

CITY OF BURNABY

FINANCE AND CIVIC DEVELOPMENT COMMITTEE*HIS WORSHIP, THE MAYOR
AND COUNCILLORS***RE: SALE OF CITY LANDS AND RELATED ASPECTS
REDEVELOPMENT INITIATIVE FOR LOTS #1 AND #2
Kingsway / Edmonds Street
Edmonds Town Centre - Sub-Area #1
Attached Sketches #1 and #2****RECOMMENDATIONS:**

1. **THAT** Council approve the proposed amendment to the Edmonds Town Centre Plan as outlined in Section 4.0 of this report to change the residential component guideline for Site #2 from RM4 District to the RM5 District.
2. **THAT** Council approve the sale of City-owned lands for inclusion within Lots #1 and #2 and the value of the amenity density bonus applicable to Lots #1 and #2 in line with Section 5.0 of this report, and subject to the developer pursuing the requisite rezoning application to completion.
3. **THAT** Council pursue the servicing cost allocations for Lot #1a, Lot #1b (library site) and Lot #2 in line with Section 5.6 of this report on the understanding that a further report will be submitted on the finalized cost estimates for servicing, for which the City is responsible, for the approval of Council.

REPORT

The Finance and Civic Development Committee, at its Open meeting held on 2005 February 07, received and adopted the attached report to seek Council approval to a proposal for the redevelopment of a key site within the Edmonds Town Centre which includes the sale of City lands, the value of the amenity density bonus, achieving a new City-owned library site and an amendment to the Edmonds Town Centre Plan for Lot #2.

Respectfully submitted,

Mayor Derek R. Corrigan,
ChairCouncillor Dan Johnston
Vice ChairCouncillor Nick Volkow
Member

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TO: CHAIR AND MEMBERS
FINANCE AND CIVIC DEVELOPMENT COMMITTEE

2005 February 03

FROM: DIRECTOR PLANNING AND BUILDING

FILE: 71130 20

PC-ETCP2

SUBJECT: SALE OF CITY LANDS AND RELATED ASPECTS
REDEVELOPMENT INITIATIVE FOR LOTS #1 AND #2
Kingsway / Edmonds Street
Edmonds Town Centre - Sub-Area #1
Attached Sketches #1 and #2

PURPOSE: To seek Council approval to a proposal for the redevelopment of a key site within the Edmonds Town Centre which includes the sale of City lands, the value of the amenity density bonus, achieving a new City-owned library site and an amendment to the Edmonds Town Centre Plan for Lot #2.

RECOMMENDATION:

THAT the Finance and Civic Development Committee request Council to:

1. Approve the proposed amendment to the Edmonds Town Centre Plan as outlined in Section 4.0 of this report to change the residential component guideline for Site #2 from RM4 District to the RM5 District.
2. Approve the sale of City-owned lands for inclusion within Lots #1 and #2 and the value of the amenity density bonus applicable to Lots #1 and #2 in line with Section 5.0 of this report, and subject to the developer pursuing the requisite rezoning application to completion.
3. Pursue the servicing cost allocations for Lot #1a, Lot #1b (library site) and Lot #2 in line with Section 5.6 of this report on the understanding that a further report will be submitted on the finalized cost estimates for servicing, for which the City is responsible, for the approval of Council.

R E P O R T

1.0 INTRODUCTION

The purpose of this report is to pursue the next step in an initiative to develop a key site within the Edmonds Town Centre at the Kingsway and Edmonds Street intersection which is largely City

owned (see attached Sketch #1). This initiative is intended to provide an opportunity to replace the Kingsway Library, now the City's oldest public library as part of a comprehensive redevelopment of this key site. Extensive discussions have been pursued with the prospective developer, Bosa Ventures, who has obtained control of the two privately-owned parcels within the overall land assembly. These discussions were based on Council authorizations outlined in a report considered at the Council meeting of 2004 May 04. A comprehensive proposal supportable by staff and the developer has been achieved that will enable the developer and the City to initiate the necessary rezoning applications and to pursue the operational steps to redevelop the site. The developer requires certainty in the general magnitude of his overall fiscal outlays prior to proceeding with a specific rezoning application. The issues which relate to this outlay include land sale value and sale agreements, bonus density value and sale agreements, a cost reduction due to development restrictions, cost sharing of servicing for the library and private development sites and an amendment to the community plan for Lot #2.

