

30 December 2019

REPORT TO: Mayor & Council
FROM: Elizabeth (Lisa) Slomke, Town Clerk
SUBJECT: Establish Lot Prices for Erin Crescent

BACKGROUND

My last report dated October 9, 2019 which Council approved, provided the following conditions on the sale of lots in Erin Crescent as follows:

- Five building seasons to obtain a building permit
- Establish a minimum deposit of \$1500.00 with ½ of that amount to be non-refundable
- Square footage minimum for the single-family dwellings will be the same as the current Zoning By-law
- Easements must be obtained in order to service utilities and appropriate wording would be included in the Agreement of Purchase and Sale

An amendment to the Sale of Town Lands Policy 6.2 will be brought forward reflecting the conditions once the lot prices have been established.

NEXT STEPS

Costs have been collected respecting the development of Erin Crescent and come to a total of \$2,135,139.90. This includes all three phases previously approved by Council as part of the budget process as well as utility installation costs (i.e. Fort Frances Power Corporation, Enbridge, TbayTel, etc.) and surveying costs.

There are a number of cost reducers listed below which reduce the overall cost of the development:

- FFPC portion of surveying (\$3,392.00)
- Bay City portion of Inspection (\$30,000.00)
- Contingency (\$118,850.00)
- Town's contribution

The Town of Fort Frances has historically contributed to a number of residential developments including (most recently), Huffman Court Subdivision, Syncor Townhouses and Front/Minnie Condominiums. Some have used the Community Improvement Plan, in-kind services, or an established per lot contribution. Once

Council determines whether they wish to contribute to the Erin Crescent development, then prices can be finalized.

Some costs for Council to consider as a contribution could be Engineering Costs (\$189,271.89) or Utility Costs (\$174,040.00) or set a flat contribution amount per lot (for example only \$5,000.00 x 27 lots = \$135,000.00). Another point to be considered is the extremely high price that would be placed on the two largest lots (due to their m²), Council could set a flat m² amount for these two (which would be marketable) and then prorate the remaining lots accordingly.

Historically lot prices have been established using a combination of true costs and market consideration. This is important to keep in mind when setting lot prices in order for the lots to be 'marketable'. If the prices are too high, then the Town will sit on them for months or years and the Town will not receive taxes nor water and sewer service income. If the prices are too low, then people purchase on spec and do nothing with the land. Council's ultimate goal is to increase the overall residential tax base - in order for this to happen we want people to purchase the lots and build single-family houses.

Any contribution (should Council decide to make one) will be recovered over time through the collection of taxes. This type of contribution is an investment in the future stability of Fort Frances.

RECOMMENDATION

That Council consider the cost reducers listed, discuss a potential contribution, possibly establish a flat amount for the two largest lots and ultimately provide Administration with direction in order to establish final lot prices. Subsequently, a by-law setting lot prices and pre-approving the Agreement of Purchase and Sale will be brought forward for Council approval at a future meeting.

<p>Council approval of this report will establish lot prices for Erin Crescent and further direct Administration to prepare appropriate by-law for consideration at a future meeting.</p>
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