

**Deputy City Manager's Office Report to  
SPC on Utilities and Corporate Services  
2020 June 17**

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**Proposed Non-Profit Method of Disposition (Forest Lawn) – Ward 09 – 4725 8 AV  
SE (ADJ. ROW)**

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**EXECUTIVE SUMMARY**

This report is in response to PFC2020-0314 Notice of Motion RE: The Brenda Strafford Foundation Ltd. – Clifton House Land Acquisition, whereby Council directed Administration to prepare a Non-Profit Method of Disposition Report as approved through UCS2018-0912 Proposed Framework - Transacting with Non-Profit Organizations below Market Value.

The purpose of this report is to provide Council with the information and analysis required to make an informed decision regarding the potential disposition of 905 47 Street SE (formerly a portion of road right-of-way adjacent to 4725 8 Avenue SE) (the "Property"). The Brenda Strafford Foundation is interested in acquiring the Property for landscaping as part of their new seniors care facility, the Clifton House.

In accordance with the Transacting with Non-Profit Organizations below Market Value Framework, Administration has outlined four options for the disposition of the Property:

1. Direct negotiation with The Brenda Strafford Foundation at market value;
2. Direct negotiation with The Brenda Strafford Foundation at book value plus administration fees and all associated transaction costs;
3. Direct negotiation with The Brenda Strafford Foundation at nominal value plus administration fees and all associated transaction costs; or
4. Do not proceed with a transaction with The Brenda Strafford Foundation.

Administration recommends that Council select an option outlined above. Administration shall proceed based on the option approved by Council.

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**ADMINISTRATION RECOMMENDATION:**

**Review Date: 2020 September 20, except for Attachment 4 which shall remain confidential.**

The SPC on Utilities and Corporate Services recommends that Council:

1. Authorize the Recommendation as outlined in Attachment 2;
2. Direct that the Recommendations, Report and Attachments 1a, 1b, 2, 3 and 5 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. Direct that Attachment 4 remain confidential pursuant to Sections 23, 24, and 25 of the *Freedom of Information and Protection of Privacy Act*.

**RECOMMENDATION OF THE STANDING POLICY COMMITTEE ON THE UTILITES AND  
CORPORATE SERVICES, 2020 JUNE 17:**

That Council:

1. Authorize the Recommendation 1 b, Option 1, as outlined in Attachment 2 ; and
2. Direct that Attachment 4 remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials) and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2020 September 20.

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2020 April 6 Council adopted Notice of Motion PFC2020-0314 – The Brenda Strafford Foundation Ltd. – Clifton House Land Acquisition directing Administration to prepare a Non-Profit Method of Disposition Report and report back to Council through SPC on Utilities & Corporate Services no later than Q3 2020.

On 2018 July 30, Council approved UCS2018-0912 Proposed Framework – Transacting with Non-Profit Organizations below Market Value. The Framework is intended to provide a consistent approach to transacting directly with non-profit organizations below market value as well as mitigate potential social, legal, financial and reputational risks.

**BACKGROUND**

On occasion, Real Estate & Development Services is contacted by non-profit organizations seeking to acquire City-owned land for various purposes. In an effort to provide consistency when transacting with non-profit organizations the four step Framework – Transacting with Non-Profit Organizations below Market Value (the “Framework”) was developed. The Framework’s four steps include: 1) a Notice of Motion, 2) a Non-Profit Method of Disposition Report, 3) a Council decision on the Method of Disposition and 4) a transaction.

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Administration was contacted by The Brenda Strafford Foundation who expressed interest in acquiring the Property, an approximately 0.11 acre portion of road right of way. They intend on landscaping the Property to develop a greater public interface for their new facility and to enhance the public realm. As The Brenda Strafford Foundation was looking to acquire the Property for less than market value, they were advised to contact their Councillor to consider the request, and if appropriate, for a Notice of Motion to be prepared as outlined by the first step of the Framework. This Notice of Motion (step 1 of 4 as per above) was adopted by Council on 2020 April 06.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

This Non-Profit Method of Disposition Report are Steps 2 and 3 of the Framework, and accordingly Administration has prepared this report to provide the following information and analysis for Council's deliberation.

#### **BACKGROUND OF NON-PROFIT ORGANIZATION**

The Brenda Strafford Foundation is a registered Canadian charitable organization established in 1975 by Dr. Barrie I. Strafford to honour his late wife, Brenda Strafford. The Brenda Strafford Foundation's core business is seniors care. The Foundation now owns and operates four long-term care and assisted living seniors care facilities in Calgary and Okotoks with over 800 beds and approximately 1,000 staff.

Clifton Manor, formerly known as the Forest Grove Care Centre, is located at 4726 8 Avenue SE and is home to up to 250 senior and aging adult residents. The facility has arrived at the end of its lifespan and The Brenda Strafford Foundation has proposed a new 175 bed seniors care facility on a vacant parcel of land located at 907 47 Street SE.

#### **SITE ASSESSMENT**

The Property is considered a remnant parcel and cannot be developed on its own, therefore consolidation of the Property with the adjacent parcel provides for additional density and is deemed to be its highest and best use. The Property is currently being used as greenspace along 47 Street NE and was determined to be surplus to municipal needs through the Corporate Land Management Framework's circulation process in 2019 July.

