

**PROPOSED METHOD OF DISPOSITION – (SUNNYSIDE) – WARD 07
(CLLR. DRUH FARRELL) FILE NO: 1020 2 AV NW (IWS)**

SUMMARY/ISSUE

Authorization for public marketing of the Property, to be administered by Real Estate and Development Services, and authorization to negotiate a sale of the Property to the successful applicant(s), and authorization to acquire non-market housing units **in the future**.

PREVIOUS COUNCIL DIRECTION/POLICY

On 2010 June 7 Council approved LAS2010-35 Asset Optimization of Corporate Accommodation Facilities, authorizing net proceeds from sale of the Property as a source of funding for the proposed asset optimization, and any remaining net proceeds be placed in a building lifecycle fund.

**RECOMMENDATION OF THE LAND AND
ASSET STRATEGY COMMITTEE, DATED
2016 APRIL 28:**

That Council:

1. Approve the Administration Recommendation 1 contained in Report LAS2016-49; and
2. Keep Attachments 4 and 5 confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(c), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act*.

ADMINISTRATION RECOMMENDATIONS:

The Land and Asset Strategy Committee recommend that Council:

1. Authorize the Recommendation as outlined in Attachment 2;
2. Request that Attachments 4 and 5 be removed from this report prior to being forwarded to Council and that Attachments 4 and 5 remain confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(c), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act* and that Council consider Attachments 4 and 5 in camera if requested by Council and;
3. Request the Recommendations, Report and Attachments 1, 2, and 3 remain confidential under Sections 23(1)(b), 24(1)(a), 24(1)(c), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act* until the report is published in the Council agenda.

INVESTIGATION

The Property is located in the northwest community of Sunnyside and was the location of the Corporate Warehouse until it's demolition in 2012. It is currently leased out to **the** Hillhurst Sunnyside Community Association for the ContainR Village. The lease expires in November 2016. The Property was approved in LAS2010-35 for affordable housing.

Unique development opportunities of this site allow it to be the focal point within the Sunnyside Community. Close proximity to the main street retail stores in Kensington and the connection to Bow to Bluff corridor promote it as the flagship site for Affordable Housing. Bow to Bluff is an initiative to transform the green space along the LRT line between the Bow River and McHugh Bluff into a great public space. This Property will be a key location along that corridor with enhanced landscaping to integrate the transition between **the** public and private realm. The Property is also located within the Transit Oriented Development (TOD) area of

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Sunnyside and directly adjacent to the Sunnyside LRT platform. This promotes increased density and supporting commercial uses.

Affordable Housing received strong interest in creating a successful “place” during preliminary engagement with the community. Suggestions for “placemaking” included enhanced public realm, community space either inside or outside the building, and an active pedestrian streetscape with a retail storefront.

This unique opportunity can be leveraged into a mixed market development that accommodates more than a limited number of non-market housing units. The development has the potential to exceed 100 market residential units integrated with non-market units, and to be complemented with main floor commercial. The public realm may comprise of interior or exterior public space, a pedestrian friendly streetscape with expanded landscaping and public seating areas, and consideration to close a portion of 9 Street NW to develop into a public plaza.

The Method of Disposition being proposed is using a public marketing process. This permits flexibility for The City and encourages input, creativity and innovation from the development industry. Applicants have more certainty during the negotiation process and better control over outlays. It encourages a stronger commitment from applicants and the real estate industry considers it aligned with the open market.

Administration will be initiating a new approach to its public marketing for this project to understand market interest and allow opportunities for increased dialogue. Using a ‘market sounding’ approach that allows administration to identify the property and our objectives will create an opportunity

to have open discussion and consultation with industry to generate ideas and build concepts to support the City of Calgary’s objectives, while also satisfying the developers goals. This approach is intended to foster an environment that will enable the sharing of ideas and innovations for creating a successful ‘place’. All applicants will be required to incorporate non-market housing units and enhanced public realm through an integrated design. The goal of this approach will be to identify a developer that satisfies these objectives to then enter into negotiation towards a proposed sale.

The Property is a triangular shaped parcel consisting of 3,598 square metres (38,724 square feet). The Property is on a corner lot fronting 2 Avenue and 9 Street NW and directly adjacent to the LRT platform at Sunnyside Station. The current land use is Multi-Residential – Contextual Grade-Oriented (M-CGd72) allowing low height and low density development. The land use is proposed to be amended to Direct Control district permitting medium density mid rise development with supporting commercial uses. The Hillhurst/Sunnyside Area Redevelopment Plan supports a floor area ratio (FAR) of 4.0 and a maximum building height of 26 metres and the supporting commercial uses.

This Property will be marketed and sold for a purchaser to provide non-market housing units to be purchased by The City. The overall project will be mixed market residential complemented by commercial uses and a strong public realm.

IMPLICATIONS

General

Development of the Property will promote strategic City objectives including increased density in the inner city, transit oriented

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development (TOD), diversity in building design, and community revitalization.

A marketing strategy focusing on open negotiations is more aligned with the market for a mixed market development. Provision of non-market housing units will provide essential housing options for lower income individuals.

Social

Sunnyside is as an inner city community with a strong neighborhood component. The Bow to Bluff is a regional pathway program that provides direct access from the Bow River to McHugh Bluff. Pedestrian friendly storefronts and main street retail stores are in close proximity in the Kensington area.

Housing that is affordable continues to be an important part of the social and economic infrastructure of a healthy city. Affordable housing is considered essential for attracting a diverse workforce that will ensure economic development and vitality, leading to complete communities.

Environmental

Purchasers will be encouraged to develop to a LEED qualification rating of Silver, or higher.

Any environmental review required pursuant to the S.A.L.E. Policy will be conducted prior to sale. Any additional environmental reports in possession of Real Estate and Development Services will be made available to applicants. Successful applicants will have the ability to conduct any additional investigations at their own discretion. The Property will be marketed and sold in an "as is" condition, and a purchaser will assume responsibility for any unidentified liability associated with any environmental impairment.

Economic (External)

The multi-residential market is supportive of units located in close proximity to the inner core and at a TOD site. New residential development will support businesses and local services in the Hillhurst/Sunnyside area.

BUSINESS PLAN/BUDGET IMPLICATIONS

Gross proceeds of sale will be recorded in operations Program 488 and net proceeds from the sale will be transferred to the Revolving Fund reserve and reallocated to other funds as required.

RISKS

There is a risk developers may not be interested in a mixed market project involving non-market housing units. The non-market units can be dispersed throughout the building and be professionally managed by Calgary Housing Company. Additionally, the pre-sale of units will assist purchasers in acquiring financing for the project.

There is a risk developers may not be interested in supporting the public realm interface and the Bow to Bluff initiative. Through extensive consultation with prospective applicants a successful applicant will be selected who shares The City's vision.

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.

ATTACHMENTS

1. Site Map
2. Recommendations
3. Summary of Additional Property Information
4. Confidential as per Committee
5. Confidential as per Committee