



Title: RESIDENTIAL LAND SALES POLICY		Number: 0136
Reference: Bd of Commissioners – July 2, 2003 Bd of Commissioners – April 19, 2006 (Section 3.07 and 3.08) Admin Committee – Sept. 24, 2008 Admin Committee – Dec. 18, 2008 Admin Committee – Nov 25, 2009 Admin Committee – Jan. 13, 2010 Admin Committee – July 14, 2010 Admin Committee – June 1, 2011	Adopted by City Council: June 6, 2011	Supersedes: July 21, 2003 October 6, 2008
Prepared by: LAND & PROPERTIES DEPARTMENT		

STATEMENT

The City, as a public land developer, shall clearly set out the methods and process employed by the City for marketing and selling the City's Residential Lots to prospective Purchasers.

PURPOSE

1. Residential Lots may be marketed to potential Purchasers by Land Sale Lottery, Request for Proposals (RFP), Tender, and as otherwise determined by Council.
2. Following the completion of subdivision and utility servicing, Residential Lots shall be sold to Purchasers in a fair and timely manner.
3. A Purchaser shall develop a Residential Lot within a specified period of time.
4. A 10% non-refundable deposit on any residential lot purchase.
5. Timing of full payment is 60 days with no interest.
6. Timing of full payment is 90 days with no interest for Residential Lots sold pursuant to the Renewable Energy and Built Green™ Initiative.
7. The Chief Administrative Officer (CAO):
 - (a) To approve exceptions to the Policy, on a case by case basis.
 - (b) To provide City Council with an annual report outlining any exceptions to the Policy.
 - (c) May delegate the powers, duties and functions set out in (a) and (b) above to one or more City employees.

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1. DEFINITIONS

- 1.01 24 Hour Hold - means attendance by a prospective Purchaser at the Land & Properties Department during the City's normal business hours and signing a document requesting that a Residential Lot be placed on hold (and not sold to other prospective Purchasers) for a time period of not more than 24 hours from the execution of the document in accordance with section 3.02. Upon expiry of the 24-hour period, the City may sell the Residential Lot to any other prospective Purchaser.
- 1.02 Balance of Purchase Price - means the balance of the Purchase Price for a Residential Lot (less the amount of the deposit), plus GST, if applicable.
- 1.03 City - means the Municipal Corporation of the City of Medicine Hat or the area contained within the municipal boundaries of the City of Medicine Hat as the context requires.
- 1.04 Commence Construction - means that all basement walls and the entire subfloor must be completed and that all outside basement excavation backfilled and in place for a residential building constructed on a Residential Lot in accordance with the plans submitted to the City's Planning, Building & Development Services Department.
- 1.05 Complete Construction - means that construction of a residential building on a Residential Lot is complete and the building is ready for occupancy, as determined by the City's Building Inspector.
- 1.06 Contractor - means a person who has been issued a business license to operate as a "General Contractor" within the City.
- 1.07 Council - means the municipal council for the City.
- 1.08 Deposit - means a non-refundable deposit in the amount of ten percent (10%) of the established Purchase Price (excluding GST) for a Residential Lot.
- 1.09 Encumbrance - means any encumbrance required to be registered by the City to protect municipally owned utility services, restrict the development of a Residential Lot or notify prospective Purchasers and landowners in the vicinity regarding unique features of a Residential Lot. Encumbrances include, but are not limited to, easements, utility rights-of-way and restrictive covenants.
- 1.10 First-Come First-Served Basis - means that prospective Purchasers will be dealt with in the order they arrive to purchase a Residential Lot at the Land & Properties Department during the City's normal business hours.
- 1.11 GST - means any Goods and Services Tax payable pursuant to the Excise Tax Act (Canada) that may be payable on the Purchase Price for a Residential Lot.
- 1.12 Land Sales Agreement - means an agreement for the purchase and sale of a Residential Lot as prepared by the Land & Properties Department in a form that has been previously approved by the City Solicitor's Department.

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.

