

**Proposed Non-Profit Method of Disposition (Highland Park) – Ward 04 (4211 1 ST NE)**

**RECOMMENDATIONS:**

**Review By: 2032 September 20, except for Attachment 5 which shall remain confidential.**

The Infrastructure and Planning Committee recommends that Council:

1. Choose an option in the Recommendations as outlined in Attachment 3; and
2. Direct that the Recommendations, Report and Attachments 1 to 7 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* until the report is published in the Council agenda, except for Attachment 5 which shall remain confidential.

**RECOMMENDATION OF THE INFRASTRUCTURE AND PLANNING COMMITTEE, 2021 NOVEMBER 10:**

That Council:

1. Authorize the proposed Method of Disposition as outlined in Option 3 in confidential Attachment 3;
2. Authorize the General Manager for the Deputy City Manager's Office, or the General Manager of Infrastructure Services to approve the imposition or acceptance of any additional terms and conditions to facilitate the negotiation and finalization of the disposition of the Property; and
3. Direct that Attachment 5 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* which shall remain confidential.

Opposition to Recommendations: Councillor Penner and Councillor Dhaliwal.

**HIGHLIGHTS**

- This report is in response to PFC2021-1153 The Chinese Christian Wing Kei Nursing Home Association – 4211 1 ST NE 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. Administration has prepared this report in accordance with the Framework and is seeking Council's direction and approval on the preferred option for disposition of the Property.
- **What does this mean to Calgarians?** City owned land is a valuable public asset that can be leveraged for the benefit of all Calgarians. This report discusses the potential sale of surplus City owned land located at 4211 1 Street NE (the "Property") to The Chinese Christian Wing Kei Nursing Home Association ("Wing Kei"), which include options that it be sold at less than market value in support of the proposed development on the adjacent privately owned property.
- **Why does this matter?** The estimated market value of the Property is \$598,450. A sale of the Property at book value (\$148,127.59) or nominal value (\$10) would represent a significant donation of land to Wing Kei. The purpose of this report is to provide Council with

Approval: **Arthurs, Chris** concurs with this report. Author: **Tran-Vu, Andrew**

City Clerks: **S. Lancashire/D. Williams**

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the information and analysis required to make an informed decision regarding the potential disposition of the Property.

- Wing Kei has expressed an interest in acquiring the Property to be incorporated into their proposed three phased campus style 180 bed senior care facility, Wing Kei Village. As a result of how Wing Kei has planned and designed Wing Kei Village, ownership of the Property would be beneficial to secure permanent site access from 1<sup>st</sup> Street NE (though an access easement already exists to enable this access), to allow appropriate turning radius for large delivery and service vehicles, to secure an area suitable for electrical equipment to service the facility, as well as for surface parking while expanding and developing a greater public interface and landscaping. If the Property was not available for sale to Wing Kei, they would need to plan and design Wing Kei Village considering the boundaries of their land assembly.
- In accordance with the Transacting with Non-Profit Organizations below Market Value Framework, Administration has outlined five options for the disposition of the Property:
  1. Publicly market the Property and transact at market value;
  2. Directly negotiate with Wing Kei at market value;
  3. Directly negotiate with Wing Kei at book value plus administration fees and all associated transaction costs;
  4. Directly negotiate with Wing Kei at nominal value plus administration fees and all associated transaction costs; or
  5. Do not proceed with a transaction with Wing Kei.
- Administration recommends Council select an option outlined above. Administration shall proceed based on the option approved by Council.
- Strategic Alignment to Council's Citizen Priorities: A city of safe and inspiring neighbourhoods
- Background and Previous Council Direction is included as Attachment 1.

### DISCUSSION

On occasion, The City is contacted by non-profit organizations seeking to acquire City-owned land for various purposes. 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.

The Ward 4 Councillor's office was contacted by Wing Kei who expressed interest in acquiring the Property, an approximately 12,000 square feet parcel of land located at 4211 1 Street NE. Acquisition of the Property would benefit the Wing Kei to secure permanent site access from 1<sup>st</sup> Street NE, to allow appropriate turning radius for large delivery and service vehicles, to secure an area suitable for electrical equipment to service the facility, as well as for surface parking while expanding and developing a greater public interface and landscaping. As Wing Kei was looking to acquire the Property for less than market value by way of direct negotiation, a Notice of Motion was prepared by the Ward 4 Councillor 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 2021 July 26.