The City, through Council is pursuing a vision to rejuvenate the Edmonds Street area. The redevelopment of this key site is one initiative to help achieve this vision. The recommended proposals outlined in this report will permit both the developer and the City to pursue the next operational steps including a rezoning application to realize this redevelopment.

2.0 BACKGROUND

Council at its Closed meeting of 2003 December 15, authorized staff to pursue an approach for the redevelopment of a portion of this largely City owned site on the understanding that further reports would be submitted regarding its proposed redevelopment, rezoning, and sale of City-owned lands included in the site.

A well known major developer in Burnaby, Bosa Ventures, had advised that he had in place agreements to acquire the remaining two privately-owned properties within Lots #1 and #2 (see attached Sketch #1), which together with City-owned lands to be acquired by the developer, would enable Bosa Ventures to pursue the rezoning of this key site.

Council at its meeting of 2004 May 03, received a report from the Finance and Civic Development Committee regarding pursuing the next steps for redevelopment of the subject site and approved the following report recommendations:

- a) Approving an amendment to the Edmonds Town Centre Plan changing the residential component guideline for Lot #1 from the RM4 District to the RM5 District.
- b) Supporting, in principle, the establishment of a new branch library to replace the existing Kingsway library as a component of the development on Lot #1, with referral of this library initiative to the Burnaby Library Board for its formal consideration.

- c) Authorizing staff to work with the proposed developer, Bosa Ventures, for the development of Lots #1 and #2 in line with the stated objectives within the report.
- d) Approving, in principle, the sale of City-owned lands for inclusion in Lots #1 and #2, subject to a further report to Council on the recommended sale price.

3.0 FURTHER DISCUSSIONS AND ANALYSIS

Staff have pursued further analysis of the redevelopment issues related to the subject site. As indicated in the previous report to Council of 2004 May 03, the Edmonds Street business area east of Kingsway has been an area which has been slower to redevelop and warrants further concerted regeneration efforts. The redevelopment of the subject site at Kingsway and Edmonds Street would significantly assist in this regeneration, building on recent nearby redevelopment approaching from the west, in particular, the Highgate project on the former Middlegate Mall site. Through the previous report, Council approved an amendment to the Edmonds Town Centre Plan changing the residential component guideline for Lot #1 from the RM4 District to the RM5 District. Since then, further staff analysis indicates that Lot #2 which continues to have an RM4 District guideline designation would also warrant being changed to the RM5 District guideline designation. The following Section 4.0 proposes and details this further Plan amendment.

Due to a combination of circumstances, the redevelopment of this key site has entailed a unique approach requiring a strong cooperative effort by the developer and the City. Some of the circumstances include:

- a) The City owns 90% of the development site, and consequently, the viability of the residential development from the developer's viewpoint depends on determining an acceptable land value.
- b) The City desires to retain a 30,000 sq. ft. site, Lot #1b, for a new library in a prime location on the site, while the developer acquires the development density applicable to the entire site but is subject to restrictions entailed by having to construct his development and, in particular, his underground parking on a reduced constricted site area.
- c) The proposed development on Lots #1a and #2 will be substantial so that phasing is considered appropriate with some construction delay desirable between Phase I (Lot #1a) and Phase II (Lot #2) .
- d) Cost sharing of servicing is considered appropriate with the developer being responsible for all costs of development and servicing for Lot #1a and Lot #2, while the City is responsible for servicing costs identified for the library site, Lot #1b.

- e) While the design proposals for the mixed-use development on Lot #1a and for the library on Lot #1b should be closely coordinated and contextually integrated, it is also desirable to assure that the private development and the library could also proceed as independent projects.
- f) The developer is expected to avail himself of the full available amenity density bonus for both Lot #1 and Lot #2.

The developer continues to be fully prepared to pursue his proposed development on Lot #1a and Lot #2, but needs some certainty on items which have a major effect on whether his proposal is to be financially viable. The proposals outlined in this report are the result of extensive discussions between City staff and the developer over the past number of months.

4.0 PROPOSED AMENDMENT TO THE EDMONDS TOWN CENTRE PLAN

It is proposed that the development guideline designation for Lot #2 as outlined in the Edmonds Town Centre Plan be amended (see *attached* Sketches #1 and #2) . The current designation of Lot #2 is Comprehensive Development (CD) utilizing the RM4 District as guidelines. It is considered appropriate for this guideline to be changed from the RM4 District to the RM5 District. This adjustment to Site #2 is supported for the following reasons:

- a) The site is located in the Edmonds Town Centre core.
- b) Its current residential RM4 District designation could be considered an anomaly in that other comparable high-rise apartment sites in town centre core areas have an RM5 District designation.
- c) Site #1 is one of the larger remaining redevelopment site within the town centre core area considered able to accommodate the higher density RM5 District designation. An increased density can be accommodated on this large triangular site and take advantage of additional spatial separation offered by the abutting street rights-of-way on two sides.
- d) The increased residential density would be manifested in a higher apartment tower without increasing the site coverage.