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- 1.13 Land Sales Lottery - means an advertised sale of Residential Lots by lottery draw prior to any remaining Residential Lots being placed on the open market.
- 1.14 Lot Returns - means a Purchaser failing to pay the balance of the Purchase Price for a Residential Lot within 60 days of the date of the Land Sales Agreement, resulting in the termination of the Land Sale Agreement and forfeiture of the deposit to the City, or, alternatively, the return of a Residential Lot with a concurrent purchase of another Residential Lot in accordance with Section 3.12.
- 1.15 Lot Returns for the Renewable Energy and Built Green™ Initiative - means a Purchaser failing to pay the balance of the Purchase Price for a Residential Lot within 90 days of the date of the Land Sales Agreement, resulting in the termination of the Land Sale Agreement and forfeiture of the deposit to the City.
- 1.16 Manager - means the Manager of Land & Properties for the City or designate.
- 1.17 Mortgage Instructions - means the Purchaser has paid for a Residential Lot in full and wishes to make financing arrangements for the development of the Residential Lot with a financial institution, and requests that title to the Residential Lot be transferred to the Purchaser to allow a mortgage to be registered.
- 1.18 Plan Booklet - means the booklet retained by the City (for viewing and inspection by any party interested in purchasing a Residential Lot) depicting available information pertaining to City lots in specific City subdivisions.
- 1.19 Performance Fee for the Renewable Energy and Built Green™ Initiative - means a refundable fee in the amount of \$3,500 to be paid by the Purchaser at the time of balance of Purchase Price to ensure compliance with the Built Green™ and Renewable Energy Initiative, and returned to the Purchaser upon satisfaction of the requirements under the Built Green™ and Renewable Energy Initiative.
- 1.20 Planning & Building Department - means the department responsible for the administration of the City's Land Use Bylaw, development permits, building permits and the Safety Codes Act and Regulations.
- 1.21 Purchase Price - means the Purchase Price for a Residential Lot that has been approved by Council.
- 1.22 Purchaser - means the corporation or individual who executes a Land Sales Agreement for a Residential Lot.
- 1.23 RFP (Request for Proposal) - means an advertised request for prospective Purchasers to submit written proposals for the purchase and development of a Residential Lot.
- 1.24 Renewable Energy and Built Green™ Initiative - Residential Lots purchased in the Ranchlands Phase 3B and Southlands Phase 6A subdivisions intended for the construction of single-family residential homes and achieving: Built Green™ Bronze Certification and commissioning of a qualifying renewable energy technology (solar water heating and/or solar electric).

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- 1.25 Residential Lot - means all R-1, R-2 and R-3 Residential Lots (up to the construction of a four-plex residential development only) sold by the City.
- 1.26 Tender - as defined in the City's Tendering Policy No. 0127.
- 1.27 Third Party Transfer - means a written request from the Purchaser to transfer title into the name of a person who is not a party to the Land Sales Agreement.
- 1.28 Transfer of Title - means the preparation of a Transfer of Land for the purposes of transferring title and ownership of a Residential Lot from the City to the Purchaser.

2. RESPONSIBILITIES

- 2.01 Administrative Committee
 - (a) To approve the Procedures and any amendments.
- 2.02 Chief Administrative Officer (CAO)
 - (a) To approve exceptions to the Procedures, on a case by case basis.
 - (b) To provide City Council with an annual report outlining any exceptions to the Procedures.
 - (c) The CAO may delegate the powers, duties and functions set out in (a) and (b) above to one or more City employees.
- 2.03 City Council
 - (a) To approve this Policy and any amendments.
 - (b) The City's Corporate Services Committee recommends and Council approves, Purchase Prices and Marketing Strategies for residential subdivisions.
- 2.04 Manager of Land & Properties
 - (a) To determine whether a returned Residential Lot should be sold either by Land Sale Lottery or on a First-Come First-Served basis, depending on the demand for Residential Lots.
 - (b) To grant, if deemed necessary, further extensions to the deadline to Commence Construction for a Residential Lot subject to the payment of extension fees by the Purchaser as set out in section 3.06 of the Procedures.
 - (c) To complete the purchase and sale of a Residential Lot in accordance with the terms and conditions of the Procedures and Land Sales Agreement.
- 2.05 Purchaser
 - (a) To review and investigate all encumbrances, elevations, utility locations, zoning (existing or proposed adjacent development), and be familiar with the conditions shown on the "Plan booklet".
 - (b) To grant any encumbrances required by the City.
 - (c) To consult with appropriate government departments or agencies in order to determine the feasibility of the Purchaser's proposed development.
 - (d) To review and investigate the land use classifications and existing and proposed developments in the vicinity of the Residential Lot.
 - (e) To complete the purchase and sale of a Residential Lot in accordance with the Land Sales Agreement.

