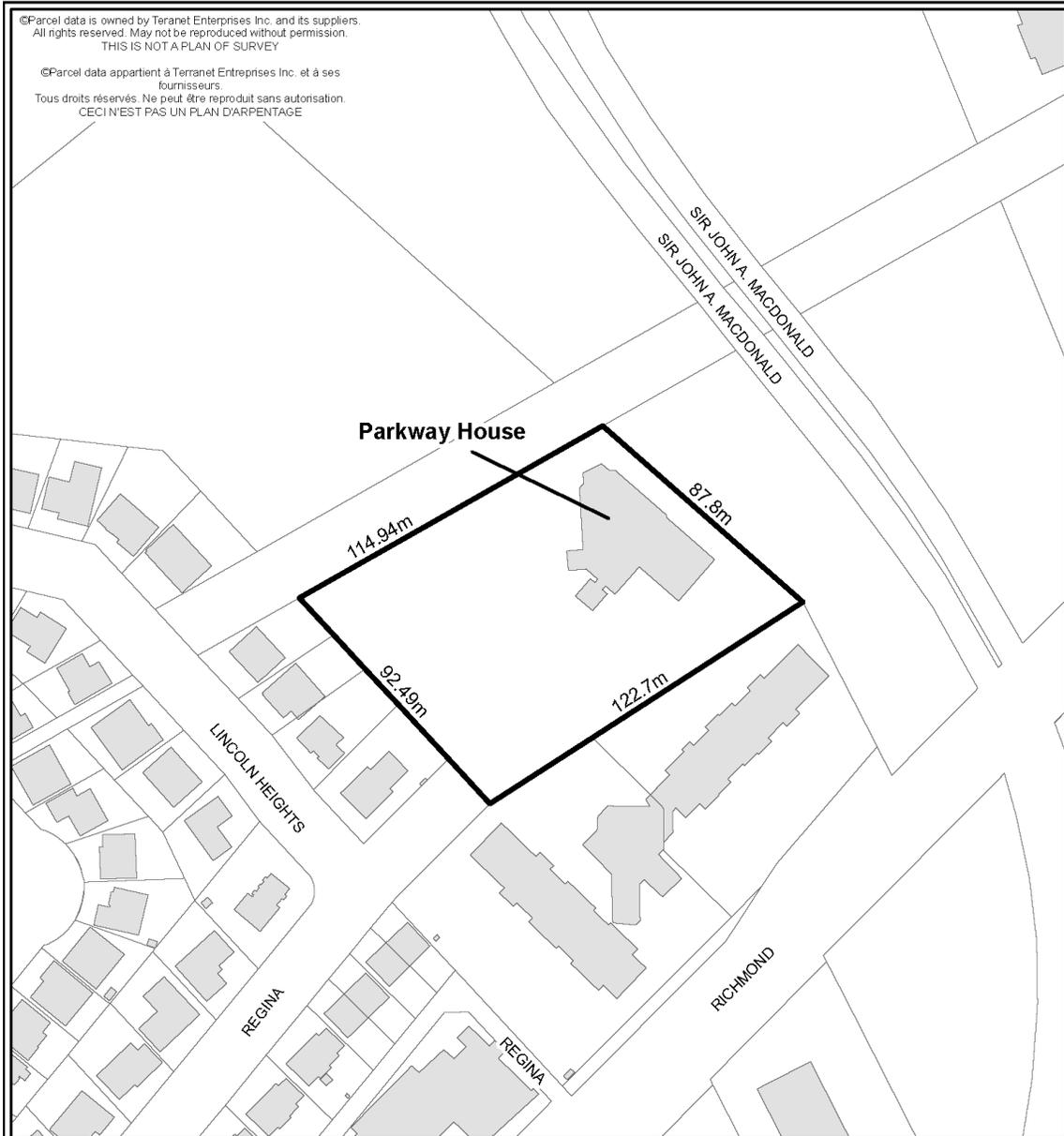
SUPPORTING DOCUMENTATION

Document 1 Property Sketch

DISPOSITION

Legal Services will notify Parkway House of Council's decision.

Document 1 – Property Sketch



	<p>Location Map / Plan de révision 2475, rue Regina Street</p>	<p>Échelle N.T.S. Mètres</p>
<p>Produced by Planning and Infrastructure Portfolio / Produit par le Portefeuille de l'urbanisme et de l'infrastructure</p>		
<p>14-0875-Y / 042820673</p>		
<p>I:\CO\2014\LOC\2475\Regina</p>		
<p>2014 / 04 / 28</p>		<p>Scale N.T.S. Mètres</p>
<p>REVISION DATE DE RÉVISION</p>		