

COUNCIL REPORT

To: Mayor and Council

From: Administration

Date: July 21, 2025

Subject: Land Purchase Policy 1.18 – Review - Deferred

This report was deferred from the June 23, 2025 Regular Council Meeting.

RECOMMENDATION:

THAT Council direct staff on whether or not to sell District-Owned Land adjacent to residential properties.

BACKGROUND:

Following the Regular Meeting of June 10, 2024, Council directed staff to assess the option to sell District-owned land adjacent to residential property owners.

Policy 1.18 – Land Purchase Policy

Policy 1.18 currently prohibits the sale of District-owned land adjacent to residential properties.

This policy was adopted and the License to Use Policy 1.19 established in its place. The following were the pros and cons considered in choosing the License-to-Use Policy route versus allowing the sale of those properties:

Land Purchase	License-to-Use
<u>Pros:</u> <ul style="list-style-type: none">- The property owner would own the land and be able to erect permanent structures.- Revenue generation. <u>Cons:</u> <ul style="list-style-type: none">- Larger lots sizes would accommodate larger houses and structure that may not be in alliance with the neighbourhood.	<u>Pros:</u> <ul style="list-style-type: none">- The land would not be sold and remain in the ownership and control of the District of Mackenzie- Would allow property owner to use/beautify the land- Would not allow the property owner to buy on speculation without the rest of the public having the same opportunity.

<ul style="list-style-type: none"> - If there is future expansion the lot lines will not be uniform which would create jogs and hinder backing one person's lot to another in a smooth manner. A license to Use allows the jog, but if there was future expansion the agreement is temporary. - Permits a property owner to buy land without availing the general public the same opportunity - The rezoning process would need to be commenced for each request - Servicing costs will be higher to extend the utility services beyond the frontage of the new lot to the ones beyond if there is future development. 	<ul style="list-style-type: none"> - If the land was cleared, would support the District's goal of reducing wildfire interface between residential and forested lands. <p><u>Cons:</u></p> <ul style="list-style-type: none"> - The property owner would not own the land or be able to erect permanent structures.
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

General Steps to Process Sales:

Based on recent sales in Industrial site, the following is a general overview of the steps required for selling lots that are on unsurveyed land:

- Survey - needs to be registered on eventual new title
- Lot Appraisal – to determine market value for sale
- Subdivision Process to remove the surveyed area from the District's lot
- Rezoning Process to change the current zoning to Residential 1 Zone
- Agreement Drafting
- Sale Approval
- Subjects are removed (required public notice, deposit)
- Registration

This process can take up to 6 months depending on referral timelines and contractor availabilities for appraisal, survey, and legal.

Policy 1.18 Amendment Considerations:

If Council wishes to move forward with allowing the sale of District-owned land abutting residential properties, the following would be staff's recommendations. A draft policy amendment for residential property has been attached for Council's consideration.

Land Size

Currently, there is no restriction on how much land could be sold. Staff would recommend keeping it consistent with Policy 1.19 for maximum land area (max. 25% of parcel size to a maximum of 160 m²). The option to apply to Council for larger area could be considered on a case-by-case basis if Council desired.

Equity

It would be recommended that the same conditions as in Policy 1.19 would apply with respect to equity of the land available to be sold and not encroaching on property that could be sold to a neighbouring property.

Sale Price

To maximize revenue generation, it would be staff's recommendation that individuals wishing to purchase the land be responsible for the sale processing costs in addition to the sale price. A list of those costs has been included below:

- Land Purchase application fee: \$300
- Legal fees: \$2,000 - \$3,000
- Re-zoning Application Fee - \$500
- Subdivision Application Fee - \$250
- Subdivision Engineer Review Fees - ~\$1,000 - \$2,000
- Public notices - \$500
- Appraisal and survey fees (\$5,000 - \$10,000)
- Lot appraised sale price

Example:

If the rate of \$3.97/sqft was applied, based on the appraisal completed in 2024 for the Bell Place lots, a property size of 160 m² or 1,722.23 sqft would be appraised at \$6,837.25.

Tax Revenue from Sales

Based on the example provided by BC Assessment in the Policy 1.19 report, if the land remained undeveloped and a current LTU area was sold, the District would not receive any additional tax revenue from the sale. Only new sales would generate increased tax revenue. (Example from LTU Policy report: 160 m² = \$1,300 in ↑ land value = \$10.40 in additional property tax revenue.) If, however, the area was redeveloped with new permanent structures (garage, shop, additions etc.), then there would be an increase in overall property value, which may equate to higher levels of tax revenue depending on the assessment.

If increasing property value and tax revenue is a priority for this policy, then the District could seek legal advice on whether a covenant could be added to the property requiring a building permit is approved within three years of sale, otherwise the District has the authorization to purchase the land back.

Commercial Properties

The current License-to-Use Policy 1.19 or Land Purchase Policy 1.18 do not address commercial sale of District-owned lands. If Council wished, staff could either develop a new policy or incorporate policy language for commercial sales of District-owned land that is not currently listed for sale.

Department Capacity Considerations:

Until the department is fully staffed, there is little staff capacity to process land sales like these. There are a few members of the community that are interested in purchasing and are on a waitlist for both land sale and license to use policy reviews. This backlog will be able to be addressed as staff capacity increases.

If Council does wish to proceed, then staff would request a start date for the policy amendment of January 2026, so time for processing new sales and licensing agreements can be incorporated into the department's annual workplan when we should be fully staffed in the department.

BUDGETARY IMPACT:

There is no budgetary impact associated with this recommendation.

COUNCIL PRIORITIES:

Community and Social Development

- Our investment in the municipality's services and infrastructure, our commitment to principles of social equity and well-being, and our belief in the value of resident engagement, creates a healthy community in which everyone feels valued and enjoys a high quality of life.

RESPECTFULLY SUBMITTED:

Emily Kaehn, Director of Corporate Services

Reviewed By: Corporate and Financial Services

Approved By: Chief Administrative Officer