It is recommended that the Edmonds Town Centre Plan be amended to change the designation of Site #2 to Comprehensive Development (CD) utilizing the RM5 District as guidelines.

5.0 VALUE OF CITY LANDS

5.1 Creation of Development Parcels

Sketch #1 outlines the development parcels, Lot #1 and Lot #2. Lot #1 is composed of the two sub-parcels, Lot #1a and Lot #1b (library). The lot areas are subject to final survey.

Based on a preliminary sketch prepared by the City Surveyor, the following lot and property areas apply and are utilized in the various calculations:

Lot #1	=	74,639 sq. ft.
Lot #1a	=	(44,639 sq. ft.)
Lot #1b	=	(30,000 sq. ft.) library site
Lot #2	=	52,583 sq. ft.
Total	=	127,222 sq. ft.

Developer Ownership: 12,158 sq. ft. (credit for two lots, 7076/7114 Walker Avenue including exchange of 3,022 sq. ft. for closed lane allowance)

City Ownership: 115,064 sq. ft.

In line with the Purchase and Sale Agreement for Site #2, of the 115,064 sq. ft. of City land being acquired by the developer, he would be acquiring 62,481 sq. ft. of Lot #1 (74,639 sq. ft. minus 12,158 sq. ft.) and the entire 52,583 sq. ft. of Lot #2.

5.2 Sale of City Property

In line with Section 5.1, the developer is to acquire 115,064 sq. ft. of City land. The Legal Department has established a purchase price of \$30 per sq. ft. buildable for City lands. This value is based on residential floor area only. The purchase price does not include any additional value for the minor Edmonds Street street-fronting podium commercial floor area required of the developer. The floor area of the Library or possible accessory street-fronting commercial by the City is also additional to the residential buildable. The value of City lands to be purchased, once approved by Council, would be valid for nine months from the date of the Second Reading of the Rezoning Bylaw for Lots #1 and #2. The City is to remove any existing dwellings situated on City lands prior to closing.

The aggregate value of City lands is based on the RM5 District designation change for Lot #2 recommended in this report. Therefore, the aggregate value of City lands is 115,064 sq. ft. (City land) x 2.2 FAR x \$30 per sq. ft. buildable = \$7,594,224.

The sale of Lot #1a is to be completed by the developer prior to Final Adoption of the requisite rezoning bylaw and require the full serving for Lot #1a to be provided by the developer through the completion of a Servicing Agreement.

The sale of Lot #2 is to be achieved in line with a Purchase and Sale Agreement as outlined in Section 5.5. The Purchase and Sale Agreement is to be completed prior to the Final Adoption of the requisite rezoning bylaw. The servicing for Site #2 is to be constructed by the developer and involved in the Servicing Agreement, although the allocation of payment is determined by the Purchase and Sale Agreement for Lot #2.

5.3 Cost Reduction Due to Development Constrictions

As a result of our negotiations with the developer, it is proposed that the purchase price be reduced by a value equal to the cost premium incurred in constructing the private underground parking on a reduced site area, namely on Lot #1a, as a consequence of the proposed 30,000 sq. ft. library parcel (Lot #1b) being retained in City ownership. The library site (Lot #1b) is being retained in City ownership and comprises 40% of the entire Lot #1. This results in an inefficient configuration of the balance of Lot #1 (Lot #1a) which is being retained by the developer. Essentially, this causes a construction premium when parking spaces which in another instance could have been provided within two levels of underground parking over the entire site is required due to site constraints (i.e. the unavailability of Lot #1b) to be provided at lower third and/or further levels of underground parking solely on Lot #1a.

Underground parking is generally considered to range in construction costs from \$15,000 to \$20,000 per parking space. Based on preliminary parking layouts and construction estimates provided by the developer and discussions involving the Building and Planning Divisions, it has been considered reasonable for such a reduction to apply. It is proposed that such a reduction be based upon a value related to 45% of the required parking spaces (up to say, 137 affected spaces of a total 305 spaces) for the Site #1a development multiplied by a premium of \$4,000 per parking space, but limited to a maximum reduction amount of \$550,000.

