

STAFF REPORT

TO: Warden and Members of Shelburne Municipal Council

FROM: Jill Webb, Economic Development Officer

APPROVED BY: Warren MacLeod, Chief Administrative Officer
Val Kean, Director of Economic & Community Development

SUBJECT: Revised Disposal of Surplus Property Policy – Staff Report

DATE: June 11th, 2025

PURPOSE:

This report outlines an updated policy for the disposal of surplus municipal property. The aim is to simplify and modernize the process while ensuring it remains in line with the Municipal Government Act (MGA).

RECOMMENDATION:

It is recommended to Council:

THAT Council approve the revised Disposal of Surplus Property Policy, replacing Policy 18, to improve efficiency and better align surplus property decisions with the Municipality's land use, economic, and community development goals.

BACKGROUND:

In April of 2025, the Director of Economic & Community Development presented to council regarding the Housing Accelerator Fund, in this report, she explained that under this program we are required to develop a surplus lands strategy. The report stated that the Municipality will develop and implement a Surplus Lands Strategy aimed at increasing the availability of affordable housing. This included creating an updated version of our surplus lands policy.

DISCUSSION

The current Disposal of Surplus Lands Policy (Policy 18), approved in 2017, has worked well but is missing some important elements—clear definitions, a structured way to evaluate surplus property, and a stronger connection to the Municipality's goals. The updated Disposal of Surplus Property Policy addresses these issues by modernizing the process and aligning it more closely with provincial legislation. It also expands the policy's scope to cover not just land and buildings, but moveable municipal assets like vehicles, equipment, and furniture.

Some key improvements include clear definitions for terms like Surplus Property and Market Value. The revised policy also introduces guiding principles that focus on transparency, accountability, community benefit, and making the best use of municipal assets.

One of the biggest changes is how surplus properties are now grouped into five categories: Economic Development, Housing, Adjacent Landowners, Regular Sale and Movable Municipal Assets. These categories help guide how each surplus property is determined and are reviewed with input from the Economic Growth Committee. Disposal options are now better matched to each category, with more flexibility. Instead of using strict pricing rules, the new approach looks at both market value and the benefit to the community.

To help support housing, the updated policy also includes a requirement that development projects proposed for any available surplus property, categorized as housing, must include a minimum 20% of units be affordable and remain affordable for at least 20 years. The policy also spells out who is responsible for what—giving clear roles to the Council, CAO and Economic Growth Committee, creating an inclusive decision-making process. Also included in the revised policy is annual reporting and a full policy review timeline.

Overall, these updates are meant to make the process clearer, more flexible, and more in line with the Municipality's land use and development goals. Staff recommends Council adopt this new policy to replace Policy 18. The draft policy was circulated to Council on June 4, 2025, with a notice of policy change, as per the MGA requirements.

BUDGET IMPLICATIONS

All revenue generated from the disposal of surplus municipal properties shall be directed to the Capital Reserves.

ATTACHEMENTS

1. DRAFT Disposal of Surplus Property Policy
2. Policy 18, Sale of Surplus Lands
3. Change Summary

NEXT STEPS:

Upon approval, staff will:

1. Update the Policy on website.
2. Begin implementation of the new categorization and reporting processes.
3. Communicate the policy changes to staff and community stakeholders.
4. Engage marketing campaign for properties declared surplus, as directed by CAO and Economic Growth Committee based on categorization.
5. Explore of benefits of leasing municipal properties for long-term community benefit for potential future revision to this policy – this was a suggestion from the Canadian Mortgage and Housing Corporation (CMHC).



Municipality of the District of Shelburne Disposal of Surplus Property Policy

1. Purpose

The purpose of this policy is to establish a transparent, accountable, and consistent process for the disposal of surplus property owned by the Municipality of the District of Shelburne, in accordance with the Municipal Government Act (MGA) and associated regulations. This policy ensures surplus property disposal maximizes value and community benefit for the municipality and its residents while maintaining compliance with legal requirements and fostering public trust.