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3. PROCEDURES

3.01 Time and Method of City Offering Residential Lots for Sale

- (a) When a subdivision plan is ready to be registered, utility services have been completed to a stage allowing development and Council has approved the Purchase Prices, Residential Lots may be advertised and sold by:
- (1) Land Sales Lottery,
 - (2) RFP,
 - (3) Tender, or
 - (4) As otherwise determined by City Council.
- (b) Council may, at its discretion, make special sales of Residential Lots for unsolicited specific development proposals received by the City.

3.02 24 Hour Holds On Residential Lots

- (a) If a Residential Lot remains unsold after a Land Sales Lottery, a prospective Purchaser may, by attending at the Land & Properties Department and signing the applicable document, place a Residential Lot on hold for 24 hours. This only means that the City will not sell that Residential Lot to another prospective Purchaser during the 24 hour period.
- (b) Within 24 hours of placing a Residential Lot on 24 hour hold, the Purchaser must execute a Land Sales Agreement and pay the deposit to the City, failing which the City will be entitled to market and sell the Residential Lot to any other prospective Purchaser.

3.03 Execution of a Land Sales Agreement and Payment of a Deposit

- (a) An eligible prospective Purchaser that desires to purchase a Residential Lot shall execute a Land Sales Agreement and pay the deposit.
- (b) Subject to subsection 3.03(c), the Residential Lot must be paid in full within 60 days of the date of the Land Sales Agreement. Upon the Purchaser failing to pay the balance of the Purchase Price as required, the Land Sales Agreement is terminated and the deposit is forfeited to the City. The Manager will then determine whether the Residential lot is sold by Land Sale Lottery or on a First-Come First-Served Basis.
- (c) In extraordinary circumstances (e.g. death in a family) the Manager may, at his or her discretion, extend the deadline for payment in full of the Purchase Price for the Residential Lot for a period of time to be determined by the Manager, subject to the Purchaser paying interest on the balance of the Purchase Price at a rate of 10% per annum, calculated from the date of the expiry of the 60 day period until the date that payment for the Residential Lot is received in full.
- (d) For Residential Lots that are sold at a Land Sale Lottery, the deposit will become non-refundable once utility servicing is complete, the plan of subdivision is registered and the Purchaser has been notified by the Land & Properties Department.

3.04 Execution of a Land Sales Agreement, Payment of a Deposit and Performance Fee for a Residential Lot Sold Pursuant to the Built Green™ and Renewable Energy Initiative

- (a) An eligible prospective Purchaser that desires to purchase a Residential Lot shall execute a Land Sales Agreement and pay the deposit.

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- (b) Subject to subsection 3.04(c), the Residential Lot must be paid in full within 90 days of the date of the Land Sales Agreement. A \$3,500 refundable Performance Fee will be required to be paid by the Purchaser to the City at the time of payment of the balance of Purchase Price for a lot to ensure compliance with the Built Green™ and Renewable Energy Initiative.

Upon the Purchaser failing to pay the balance of the Purchase Price and Performance Fee as required, the Land Sales Agreement is terminated and the deposit is forfeited to the City. The Manager will then determine whether the Residential lot is sold by Land Sale Lottery or on a First-Come First-Served Basis.

- (c) In extraordinary circumstances (e.g. death in a family) the Manager may, at his or her discretion, extend the deadline for payment in full of the Purchase Price for the Residential Lot for a period of time to be determined by the Manager, subject to the Purchaser paying interest on the balance of the Purchase Price at a rate of 10% per annum, calculated from the date of the expiry of the 90 day period until the date that payment for the Residential Lot is received in full.
- (d) For Residential Lots that are sold at a Land Sale Lottery, the deposit will become non-refundable once utility servicing is complete, the plan of subdivision is registered and the Purchaser has been notified by the Land & Properties Department.
- (e) For Residential Lots that are sold at a Land Sale Lottery, the deposit will become non-refundable once utility servicing is complete, the plan of subdivision is registered and the Purchaser has been notified by the Land & Properties Department.

3.05 GST

- (a) The Purchaser is responsible for paying any GST in relation to the purchase of a Residential Lot.
- (b) If payable, GST must be paid by the Purchaser at the time the balance of the Purchase Price is paid to the City.
- (c) Should the Purchaser provide a GST registration number, the City will not collect any GST at that time and the Purchaser shall be responsible for remitting any GST payable directly to the Canada Customs and Excise Agency (CCRA).