It is noted that this results in the City obtaining a 30,000 sq. ft. separate legal parcel for the proposed library notwithstanding getting full value for the residential densities transferred from the library site.

5.4 Value of Density Bonus

The developer will take advantage of density bonus provisions applicable to multiple-family residential development in town centres whereby the residential floor area ratio may be increased in exchange for amenities equal to the value of the increased floor area. The previous report to Council had noted that the value of the density bonus would likely go towards meeting part of the cost of a proposed public library on Lot #1b. The Legal Department has established the per unit value of the density bonus at \$30 per sq. ft. buildable. The bonus density deposits must be made just prior to Final Adoption of the

requisite rezoning bylaw for Lots #1 and #2. The bonus density deposit for Lot #2 would be included in the special Purchase and Sale Agreement applicable to Lot #2. Within the context of a rezoning application encompassing both Lots #1 and #2, the developer is proposing that approximately 20,000 s. ft. of density bonus area be transferred from Lot #1 to Lot #2.

The aggregate value of the density bonus is based on the RM5 District designation change for Lot #2 recommended in this report. Therefore, the aggregate value of the density bonus for Lots #1 and #2 is: 127,222 sq. ft. (total land) x maximum 0.4 FAR x \$30 per sq. ft. buildable = \$1,526,664.

5.5 Purchase and Sale Agreement for Lot #2

The developer has requested some leeway in delaying the land sale and servicing payments for Lot #2. Accordingly, a Purchase and Sale Agreement approach has been proposed. An explanation of related preliminary servicing estimates is provided in Section 5.6. The Purchase and Sale Agreement would include the following terms:

- a) \$250,000 non-refundable cash down payment (5.3%) payable prior to Final Adoption.
- b) For the purposes of this agreement, the total servicing costs for Lot #1a and Lot #2 have been prorated on the basis of 55% for Lot #1a and 45% for Lot #2. Given the preliminary City estimate of servicing costs for the developer for the combined Lot #1a and Lot #2 is \$875,530 (see attached Appendix), this equates to proportional servicing costs for Lot #2 of say, \$394,000. Final cost estimates are to be based on approved construction drawings and specific values acceptable to or prepared by the Director Engineering.
- c) At closing of the Purchase and Sale Agreement, the developer will submit a Letter of Credit to meet the servicing costs for Site #2.
- d) If the developer does not close on Lot #2, the City will meet the servicing costs for Lot #2 (at a value acceptable to the Director Engineering) and the developer will continue to complete the construction of full servicing for both Lot #1a and Lot #2. If the developer does not close on Lot #2 he will forfeit his cash down payment and the City would, of course, remain the owner of Lot #2 and be in a position to tender the site for sale.

A minor adjustment upon this eventuality is the deletion of the costs of separated sidewalks and street trees on the Site #2 frontage, for later provision (to prevent construction damage) by a future developer of Site #2 when it is sold by public tender.

- e) The land value of Lot #2 is based on the total buildable floor area to be provided on Lot #2 multiplied by \$30 per sq. ft. buildable. At an FAR of 2.2 plus a FAR density bonus of 0.4 for a 52,583 sq. ft. site and transfer through rezoning of say 20,000 sq. ft. of permitted floor area from Site #1a to Site #2, the total buildable floor area for Site #2 would be say, 156,715 sq. ft. resulting in a total land value for Site #2 of \$4,701,474.

At closing, the developer would pay the City \$4,451,474 (\$4,701,474 - \$250,000) for the balance of land value payments.

- f) Closing will take place on or before twelve (12) months after Final Adoption.

It is noted that Lot #1a is not part of the Purchase and Sale Agreement for Lot #2, although there are related aspects such as purchase price and site servicing. In line with this scenario, the developer would pay a balance of \$3,869,414 to the City for the purchase of Lot #1a and its development density and including the maximum reduction of \$550,000 (Section 5.3) as well as in addition, its attributable servicing costs prior to Final Adoption.

5.6 Preliminary Servicing Requirements and Estimates

Preliminary off-site servicing requirements have been prepared by City staff for the full servicing of Lots #1a, #1b and #2. Preliminary servicing estimates have been prepared by City staff. Those estimates include contingency, engineering fees, GST and cash deposits. For bonding and cost sharing purposes, the final estimates will be established by the Director Engineering and based on the finalized engineering drawings.