2. Definitions

- **Surplus Property:** Any municipal property (real or personal) that is no longer required for municipal purposes, is obsolete, or is beyond economical repair.
- **Real Property:** Land and anything permanently affixed to it (e.g., buildings).
- **Movable Municipal Assets:** Movable property such as vehicles, equipment, furniture, and tools.
- **Market Value:** The price a property would be expected to sell for on a given date in a competitive, open market with a willing buyer and a willing seller.

3. Guiding Principles

The Municipality shall adhere to the following principles in the disposal of surplus property:

- **Transparency:** Ensure open and public processes for disposal.
- **Accountability:** Maintain clear records and documentation of all disposals.
- **Compliance:** Adhere to all applicable laws, regulations, and municipal policies.
- **Maximization of Value:** Seek to obtain fair market value for surplus property.
- **Community Benefit:** Consider community needs and interests in the disposal process.

4. Authority

Under the **Municipal Government Act**, the Council has the authority to dispose of municipal property.

5. General Disposal:

- a) In cases where the Municipality receives an unsolicited offer to buy a piece of municipal property or a request from another government to acquire municipal property, Council may waive the requirements of Section 7 (Applicable Sale Method) of this policy. In certain situations, authorized by law, Council may dispose of property at less than fair market value.
- b) In cases where a person or business wishes to acquire a piece of municipal property, or the Municipality requires a specific piece of land, Council may consider a land exchange with the proponent.
- c) For real property Council approval is required to declare the property as surplus, after which the CAO or Deputy CAO is authorized to sell the land in accordance with this policy. The policy also empowers the CAO or Deputy CAO, and designates, to market the property to sectors that aligned with the Municipality's strategic development goals.

6. Declaration of Surplus Property

1. **Identification:** Department heads shall identify property that is no longer required for municipal purposes.
2. **Assessment:** The Chief Administrative Officer (CAO) or designate shall assess the identified property to determine if it qualifies as surplus.
3. **Categorize:** The Economic Growth Committee (made up of community members, Council and staff) will determine the categories for the surplus properties and make recommendations to Council for approval.
4. **Resolution:** Staff will prepare a staff report for Council with a recommendation to approve, by motion, the declaration of surplus properties.

7. Methods of Disposal:

a) **Economic Development**

Properties categorized under Economic Development are intended to drive initiatives that support local economic activity. This may include attracting new businesses, supporting existing ones, or enabling projects that create jobs and increase the municipality's tax base.

Applicable Sale Method(s):

- Public Tender or Auction – highest market value.
- Direct Sale – to a specific developer.
- Request for Proposal –to attract specific types of development or community benefit, not just the highest price.

b) **Housing**

These properties are designated for residential development, particularly to address housing needs such as affordable housing, mixed-income developments, or other community housing priorities. Land disposal for housing will require a minimum of 20% of total proposed units be maintained at an acceptable affordability level (to be determined by the Municipality), for a minimum of 20 years commitment.

Applicable Sale Method(s):

- Request for Proposal – especially when working with non-profits or developers focused on affordable housing.
- Direct Sale – to a specific housing provider or developer, subject to Council approval.

**Developers and Non-profits must have been incorporated for a minimum of one year and demonstrate both project readiness and financial sustainability. Additional evaluation criteria include the anticipated benefit to the community and the developer's capacity to successfully implement the proposed development. CAO or designate will determine through the Request for Proposal process the required documentation to demonstrate eligibility.*

c) **Adjacent Landowners**

This category includes small or irregularly shaped parcels that are not suitable for independent development but may be useful to neighboring property owners for expansion, access, or consolidation.

Applicable Sale Method(s):

- Sale to Adjacent Landowner – as per Section 51A of the Municipal Government Act. These may be sold below market value, with Council approval.

d) **Regular Sale**

Properties that do not fall into the other categories and are suitable for general sale to the public without specific development or community use requirements.

