

ITEM	18
MANAGER'S REPORT NO.	27
COUNCIL MEETING	85/04/09

RE: COMPLETION OF LAND PURCHASE BY BOSA BROS.  
SITE 3 - HASTINGS STREET URBAN RENEWAL AREA  
LOT 57, DL 116, GROUP 1, PLAN 63799

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendatton of the Director Planning & Building Inspection be adopted.

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TO: MUNICIPAL MANAGER

FROM: DIRECTOR PLANNING & BUILDING INSPECTION Our File: 15.220 &  
RZ 142/81

SUBJECT: COMPLETION OF LAND PURCHASE BY BOSA BROS. CONSTRUCTION  
SITE 3 - HASTINGS STREET URBAN RENEWAL AREA  
LOT 57, D.L. 116, GROUP 1, PLAN 63799 (SEE ATTACHED SKETCH)

RECOMMENDATION:

1. THAT the Municipality be paid in full for its interest in Site 3 of the Urban Renewal Precinct; payment to be made as follows:
  - a) Cash payment of \$205,000.00 (25% of the initial cash payment).
  - b) Transfer to the Municipality of sufficient federal and provincial property interest in Site 2 and Site 4 to equate to the balance of value (equal to \$553,180.00) owed the Municipality under the Agreement for Sale for Site 3.

REPORT

1.0 BACKGROUND AND SUMMARY

The rezoning terms for the proposed development on Site 3 of the Hastings Street Urban Renewal Area are virtually complete. The completion of a servicing agreement remains one of the few remaining outstanding items. Commitments are available from CMHC for financing of the development. The terms of this financing require that construction be started by 1985 May 07.

To make this project feasible at this point in time and permit the project to proceed, Bosa Bros. has submitted a proposal as outlined in this report for the phased payment of the outstanding principal owing for the purchase of Site 3. However, as the Municipality is legally precluded from entering into this phased payment, it is proposed that the Municipality be paid in full for its interest in Site 3 through a combination of cash payment and transfer of sufficient property interests in the remaining Urban Renewal lands. This proposal is acceptable to the Federal (CMHC) and Provincial partners in the Hastings Street Urban Renewal Partnership.

2.0 PAYMENT OF OUTSTANDING BALANCE

In order to permit this development to advance, a phased payment of the outstanding principal owing for the purchase of Site 3 has been proposed by Bosa Bros.

Of the total purchase price for Site 3 of \$1,710,000.00, the outstanding principal owing is \$1,670,000.00.

It is proposed that this outstanding principal owing be paid in the following manner:

- a) Substantial down payment of \$820,000.00 is to be made prior to the completion of the rezoning. The previous agreement for sale would be released. Taxes would continue to be required of the developer. Bosa Bros. will pay at this time, a sum required to cover 1984 taxes applied to the property, as well as a sum representing interest of 5% on the outstanding balance of \$1,670,000.00 accrued from 1984 October 31.
- b) Repayment of the balance of principal owing of the purchase price of \$850,000.00 is to be made in further installments; namely,
  - i) \$300,000.00 - maximum one (1) year from substantial completion
  - ii) \$300,000.00 - one (1) thereafter
  - iii) \$250,000.00 - two (2) years thereafter

An agreed upon interest rate will apply to the principal balance owing. CMHC is making appropriate security arrangements to assure payment of these installments on behalf of itself and the Province, the two other partners in addition to the Municipality in the Hastings Street Urban Renewal project.

3.0 PAYMENT OF MUNICIPAL INTEREST IN SITE 3

On 1985 April 01, Council gave approval in principle to a proposal to obtain the full Municipal interest in Site 3 through the combination of a cash payment and increased property interest in the remaining Urban Renewal properties. This approach is considered necessary to adhere to a legal opinion that the Municipality is not permitted to enter into the outlined installment arrangement for the payment of the principal balance owing.

3.1 MUNICIPAL INTEREST IN SITE 3

The outstanding principal owing for the purchase of Site 3 is \$1,670,000.00. Due to the fact that the Municipality had acquired 3 lots within Site 3 and therefore has a 100% property interest in these lots and in some closed lanes, the property interest in Site 3 is represented by 72.8% by the Urban Renewal Partnership and 27.2% by the Municipality. Therefore, the following calculations apply:

Total Outstanding Balance = \$1,670,000.00  
Partnership..72.8% = \$1,215,760.00 x 25%(Municipal = \$303,940.00  
Interest)  
Municipality.27.2% = 454,240.00 x 100%(Municipal = 454,240.00  
Interest)  
Total Balance of Municipal Interest in Site 3 = \$758,180.00

3.2 DISTRIBUTION OF INITIAL DOWN PAYMENT

The initial \$820,000.00 down payment by Bosa Bros. is proposed to be distributed to the partnership according to the original cost-sharing arrangement as follows:

CMHC (Federal)	50% = \$410,000.00
Province	25% = 205,000.00
Municipality	25% = 205,000.00

Therefore, the Municipality will receive a cash payment of \$205,000.00 at this time.

3.3 REMAINING FEDERAL (CMHC) AND PROVINCIAL INTERESTS IN URBAN RENEWAL LANDS

The remaining sites in which the partnership has a property interest are Site 4 (100% = 51,010 sq.ft.) and Site 2 (23.9% = 7,408 sq.ft.).

