



REPORT OF COUNCIL-IN-COMMITTEE

For City Council – April 28, 2025

From: Office of the City Clerk

Date: Tuesday, April 15, 2025

Title: Disposal of 95 and 102 DeMerchant Drive

Description:

Council-in-Committee, at its session held on April 14, 2025 considered an administrative report from the Manager of Real Estate which sought Council authorization with respect to the disposition of civics 95 and 102 DeMerchant Drive, known as SNB PIDs 75565689 and 75565820, to Russell Carson (the “Developer”) for the sum of Five Hundred Eighty-Five Thousand Dollars (\$585,000.00) plus any applicable taxes and adjustments, subject to terms and conditions as outlined in the attached draft Agreement of Purchase and Sale.

The city acquired the land which has now been subdivided into separate building lots from the Province in September of 2023. Since that time, the City has developed the land and constructed DeMerchant Drive as well as created the building lots to be used for the provision of housing. The subject lots are approximately 2714 m² and 1426 m² in area and are currently assessed at \$105,000 and \$54,300.00 with respective tax levies of \$1,106.60 and \$572.26 for the 2025 assessment year.

Several other lots along DeMerchant have been transferred to non-profits including Habitat for Humanity and Fredericton Non-Profit Housing Corporation to date.

The developer contacted the Manager of Real Estate to inquire as to whether there were any multi-unit building lots available that would accommodate his proposed use. Their proposal fits well with the overall plan for the area, with a mix of affordable and market housing units being added to the area.

The Developer has provided an outline of their proposed project for the lots which has been reviewed by the Real Estate Manager. As a result, the proposal was brought forward to the Property Management Committee at the March 26, 2025, meeting. As the intended use fits well with the existing lots and the future development in the area, there were no additional comments from the Committee. The Developer intends to construct a housing development that will contain 50% affordable units; the lots would currently support 10 units and 17 units respectively as of right. As the lots are existing and zoned for MR uses, the Developer intends to construct two apartment buildings. As noted in the APS, any future planning requirements will be the responsibility of the Developer upon approval of the transaction (one of the conditions of the sale, along with standard due diligence).

As with other lots in the area which have been transferred to other developers, this transaction would also require an Agreement Re: Use of Land which would allow the City to re-acquire the land should the Developer fail to commence its proposed project within two (2) years of the transaction closing. This will ensure that the land is properly developed to provide affordable housing within a reasonable timeframe. Both the Agreement of Purchase and Sale and the Agreement Re: Land Use have been prepared by staff from the Real Estate department and have been provided to the Developer for review and approval. Further, the agreement indicates that should any housing funding be received from the City, the Developer would enter into Restrictive Covenants similar to those associated with previous Demerchant Street transactions.

Terms of the Agreement of Purchase and Sale include, but are not limited to, the following:

- Purchase Price: \$585,000.00
- Closing date: June 30th or such earlier date as agreed by the parties
- Agreement Re: Land Use: must be executed before closing date.
- Assignment: the purchaser may choose to assign the APS to an affiliated corporate entity or partnership of which they are a Director should they choose to.
- Property is being sold “as is” and is conditional on the Purchaser doing due diligence to confirm land is suitable for its intended use, with due diligence period ending June 15, 2025.
- The Agreement states that the property is for an affordable housing project: “the Vendor has agreed to convey to the Purchaser and the Purchaser has agreed to acquire from the Vendor the Property for the purposes of advancing a housing development, such to include 50% of the units developed on the purchased lots that will be designated as affordable housing based on a recognized affordability criteria used by the Canada Mortgage and Housing Corporation through its CMHC affordability program(s), including the CMHC MLI Select program, and in line with going CMHC rent limits/thresholds (currently \$1,250 per month) (the “Development”);”

The terms of the Agreement Re: Use of Land are consistent with previous agreements for affordable housing and include, but are not limited to the following:

- Development timeline: development must be commenced within 2 years of the closing date
- Reconveyance: should the project not proceed, the City has the option to reacquire the land for the same purchase price.

The Developer has had a chance to review and comment on both documents and is in agreement with their contents. All parties are in agreement that this development would fit the vision of the area and would provide much-needed housing stock.

As noted above, the sale price is above assessed value and closer to market value, recognizing that unlike previous conveyances that were discounted as a result of the

purchaser's corporate non-profit status, the Purchaser is not a nonprofit, therefore market transactions were the objective when negotiating.

The Committee directed that the following resolution be forwarded to City Council for consideration:

BE IT RESOLVED that the Council for the City of Fredericton hereby declares "surplus", authorizes and approves the conveyance of 95 and 102 DeMerchant Drive, known as SNB PIDs 75565689 and 75565820, to Russell Carson for the sum of Five Hundred Eighty-Five Thousand Dollars (\$585,000.00), plus any applicable taxes and adjustments; and authorizes the Mayor and City Clerk to execute any legal documents necessary to facilitate this transaction.

Schedule "A"
The Property