Applicable Sale Method(s):

- Public Tender or Auction – to ensure a fair and open process.
- Direct Sale – in cases where a specific buyer is identified and Council approves.

e) **Movable Municipal Assets**

Referring to physical, non-permanent items owned by a municipality that are not affixed to land or buildings and can be relocated without causing damage. Examples include:

Office furniture and equipment, vehicles, tools and machinery, technology hardware, fixtures and portable infrastructure.

Applicable Sale Method(s):

- Public Auction or Tender - ensures competitive bidding and transparency.
- Trade-In - Assets, especially vehicles or equipment, can be traded in when purchasing replacements.
- Donation - assets in usable condition but no longer required for municipal purposes may be donated to non-profit organizations, schools, or community groups.
- Recycling or Scrapping - items that are broken, obsolete, or unsafe are disposed of through environmentally appropriate recycling or scrapping processes.
- Sale to the Public (Lower-Value Items) - low-value surplus items can be sold directly to citizens or organizations, at fair market value or through a public sale process.

7. Municipal Conflict of Interest:

All provisions of the Municipal Conflict of Interest Act shall apply to the sale of surplus property of the Municipality.

8. Sale Costs:

With respect to real property, the below costs shall be the sole responsibility of the purchaser:

- Preparation of Deed
- Registering the Deed
- Migration of Property

9. Reporting

With respect to real property the Municipality shall publish annual public reports on their website with the following information:

- Properties declared surplus
- Properties Sold
- Proceeds received

11. Non-Binding Sale of Surplus Property

Nothing in this policy shall bind the Municipality to sell any property should it not wish to sell a particular piece of property for an established price should Council deem it not to be in the current or future interests of the Municipality.

12. Policy Review

This policy shall be reviewed every five (5) years or as required to ensure its effectiveness and compliance with applicable laws and regulations.

THIS IS TO CERTIFY that the Council of the Municipality of the District of Shelburne duly passed the policy respecting Disposal of Surplus Property Policy on the _____ day of _____, 20__.

SIGNED this _____ day of _____, 20__

WARDEN

CHIEF ADMINISTRATIVE OFFICER

Approved by Council:

Effective Date:

DRAFT



Policy 18 DISPOSAL OF SURPLUS LANDS

POLICY PURPOSE

- 18.1 It shall be the policy of the Municipality of the District of Shelburne to have a process and procedure for the Municipality to determine when land and property it owns are surplus to its needs and to thereafter determine the best and most appropriate method of disposition considering potential financial gain for the Municipality, impact on the local community, fairness and legally compliant.

POLICY DETAILS

Deeming Lands and Buildings Surplus

- 18.2 As often as required, Chief Administrative Officer shall notify Council of lands or buildings which s/he determines are no longer required for municipal purposes and request that Council deem such property as surplus to the needs of the Municipality and be disposed of according to this policy.
- 18.3 Before land or buildings are deemed surplus by Council, all department heads shall be notified of such potential surplus property and have at least 14 days thereafter to determine if that department may require the property for other municipal purposes. Should an alternate use and need be identified, Chief Administrative Officer may authorize the re-purposing of the property.
- 18.4 Should it be determined by Chief Administrative Officer that no alternate use of the land and building are required for municipal purposes, a comprehensive staff report shall be prepared and presented to Council requesting that Council deem the property surplus to municipal requirements and be disposed of according to this policy.

Disposition of Surplus Land and Buildings

- 18.5 Subsequent to a property being declared surplus, a notice shall be placed in the local newspaper, on the Municipality's website and in social media, offering the property for sale outlining the general location and description of the property, current use if any, assessment value, and how interested purchasers can bid on the property along with stating their planned usage for the property.
- 18.6 After the deadline passes for interested purchases, Chief Administrative Officer and appropriate staff shall review any bid proposals received and prepare a report and recommendation for Council's consideration considering purchase price, best and highest value usage and community impacts.

