Surplus Property Transition Initiative

August 28, 2017

This new program boosts the ability of organizations and groups to purchase public surplus properties

On June 29, 2017, the Ontario government announced the Surplus Property Transition Initiative, a program that facilitates the ability of government agencies, not-for-profits, charities, and other similar organizations and groups to purchase public surplus properties, such as schools, hospitals or other public buildings.

Background

In BLG's April 22, 2016 bulletin, *Introduction to Ontario's Community Hubs Strategic Framework and Action Plan*, we explored the Ontario government's expressed dedication to fostering community hubs as a key element of the cost efficient and effective delivery of services to Ontario's diverse communities. This Framework and Action Plan includes strategies for encouraging public lands to remain as a community benefit, even if such lands are no longer required for their current use. Currently, Infrastructure Ontario permits the sale of surplus government properties to not-for-profit organizations at “market value” prior to such properties being placed on the open market for sale. However, the not-for profit reception of this framework had been lukewarm. These organizations felt the time frame for expressing interest was too short and payment of market value did not account for the economic and social value of repurposing assets for the public good.

On May 5, 2016, the Ontario government responded in part by amending the rules that govern the sale of surplus properties by school boards. See BLG's summary in our May 11, 2016 bulletin, *Dispositions of Surplus Properties by School Boards — How New Rules Benefit Community Hubs and Impact Others*.

Latest Enhancements

The government now has released the *Surplus Property Transition Initiative* to allow an even more extensive circulation timeline to account for the economic and social value of repurposing assets for the public good while ensuring that fair market consideration is ultimately received. The extended time frame allows organizations more time to find supporting organizations, complete business plans, and secure the appropriate public

and private funding to turn the site into a community hub or similar use. However, it is important to note that this new initiative is not mandatory — the current property owner must agree to also participate in the program.

One of the main purposes of the program is to offset costs of maintaining and operating a surplus property while the potential purchasing organization(s) develops a business plan. The initiative will provide temporary funding for up to 18 months to cover these ongoing maintenance and operating costs. The funding will be contingent on the needs of the property.

If a viable business model is not developed during the 'on hold' period, the current property owner has full discretion to sell the property on the market at the end of the 18-months period.

In order to apply to the program, a potential purchaser has to be:

- a Municipal Government;
- Consolidated Municipal Service Manager;
- District Social Services Administration Board;
- an Indigenous community or organization;
- a not-for-profit corporation; or
- a registered charity.

The private sector is not eligible for the program but can partner with an organization for funding.

The property must be owned by one of the following:

- the Province of Ontario
- a public hospital
- a school board

The proposals must be operationally feasible and should:

- be based on local community needs;
- clearly identify intended outcomes; and
- reflect provincial priorities.

Applications will be reviewed by a multi-Ministry committee led by the Community Hubs Division in the Ministry of Infrastructure. Priority will be given to applicants who can demonstrate readiness to deliver services at the end of the "on hold" period, with a plan for long term financial sustainability.

The submission deadline is **October 16, 2017 at 5 p.m.** and all applications will be approved by November 30, 2017. It is expected that as new properties become available from time to time, applications will be reviewed on a rolling basis. For the current program, it is anticipated that 10-15 surplus properties will be selected, depending on the funding needs of each property.

As noted above, selected properties will enter into an "on hold" period for up to 18 months. During this time, the property identified in the successful proposal will be held

by the current property owner while the potential purchaser develops a business model for the community hub proposal. Organizations will also be encouraged to secure partnerships with other organizations in their relevant local community.

As we have noted in previous bulletins, the creation of a successful community hub requires careful planning, adequate funding, and agreement between key stakeholders. The Surplus Property Transition Initiative allows much needed time to work through these issues so that the community hub will have an optimal chance of success when property ownership is transferred. BLG is excited by the opportunity to work with our clients to utilize the transition period most effectively.

By

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