The combined CMHC (50%) and Provincial (25%) interests in Sites 2 and 4 are as follows:

Site 2:	7,408 sq.ft. x 75% =	5,556 sq.ft.
Site 4:	51,010 sq.ft. x 75% =	38,257 sq.ft.
TOTAL (CMHC and Province)	=	43,813 sq.ft.

3.4 TRANSFER OF PROPERTY INTERESTS TO THE MUNICIPALITY

As outlined in the preceding sections:


Value of Municipal Interest in Site 3.....=	\$758,180.00
Cash Payment.....=	205,000.00
Balance of Municipal Interest in Site 3..=	553,180.00

It is proposed that the balance of Municipal interest in Site 3 be obtained by way of a transfer to the Municipality of sufficient federal and provincial property interests in Sites 2 and 4 (see Section 3.3) to equate to the value owed the Municipality of \$553,180.00. This will be achieved by a mutually agreeable valuation of the remaining Urban Renewal lands.

KI:lf

Attachment

cc: Director Finance  
Municipal Solicitor

  
A. L. PARR  
DIRECTOR PLANNING &  
BUILDING INSPECTION

ESMOND AVE.

12.554' Ø

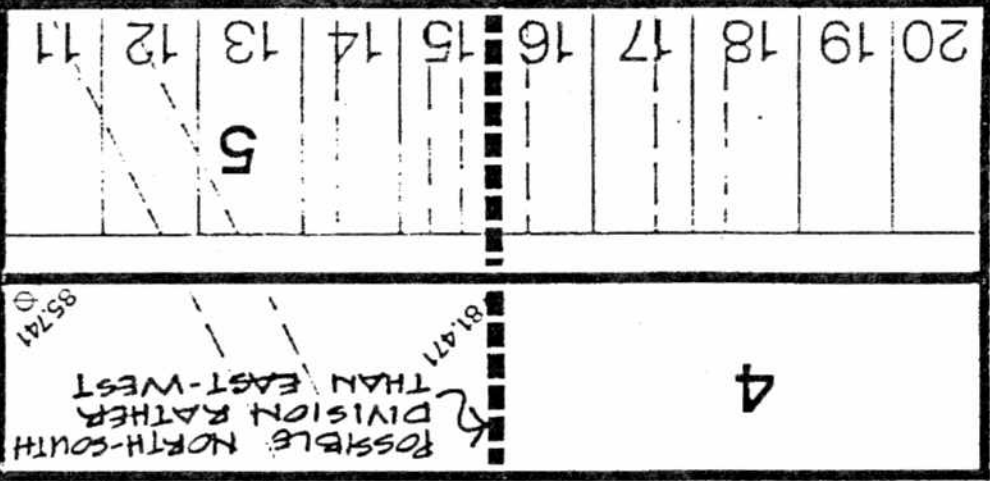
Ø 75.781

Ø 80.011

HASTINGS STREET

Ø 84.311

20	19	18	17	16	15	14	13	12	11
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1	2	32	7	A
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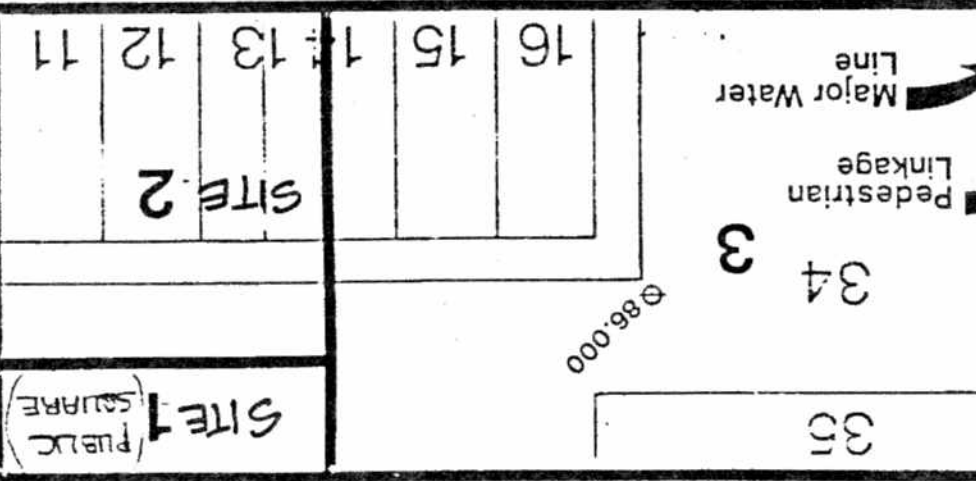
LEGEND: Reference Date 1980 Nov. 10

- 1- Public Square 0.22 Acres
- 2- Community/Institutional Use 0.70 Acres
- 3- Comprehensive Development - Mixed Medium Density Residential/Commercial (RM4 & C2 Type) 2.2 Acres
- 4- Comprehensive Development - Commercial (C2 Type) 1.17 Acres
- 5- Comprehensive Development - Medium Density Residential (RM4 Type) 1.62 Acres

INGLETON AVE.

Ø 88.687

20	19	18	17	16	15	14	13	12	11
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A	B	C	33	7	8	9	10
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HASTINGS STREET

COMMUNITY PLAN AREA

SKETCH # 1

NORTH

SCALE: 1"=100

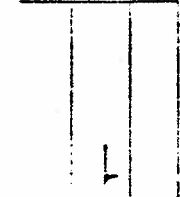
MACDONALD AVE.

Ø 85.321

Ø 87.171

or 3a

Geodetic Metric Grades



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