3.06 Commence Construction

- (a) A Purchaser must Commence Construction on a Residential Lot not later than eighteen (18) months from the date of the Land Sales Agreement, failing which the Purchaser shall pay the extension fees set out in section 3.08.
- (b) In the event that title has not transferred to the Purchaser and either:
- (1) The deadline to Commence Construction (and any extension granted) expires, or
 - (2) The Purchaser fails to pay the extension fees set out in section 3.08.

The Manager may, at his or her discretion, terminate the Land Sales Agreement and upon payment of the balance of the Purchase Price (less any extension fees payable), the Purchaser shall have no further interest in the Residential Lot. The deposit and any extension fees shall be forfeited to the City.

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- 3.07 Commence Construction for Residential Lots Sold Pursuant to the Renewable Energy and Built Green™ Initiative
- (a) A Purchaser must Commence Construction on a Residential Lot not later than twenty-four (24) months from the date of the Land Sales Agreement, failing which the Purchaser shall pay the extension fees set out in section 3.08,
- (b) In the event that title has not transferred to the Purchaser and either:
- 1) The deadline to Commence Construction (and any extension granted) expires, or
 - 2) The Purchaser fails to pay the extension fees set out in section 3.08.
- The Manager may, at his or her discretion, terminate the Land Sales Agreement and upon payment of the balance of the Purchase Price (less any extension fees payable), the Purchaser shall have no further interest in the Residential Lot. The deposit and any extension fees shall be forfeited to the City.
- 3.08 Extensions to Commence Construction
- The Manager may grant extensions for the deadline to Commence Construction for a Residential Lot on a month-to-month basis, subject to the Purchaser paying (in advance) the following extension:
- (a) One half percent (1/2%) of the Purchase Price for each month up to and including the third (3rd) month.
 - (b) One percent (1%) of the Purchase Price for the fourth (4th) month.
 - (c) The Manager may, at his or her discretion, grant further extensions beyond the fourth (4th) month to the deadline to Commence Construction for a Residential Lot for an extension fee of one percent (1%) of the Purchase Price per month.
- 3.09 Complete Construction
- The Purchaser must Complete Construction on a Residential Lot not later than thirty (30) months from the date of the Land Sales Agreement, failing which the Purchaser shall pay the extension fees set out in Section 3.11.
- 3.10 Complete Construction for Residential Lots Sold Pursuant to the Renewable Energy and Built Green™ Initiative
- The Purchaser must Complete Construction on a Residential Lot not later than thirty-six (36) months from the date of the Land Sales Agreement, failing which the Purchaser shall pay the extension fees set out in Section 3.11.
- 3.11 Extensions to Complete Construction
- The Purchaser shall pay the following extension fees for the extension of the deadline to Complete Construction:
- (a) One half percent (1/2%) of the Purchase Price for each month until the Complete Construction requirement is satisfied.
- 3.12 Lot Returns
- (a) Subject to subsections (b) and (c), a Residential Lot may be returned by a Purchaser within sixty (60) days of the date of the Land Sales Agreement, upon which the Land Sales Agreement is terminated, the deposit is forfeited to the City and the Purchaser shall have no further interest in the Residential Lot.