#### **OPTIONS**

Administration is seeking Council's direction and approval on the preferred option for disposition of the Property.

Option 1 – Direct negotiation with The Brenda Strafford Foundation. at market value. Administration will proceed with a sale transaction where a negotiated consideration will be based on an estimated market value. The transaction may be approved through delegated authority in the Real Property Bylaw 52M2009 by the Deputy City Manager or the Acting General Manager of the Deputy City Manager's Office, unless otherwise directed by Council.

Option 2 – Direct negotiation with The Brenda Strafford Foundation. at book value plus administration fees and all associated transaction costs. Administration will proceed with a sale transaction at book value, determined by an estimate of the price The City acquired the Property

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inclusive of the cost of any improvement to the Property. The book value and associated transaction costs are identified in The City Contribution Analysis below.

Option 3 – Direct negotiation with The Brenda Strafford Foundation. at nominal value plus administration fees and all associated transaction costs. Administration will proceed with the sale transaction at nominal value where the Consideration will be \$10.

Option 4 – Do not proceed with a transaction with The Brenda Strafford Foundation. Administration will not proceed with a sale transaction.

#### **CITY CONTRIBUTION ANALYSIS**

	<b>Market Value</b>	<b>Book Value</b>	<b>Nominal Value</b>
Land Value	\$335,440+GST	\$9.77	\$10
Additional Associated Costs	\$0.00	\$7,000	\$7,000
Municipal Contribution to Non-Profit Organization	\$0.00	\$335,440	\$335,440
Total Consideration	\$335,440+GST	\$7,009.77	\$7,010
Total Contribution	\$0.00	\$328,430.23	\$328,430

#### **SUMMARY OF ANNUAL CONTRIBUTION UNDER THE FRAMEWORK**

	<b>Market Value</b>	<b>Transacted Value</b>	<b>Municipal Contribution to Non-Profit Organization</b>
Total Contribution for 2020	\$0.00	\$0.00	\$0.00

No transactions have been approved through this framework since its approval on 2018 July 30.

#### **Valuation**

The estimated market value of the Property of \$335,440 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**

Real Estate & Development Services has not undertaken any stakeholder engagement associated with this transaction. However, an opportunity for engagement was available during the Public Hearing of Council on 2020 March 16 where the road closure bylaw for the Property was heard. This process, and any associated engagement and communication was led by The Brenda Strafford Foundation.

#### **Strategic Alignment**

The recommendations align with the Municipal Development Plan's (2009) section 2.3.4 objective to create quality public parks, open spaces and other community amenities, and make leisure and recreation activities available to all Calgarians. A disposition of the Property to this non-profit would build on this objective by providing a safe, attractive and comfortable environment through quality landscaping.

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### **Social, Environmental, Economic (External)**

#### **Social**

The disposition of the Property will provide opportunities to accommodate an extended public realm design with the adjacent development that would meet the needs of different demographics.

#### **Environmental**

The Property has been reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy effective 2020 January 14. Pursuant to the Sales, Acquisitions and Leases Environmental (S.A.L.E.) Procedure, an Environmental Review or Environmental Assessment is not required on sales of remnant property.

#### **Economic**

A sale of the Property through Option 2 or 3 would represent a land contribution to the non-profit development of seniors housing consistent with the estimated value identified in The City Contribution Analysis above.

#### **Financial Capacity**

##### ***Current and Future Operating 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 projects as required.

If Option 2 or Option 3 is chosen, the sale of the Property at below market value will result in a reduction of financial contributions to the Revolving Fund reserve. By selling City-owned land at below market value, The City will forego the full market value potential of the Property, and as a result there will be reduced financial contributions to the Revolving Fund reserve compared to if the Property was sold at market value.

##### ***Current and Future Capital Budget:***

Not applicable.

#### **Risk Assessment**

The Property represents ongoing maintenance costs to The City, if Option 4 is chosen then The City will continue to incur the costs associated with maintaining the Property. The likelihood of this risk occurring is high, but the impact is low.

If Option 2 or Option 3 is selected there is a general risk to the sustainment of the Revolving Fund reserve from a continued strategy of the disposition of real property below market value. The specific assessment of the impact of this risk to the reserve from this transaction is low since the market value of the Property is \$335,440 and the current reserve balance is healthy enough to sustain this below market value disposition, if approved.

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**REASON(S) FOR RECOMMENDATION(S):**

In response to the adopted Notice of Motion PFC2020-0314, Administration has prepared this report in accordance with the Framework for Transacting with Non-Profit Organizations below Market Value. Administration is seeking Council's direction and approval on the preferred option for disposition of the Property. The Property has been deemed surplus to municipal needs and The City is currently incurring costs to maintain the Property.

**ATTACHMENT(S)**

1. Attachment 1a – Site Map  
Attachment 1b – Context Map
2. Attachment 2 – Recommendations
3. Attachment 3 – Summary of Additional Property Information
4. Attachment 4 – Comparable Data Chart Land Sales (Confidential)
5. Attachment 5 – Alberta Corporation/Non-Profit Search
6. Attachment 6 – Notice of Motion PFC2020-0314
7. Attachment 7 – UCS2018-0912 – Proposed Framework – Transacting with Non-Profit Organizations below Market Value