The developer will be responsible for the servicing costs for Lots #1a and #2 at a preliminary estimated cost of \$875,530 inclusive of 20% contingency, 15% engineering fees, 7% GST and cash charges while the City will be responsible for the library site servicing costs for Lot #1b of \$467,000 (inclusive). It is noted that the library site is a prime regularly shaped corner site with substantial street frontages.

Under the Purchase and Sale Agreement for Lot #2, should the developer not close on the agreement, the City would then remain the owner of Lot #2 but would at that time then pay for the prorated servicing costs for Lot #2 of say 45% in the range of \$394,000 (inclusive) subject to the approval of final estimates by the Director Engineering as part of the Servicing Agreement. This would then permit the City to sell Lot #2 as a serviced site by public tender. The City would also retain the \$250,000 non-refundable deposit.

6.0 CONCLUSIONS

It is recommended that Council be requested to approve the proposals outlined in this report which are required to be resolved in order to permit the developer to pursue detailed rezoning applications for Lots #1a and #2 with confidence of achieving financially viable developments. If successfully pursued, the redevelopment will signal a strong start to the revitalization and regeneration of the Edmonds business street. The City will also achieve a separate library parcel and provide a strong public City presence at the Kingsway / Edmonds corner as well as obtaining substantial funds through the sale of City lands and the density bonus. The existing Kingsway Library site could also then be released for sale for redevelopment.

Upon the successful sale of City property involving both Lots #1 and #2, the use of the maximum amenity density bonus and Final Adoption of the requisite rezoning bylaw in line with this report, the following would be a summary of the balance of funds accruing to the City:

Total value of sale of City property (Section 5.2)	\$7,594,224
Minus maximum reduction due to site constraints (Section 5.3)	-\$ 550,000
Total value of density bonus (Section 5.4)	\$1,526,664
Minus City servicing costs for library site (Lot #1b) (Section 5.6)	-\$ 467,000
Total Balance to City	\$8,103,888

These figures do not include the value of the library site (Lot #1b) remaining in City ownership and the value of the existing Kingsway Library site.

To summarize, the proposals outlined for the consideration and approval of the Finance and Civic Development Committee and Council relate to:

- a) Amendment to the designation of the development guidelines for Site #2 to the RM5 District.
- b) Approval of the land sale and bonus density values established by the Legal Department outlined in this report as well as the cost reduction entailed by a more restricted Lot #1a development site.
- c) A Purchase and Sale Agreement for Lot #2 to allow for some leeway in delaying the land sale payments for Lot #2 while offering benefits to the City even should the developer not close on the purchase of Lot #2.

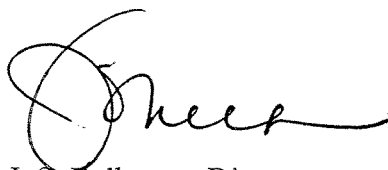
Planning and Building Department

RE: Sale of City lands and related parameters

Redevelopment Initiative for Lots #1 & #2

2005 February 03.....Page 10

- d) Achievement of fully serviced sites with the developer responsible for the private development sites and the City responsible for the library site.