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- (b) If deemed reasonable, the Manager may, at his or her discretion, approve a Lot Return with a concurrent purchase of another Residential Lot prior to any excavation occurring on a Residential Lot, provided that:
 - (1) A proper written request is received from the Purchaser outlining the reason(s) for the Lot Return,
 - (2) The Manager is satisfied with the reason(s) provided for the Lot Return, at the Manager's discretion, and
 - (3) Another Residential Lot is purchased concurrently.
 - (c) If a Lot Return is approved under section 3.12(b), the following shall apply:
 - (1) The newly purchased Residential Lot will be approved subject to substantially the same terms and conditions as the original Land Sales Agreement, except that the Purchase Price, Deposit and Balance of the Purchase Price will be amended accordingly,
 - (2) The 10% deposit will not be forfeited,
 - (3) The Purchaser shall pay any and all costs associated with the Lot Return and concurrent purchase of another Residential Lot (including the difference in Purchase Price, Land Titles registration fees, discharges of encumbrances of certificate of title, legal fees, new Development and Building permit fees, etc.), and
 - (4) The Purchaser shall enter into a new Land Sales Agreement for the new Residential Lot and an Agreement setting out the terms of the Lot Return.
 - (5) The Purchaser shall only be allowed one Lot Return and concurrent purchase of a new Residential Lot arising from the original Land Sales Agreement.
 - (d) The Manager shall determine, at his or her discretion, whether a Residential Lot that has been returned should be sold either by Land Sale Lottery or on a First-Come First-Served Basis.
- 3.13 Lot Returns for Residential Lots Sold Pursuant to the Renewable Energy and Built Green™ Initiative
- (a) A Residential Lot may be returned by a Purchaser within ninety (90) days of the date of the Land Sales Agreement, upon which the Land Sales Agreement is terminated, the deposit is forfeited to the City and the Purchaser shall have no further interest in the Residential Lot.
 - (b) The Manager shall determine, at his or her discretion, whether a Residential Lot that has been returned should be sold either by Land Sale Lottery or on a First-Come First-Served Basis.
- 3.14 Transfer of Title
- (a) The City shall not be required to transfer title of a Residential Lot to a Purchaser unless and until:
 - (1) The Purchase Price has been paid in full,
 - (2) The Purchaser has completed the Commence Construction requirement to the satisfaction of the Manager, or the Land & Properties Department is in receipt of Mortgage Instructions from the Purchaser's solicitor for the purpose of securing financing for the development of the Residential Lot, and
 - (3) A proper written request is received from the Purchaser at the Land & Properties Department.

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- (b) Transfer by the City to any party other than the Purchaser shall only be from a Contractor to the individual to whom the Contractor intends to sell the Residential Lot, provided that the Contractor has provided such written authorization.
- (c) The Purchaser shall immediately register the Transfer of Land delivered by the City.
- (d) The City reserves the right to register encumbrances as required prior to closing. Title to all Residential Lots sold by the City shall be subject to all encumbrances registered against the Certificate of Title. It is the Purchaser's responsibility to investigate the Certificate of Title.

3.15 Transfer of Title for Residential Lots Sold Pursuant to the Renewable Energy and Built Green™ Initiative

- (a) The City shall not be required to transfer title of a Residential Lot to a Purchaser unless and until:
 - (1) The Purchase Price has been paid in full,
 - (2) Individuals who purchased a lot must provide confirmation to the Land & Properties Department that they have engaged a Built Green™ certified builder and provide a copy of General Contractor's license,
 - (3) Contractors must provide confirmation to the Land & Properties Department that they are a Built Green™ certified builder,
 - (4) The Purchaser of a Residential Lot has paid the Performance Fee of \$3,500 to ensure compliance with Built Green™ standards,
 - (5) The Purchaser has provided proof of Built Green™ approved new home modeling for the proposed residence, and the City's Land & Properties Department has consented to the Purchaser applying for a development permit,
 - (6) The Purchaser has completed the Commence Construction requirement to the satisfaction of the Manager, or the Land & Properties Department is in receipt of Mortgage Instructions from the Purchaser's solicitor for the purpose of securing financing for the development of the Residential Lot, and,
 - (7) A proper written request is received from the Purchaser at the Land & Properties Department.
- (b) Transfer by the City to any party other than the Purchaser shall only be from a Contractor to the individual to whom the Contractor intends to sell the Residential Lot, provided that the Contractor has provided such written authorization.
- (c) The Purchaser shall immediately register the Transfer of Land delivered by the City.
- (d) The City reserves the right to register encumbrances as required prior to closing. Title to all Residential Lots sold by the City shall be subject to all encumbrances registered against the Certificate of Title. It is the Purchaser's responsibility to investigate the Certificate of Title.

3.16 General

- (a) During development of a Residential Lot, the Purchaser and/or its Contractor shall not place or deposit any excavated dirt upon City property (including but not limited to any City easement or utility right-of-way), and if such excavated dirt is so deposited, the City shall have the right to have the dirt removed at the expense of the Purchaser.

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- (b) The Purchaser shall ensure that all debris, building materials, cement, garbage and refuse are retained on the Residential Lot during construction and properly disposed of by the Purchaser or its Contractor. The Purchaser shall not permit any of the foregoing materials to be deposited (intentionally or unintentionally) upon City property, including but not limited to any park reserve and open space areas. The Purchaser shall not permit lightweight materials to be blown away by wind from the Residential Lot. Any debris, building materials, cement, garbage or refuse that is disposed on or blows onto City property may be removed by the City at the expense of the Purchaser. Additional fines may be levied against the Purchaser in accordance with any applicable statute, bylaw or regulation.