Sale Price of Surplus Property

- 18.7 When deeming certain property surplus, Council shall decide whether to offer the property for sale without a minimum bid, or it may choose to establish a minimum bid which shall be provided in the public advertisements.
- 18.8 When Council establishes a minimum bid, the following criteria shall be used as a guide for all lands outside Shelburne Marine Industrial Park and values shall be cumulative:
- a. vacant undeveloped unserviced land without water frontage \$5,000 per lot
 - b. vacant undeveloped unserviced land with water frontage \$10,000 per lot
 - c. vacant undeveloped serviced land without water frontage \$10,000 per lot
 - d. vacant undeveloped serviced land with water frontage \$15,000 per lot
 - e. buildings at current assessment value of the property
 - f. if property abuts a private road \$2,500 per lot
 - g. if property abuts a public road \$5,000 per lot

Method of Disposal of Surplus Land and Buildings

- 18.9 The manner in which disposal shall take place shall take into consideration the fairest method of disposal and most effective cost method for the Municipality. The following ways shall be considered:
- a. Expression of Interest – may be used when there may be interest from a local non- profit organization and highest price may not be the deciding factor.
 - b. Public Auction – may be used when there is a likelihood of multiple bidders and an open auction may lead to a higher sale price.
 - c. Public Tender – may be used when there may not be a high interest in the property.
 - d. Sale to Adjacent Landowner – may be used when it is felt that the only possible interest in the subject property will be from an adjacent landowner.
 - e. Sale by Real Estate Agent – may be used for multiple lots or when buildings are involved which may require a purchaser from outside the local community.
- 18.10 In cases where the Municipality receives an unsolicited offer to buy a piece of municipal property or a request from another government to acquire municipal property, Council may waive the requirements of Section 18.9 of this policy and rely on Section 18.8 as a guideline for the sale price of the property. In certain situations authorized by law, Council may dispose of property at less than fair market value.
- 18.11 In cases where a person or business wishes to acquire a piece of municipal property, or the Municipality requires a specific piece of land, Council may consider a land exchange with the proponent.

Municipal Conflict of Interest

18.12 All provisions of the *Municipal Conflict of Interest Act* shall apply to the sale of surplus property of the Municipality.

Sale Costs

18.13 The cost of preparation of a deed, registering the deed, and migration of the property shall be at the sole expense of the purchaser.

Non-Binding Sale of Surplus Property

18.14 Nothing in this policy shall bind the Municipality to sell any property should it not wish to sell a particular piece of property for an established price should Council deem it not to be in the current or future interests of the Municipality.

THIS IS TO CERTIFY that the Council of the Municipality of the District of Shelburne duly passed the policy respecting Disposal of Surplus Lands on the 24th day of April, 2017.

SIGNED this _____ day of _____, 2017

WARDEN

CHIEF ADMINISTRATIVE OFFICER

Approved by Council: April 24, 2017

Effective Date: April 24, 2017



Differences Between Policies

Scope and Definitions

Original primarily covers lands and buildings. Draft expands to include personal property (vehicles, equipment, furniture).

Guiding Principles

Original includes very general guiding principles. Draft introduces clear principles: transparency, accountability, compliance, maximization of value, and community benefit.

Authority

Original allows Council direct declaration. Draft assigns clear roles to CAO, Deputy CAO, and Economic Growth Committee, with final approval from Council.

Categorization and Assessment

Original involves departmental review and CAO's recommendation directly. Draft involves an Economic Growth Committee for categorization.

Methods of Disposal

Original lists generic methods (Expression of Interest, Public Auction, etc.). Draft organizes methods by categories (Economic Development, Housing, Adjacent Landowners, Regular Sales).

Affordable Housing Requirement

Original does not include affordable housing. Draft mandates at least 20% affordable housing units.

Reporting and Accountability

Original has minimal requirements for public accountability. Draft requires annual public reporting on surplus properties declared, sold, and proceeds.

Policy Review Cycle

Original policy lacks specified review intervals. Draft mandates review every five years or as required.

Transparency and Documentation

Original has basic transparency procedures. Draft emphasizes robust transparency and annual documentation of property sales.