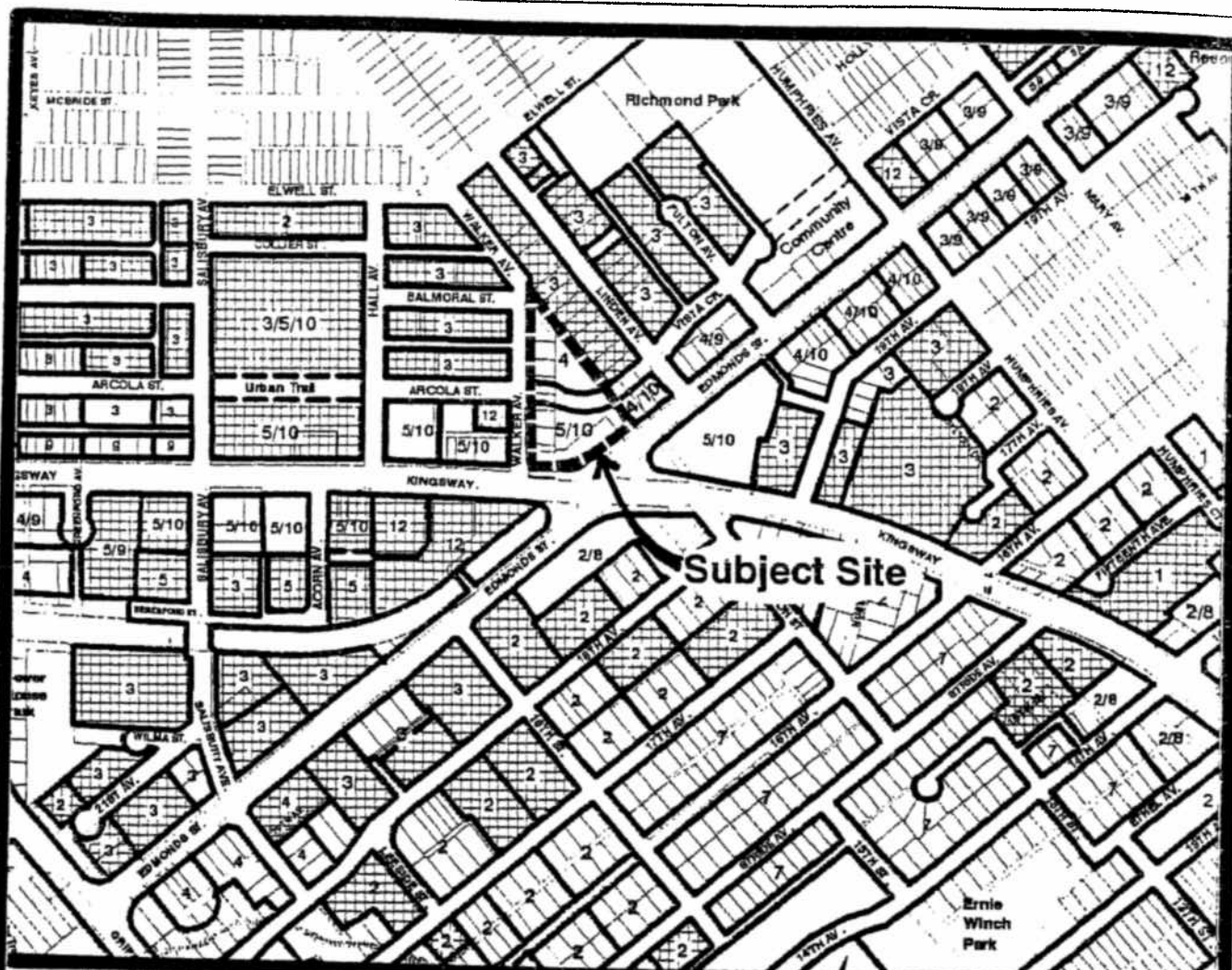
J. S. Belhouse, Director
PLANNING AND BUILDING

KI:tn

Attachment - Sketched #1 & #2

cc: City Manager
Chief Building Inspector
City Solicitor
Chief Librarian
Director Parks, Recreation and Cultural Services

P:\Community Plans Gen\Edmonds\Sub-Area 2\FCDC Rpt Sale of City lands Feb 05.wpd





Legend:


- High Rise Apartments
- 8— RM5 — (100 units per acre maximum)
- 4— RM4 — (80 units per acre maximum)
- Low Rise Apartments
- 3— RM3 — (50 units per acre maximum)
- Low Rise Apartments/
Ground-Oriented Multiple Family
- 2— RM2 — (40 units per acre maximum)
- Ground-Oriented Multiple Family
- 1— RM1 — (25 units per acre maximum)
- 6— Townhousing — (12 units per acre maximum)
- Single and Two-Family Infill
- 7— Potential Area Rezoning

- Commercial
- 8— C1 Neighbourhood Commercial
- 9— C2 Community Commercial
- 10— C3 General Commercial
- 11— C4 Service Commercial
- 12— Institutional (including Seniors Housing, Churches, etc.)
- 13— Industrial
- 14— Nickel Complex (Res. Ref. # 7/99)
- 15— B.C. Hydro Headquarters Complex (Res. Ref. # 38/90)

Development Sites in the Edmonds Town Centre are generally to be Zoned to Comprehensive Development District (CD) utilizing the outlined zoning designations as guidelines.

 Park, School, Trail, Ravine and Open-Space Area

 Completed or Rezoned in Accordance with Development Guidelines

 This Sketch is subject to updating on a Continuous basis.

Adopted 1994
Amended to April 2004

Edmonds Town Centre Plan Development Guidelines



Planning and Building Department

Scale: N.T.S.

Drawn By: J.P.C.

Date: February 2005

Kingsway / Edmonds Development Site

Sketch # 2

