




CITY OF BELLEVILLE
Karen Poste
Economic & Strategic Initiatives
Report No. ECDEV 2019-17
May 27, 2019

APPROVAL BLOCK	
CAO	

To: Mayor and Members of Council

Subject: Vision Transportation restrictive Covenants removal

Recommendation:

“THAT pursuant to the Manager of Economic and Strategic Initiatives Report No. ECDEV 2019-17, the Mayor and Clerk be authorized to sign the required documents to release the property described as PIN 40520-0443 LT from certain existing covenants in favour of the City of Belleville, and that a by-law authorizing same, be prepared for Council’s consideration.”

Strategic Plan Alignment:

The City of Belleville’s Strategic Plan identifies nine strategic themes. The recommendation in this report will further the industrial and commercial objectives by permitting the full development of an industrial parcel of land creating employment and assessment to benefit the community.

Background:

In December, 2016 the City of Belleville finalized an industrial land sale with Vision Transportation (aka 2145568 Ontario Inc). Approximately 40 acres of land was sold to Vision with the understanding that a minimum 150,000 square foot warehouse and distribution centre would be built on the subject property. Vision has now initiated construction of approximately 200,000 square feet of space but the City’s standard restrictive covenants are affecting the financing of the new development.

To ensure City land is not purchased and then “flipped” for a profit, the City attaches restrictive covenants to the industrial property it sells. The covenants require development within a certain period of time and they provide first right of refusal benefits to the City should the development not proceed as required.

The property owner has received site plan approval and a building permit and started construction and requires financing in order to advance the project. These covenants are causing a concern for the lender and they are requiring their removal before the required funds will be advanced. Without the removal of these covenants, the development will stop at an incomplete stage.

Analysis:

The City of Belleville has a strong positive track record with Vision Transportation. This is the third land sale between the City and Vision and in each instance they have exceeded their commitments when it comes to jobs and investment. They continue to be a strong employer in the community and their commitment to Belleville is evident.

Although the covenants are a matter of standard practise for the City, once development is initiated (site plan and building permit approvals, initiation of development), there is little risk a development will not proceed as required. In this instance, with a development partner with such a strong track record, staff are confident this development will occur without the need for the covenants to remain in place.

Financial:

The removal of these covenants will have no financial impact on the City.

Conclusion:

The required property sale covenants have a purpose in terms of ensuring City land is not purchased and resold at a profit. However, once development (building) on the land is initiated, staff recommend the removal of the covenants if required, in order to ensure the timely development of the property.

Respectfully submitted,



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Manager, Economic and Strategic Initiatives.