

**Deputy City Manager's Office Report to
SPC on Utilities and Corporate Services
2018 December 12**

**ISC: CONFIDENTIAL
UCS2018-1422
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Proposed Method of Disposition – (Capitol Hill) – Ward 07 (1404 and 1406 22 AV NW)

EXECUTIVE SUMMARY

The purpose of this report is to request authorization for public marketing of the Property, to be administered by Real Estate & Development Services, and authorization to negotiate a sale of the Property to the successful applicant(s).

The Property consists of two adjacent vacant parcels, 1404 22 Avenue NW and 1406 22 Avenue NW located in the inner city community of Capitol Hill. The Property has been declared surplus to municipal needs and a future sale of the Property will provide an opportunity for new residential development. The future sale will be recorded in Real Estate & Development Services Operating Program 488 and net proceeds from the sale will be transferred to the Revolving Fund reserve and reallocated to other funds as required.

ADMINISTRATION RECOMMENDATION:

The SPC on Utilities and Corporate Services recommend that Council:

1. Authorize the Recommendation as outlined in Attachment 2;
2. Request the Recommendations, Report and Attachments 1, 2, and 3 remain confidential under Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act* until the report is published in the Council agenda.
3. Request that Attachments 4 and 5 remain confidential pursuant Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

RECOMMENDATION OF THE SPC ON UTILITIES AND CORPORATE SERVICES, 2018 DECEMBER 12:

That Council:

1. Authorize the Recommendation as outlined in Attachment 2; and
2. Request that Attachments 4 and 5 remain confidential pursuant Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

Excerpt from the Minutes of the 2018 December 12 Regular Meeting of the SPC on Utilities and Corporate Services:

“A Revised Attachment 1 (c) was distributed in the closed meeting, which is to remain confidential pursuant to Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act* until the report is published in the Council agenda.

PREVIOUS COUNCIL DIRECTION / POLICY

Not applicable.

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BACKGROUND

The Property was acquired by The City of Calgary ("The City") in 1983 via tax forfeiture. A Restrictive Covenant granted by The City for the benefit of the adjacent landowners at 1408 22 Avenue NW was registered on the Property in 1992. The Restrictive Covenant prohibited the development or construction of any structure, building, or improvement on the Property and specified that the Property be used for no other purposes than as public open space. In 2013 the Restrictive Covenant was discharged from title and in 2016 Calgary Housing expressed an interest in the Property as a potential affordable housing site. In 2017 Calgary Housing confirmed they no longer had an interest in the Property. It was subsequently circulated and deemed surplus to municipal needs.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Property consists of 1404 22 Avenue NW, an irregular shaped 435.837 sq. m. (4,691.31 sq. ft.) corner parcel and 1406 22 Avenue NW, a rectangular shaped 276.816 sq. m. (2,979.62 sq. ft.) parcel, a combined total 712.653 sq. m. (7,670.93 sq. ft.). The Property is situated on the northwest corner of 22 Avenue and 13 Street NW, across the street from Confederation Park. The land use of the Property is Residential – Contextual One / Two Dwelling (R-C2) District which allows for single residential, semi-detached, and duplex dwellings. The Property has a slight west east slope and is fully serviced with off-site levies owing for 1406 22 Avenue NW only. An estimate of the levies ranges from \$5,996.00 - \$6,688.00 depending on the type of development on the Property.

The Property offers a great development opportunity being situated in a desirable location across from Confederation Park and can accommodate two single detached dwellings or one semi-detached dwelling. The possibility for a higher density development above an R-C2 land use was reviewed by Administration and was determined to be unlikely. The North Hill Area Redevelopment Plan, recently amended in 2017, identifies that the Property and the adjacent lands should retain their current low density built form in order to protect the existing residential character and quality of the neighbourhood.

The Property was declared surplus to municipal needs in 2017 September and has received numerous inquiries from interested purchasers.

Valuation

The reserve price of the Property was based on an internal valuation which has been endorsed by Administration's Valuation Review Committee. The comparable sales analyzed are included in Attachment 4.

Stakeholder Engagement, Research and Communication

Not applicable.

Strategic Alignment

Not applicable.

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Social, Environmental, Economic (External)

Social

The proposed sale of the Property will provide future residential development on an otherwise vacant parcel.

Environmental

The Property was not reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy. An environmental review of the Property was conducted in 2018 by The City's Environmental & Safety Management which identified that as the Property appears to have never been developed, and the surrounding land use has always been residential or parkland. Conducting a Phase 1 Environmental Site Assessment would not reveal any information regarding potential soil or groundwater contamination. The Property will be sold "as is, where is" and the proposed Purchaser shall assume all responsibility and liability for any environmental matters existing as of the Closing Date. The proposed Purchaser will have an opportunity to conduct their own due diligence, including but not limited to further environmental investigations or testing.

Economic

If the Method of Disposition is approved, a future sale of the Property will provide an opportunity for new development which will result in an increase to the annual residential tax base.

Financial Capacity

Current and Future Operating Budget:

Not applicable.

Current and Future Capital Budget:

The proposed sale will be recorded in Real Estate & Development Services Operating Program 488 and net proceeds from the sale will be transferred to the Revolving Fund reserve and reallocated to other funds as required.

Risk Assessment

If the proposed method of disposition is not approved, there is risk that The City will incur costs to hold and maintain a property that is surplus to municipal requirements. The City would also forego an opportunity to see new development and the associated increase to The City's tax base. These risks can be mitigated by selling the Property. There are no notable risks associated with the method of disposition being approved.

REASON(S) FOR RECOMMENDATION(S):

The Property has been circulated and declared surplus to municipal needs. A future sale of the Property would provide an opportunity for new residential dwellings to be built which will increase The City's annual residential tax base.

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ATTACHMENT(S)

1. Attachment 1a – Site Map – 1404 22 AV NW
Attachment 1b – Site Map – 1406 22 AV NW
Revised Attachment 1c – Context Map
2. Attachment 2 – Recommendations
3. Attachment 3 – Summary of Additional Property Information
4. Comparable Data Chart Land Sales (CONFIDENTIAL)
5. Proposed Marketing Plan (CONFIDENTIAL)