

Council-In-Committee Meeting – December 14, 2021

Subject: Proposed Valuations of Road Allowances, Streets, Lanes and Alleys
Report Number: CS 21-70
Division: Corporate Services
Department: Realty Services
Purpose: For Decision

Recommendation (s):

THAT Staff Report CS 21-70 Proposed Valuations of Road Allowances, Streets, Lanes and Alleys, be received as information;

AND THAT Council approve the valuations as set out in Option #3 of the report to be effective as of January 1, 2022;

AND FURTHER THAT all road closure requests received prior to January 1, 2022, be processed at the valuation as set out in Option #1 of the report.

Executive Summary:

The purpose of this report is to present to Council three (3) options to consider with respect to updated valuations to be used for the sale of road allowances, streets, lanes and alleys in both rural and urban locations.

Discussion:

At the Public Hearings Committee meeting of April 7, 2021, Council requested staff review the current valuations associated with the sale of road allowances, streets, lanes and alleys located in both rural and urban locations, to see if these valuations have changed given the upward trend in property values.

This report provides Council with three (3) options to be considered for the valuation of road allowances, streets, lanes and alleys as outlined below.

Staff has consulted with B.C. Appraisals Inc. for current market values and the suggested valuations are set out in Option #3.

Options

1. Status Quo.
Continue with the current predetermined valuations based on the geographic

location of the road allowance, street, lane and alley sale request, as set out below:

- a. Rural location - a valuation of \$10,000 per acre
 - b. Urban location - a valuation of \$1.25 per sq. ft. (\$54,450 per acre)
 - c. Unique locations and/or situations (i.e. waterfront area, etc.)
With unique properties or situations, located within rural or urban locations, the County would reserve the right to review each road allowance, street, lane and alley sale request on a case by case basis in regards to the valuation to be applied, and seek an appraisal where it is deemed necessary. The cost of the appraisal would be the responsibility of the applicant(s).
2. Seek an appraisal for each road allowance, street, lane and alley sale request. Types of appraisals and estimated costs include:
- a. Full Narrative Appraisal Report - \$2,500.00
 - b. Short Narrative Appraisal Report - \$1,500.00 to \$2,000.00
 - c. Form Report (Residential) - \$400.00

The cost of the appraisal would be the responsibility of the applicant(s).

3. An updated predetermined valuation based on the geographic location of the road allowance, street, lane and alley sale request as set out below:
- a. Rural location

\$12,000 to \$18,000 per acre (workable land) *

Staff is recommending a valuation of \$13,000 per acre, being more reflective of current market values
 - b. Urban location

\$1.07 per sq. ft. (\$46,609.20 per acre) to \$3.76 per sq. ft. (\$163,785.60 per acre)

Staff is recommending a valuation of \$2.00 per sq. ft. (\$87,120 per acre), being a reasonable increase and more reflective of current market values
 - c. Unique locations and/or situations (i.e. waterfront area, etc.)
With unique properties or situations, located within rural or urban

locations, the County would reserve the right to review each road allowance, street, lane and alley sale request on a case by case basis in regards to the valuation to be applied, and seek an appraisal where it is deemed necessary. The cost of the appraisal would be the responsibility of the applicant(s).

*While the appraiser's valuation for rural road allowances is based on "workable land", staff find that a single rural road allowance can be comprised of multiple variations of land uses ranging from workable areas to woodlot areas with multiple zonings as well. Staff feel the recommendation of an increase to \$13,000 per acre, although somewhat significant, would take into consideration the land use variations of a road allowance, and be an average price setting to more current valuations avoiding the need to obtain an appraisal for most rural road allowances.

Should Council support staff's recommendations within Option #3, it would also be recommended that these valuations come into effect for road closure applications received after January 1, 2022, and that all previously received requests that are still to be processed proceed at the valuations set out in Option #1. Staff would also commit to review the land valuations every five years or less, depending on market fluctuations.

Financial Services Comments:

Consistent with current process to transfer net proceeds from the sale of property, including from road allowances, streets, lanes and alleys, to an appropriate Reserve Fund at the time of sale, Option 3 would contribute positively to Reserve Fund balances going forward as compared to the status quo Option 1. As Option 3 is based on a predetermined rate, a possible risk is that certain transactions may be under-valued resulting in lower proceeds. This risk is mitigated by staff's ability to recommend an appraisal when deemed necessary.

The Option 2 impact is less certain, however as the prevailing assumption is that current rates are below market value, this option is likely to also have a positive impact compared to the status quo Option 1, but may be dampened slightly if the appraisal requirement is considered to be a barrier to initiating the sale process. Option 2 would result in more accurate valuations reflective of current conditions, however, there is a risk that this option may result in additional time to secure appraisal costs to the purchaser for locations or situations that are not unique compared to using a predetermined rate under certain circumstances.

Interdepartmental Implications:

N/A

Consultation(s):

Chief Administrative Officer
General Manager, Corporate Services
Treasurer Financial Services, Financial Planning and Reporting

Strategic Plan Linkage:

This report aligns with the 2019-2022 Council Strategic Priority "Other".

Explanation: Increasing the valuations for the sale of unopened road allowances, streets, lanes and alleys as outlined in Option #3 of the report will have a positive impact on the future revenues received from the sales.

Conclusion:

The County's road closure process is a lengthy and time consuming process involving review by many County staff from numerous departments, a report to the Public Hearings Committee, a follow up report to Council with recommendations, arrangement of required surveys, easements, inquiries from property owners and finalization with solicitors. Staff have proposed a moderate increase in the valuations for rural and urban road allowances to bring the valuations in line with current real estate market trends and to also capture a level of compensation that will also be reflective of County staff's involvement in road closure files.

Attachment(s):

None

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