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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**

Wing Kei is a Christian based not-for-profit community-based organization that provides quality cultural-appropriate care for seniors. Started in 1996 as a culturally specific unit within the Bethany Care Centre, Wing Kei has expanded into three seniors care facilities offering services to 320 residents.

In 2017, Wing Kei purchased the Centre Street Church West Campus located at 116 and 124 41 Avenue NE in the community of Highland Park for the development of Wing Kei Village. The proposed three phased development will provide an integrated walkable campus with a continuum of seniors care allowing the opportunity for residents to live independently or move into a supported care environment. The first phase will provide long term care along with child and adult daycare facilities, the second phase will provide independent living for seniors, and the third phase will provide a mixed-use facility that will include retail, commercial, and residential units

### **SITE ASSESSMENT**

The Property is an irregular shaped vacant parcel located on the west side of 1 Street NE, north of 41 Avenue NE in the community of Highland Park. It measures 11,967 square feet and is zoned R-C2 - Residential - Contextual One/Two Dwelling. The Property is considered serviced and has an access easement registered on title allowing vehicular access across the "pan handle" portion of The Property. A land analysis was conducted by Real Estate & Development Services Development Planning group and the Property was deemed to be a developable stand alone parcel, however the Property has significant sloping throughout the site and will likely require a unique and creative design as well as a retaining wall as part of any future development. There is also existing storm infrastructure that runs east-west at the north end of the parcel that will require protection via a utility right-of-way and may also limit development. The Property is currently being used as greenspace and was determined to be surplus to municipal needs pending several conditions identified through the Corporate Land Management Framework's circulation process in 2021 June. The conditions identified include retaining a portion of the Property to protect an existing pathway as well as protecting existing storm infrastructure, these conditions will require survey plans to be registered and will be at the sole cost and expense of Wing Kei should a sale transaction proceed.

### **OPTIONS**

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

- Option 1 – Publicly market the Property and transact at market value. Administration will publicly market the Property and proceed with a sale transaction with the highest bidder.
- Option 2 – Directly negotiate with Wing Kei at market value. Administration will proceed with a sale transaction with Wing Kei where a negotiated consideration will be based on an estimated market value.

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Option 3 – Directly negotiate with Wing Kei 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 inclusive of the cost of any improvement to the Property. The book value and associated transaction costs are identified in The City Contribution Analysis in Attachment 6.

Option 4 – Directly negotiate with Wing Kei 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 \$10.00.

Option 5 – Do not proceed with a transaction with Wing Kei. Administration will not proceed with a sale transaction.

### STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder or customer dialogue/relations were undertaken

Real Estate & Development Services has not undertaken any stakeholder engagement associated with this transaction. However, an opportunity for engagement has been available during the Wing Kei's development permit application. This process, and any associated engagement and communication was/would be led by Wing Kei.

### IMPLICATIONS

#### Social

A sale of the Property to Wing Kei would foster equity as it aligns with principles found in the Seniors Age Friendly Strategy and Implementation Plan 2015 – 2018. Whereby Wing Kei's proposed development supports the development of age-friendly housing options within local communities as well as facilitates the development of alternative or innovative housing options.

A publicly marketed sale of the Property would provide the opportunity for actual residential development on the site rather than Wing Kei's proposed use for additional parking and utility box placement on the site.

#### 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 was conducted. No soil or groundwater contamination concerns were identified as part of the Environmental Review and no further Environmental Assessments were recommended.

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### Economic

A sale of the Property through Option 3 or 4 would represent a land contribution to the non-profit development of seniors housing consistent with the estimated value identified in The City Contribution Analysis in Attachment 6.

A sale of the Property through Option 1 will provide an opportunity for new residential development which will result in an increase to the annual tax base.

### Service and Financial Implications

Existing operating funding – Base in Program #488

A sale of the Property 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 3 or Option 4 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.

### RISK

The Property represents ongoing maintenance costs to The City, if Option 5 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 3 or Option 4 is selected there is a financial risk to the sustainability of the Revolving Fund reserve from continued dispositions of real property below market value. If approved, the specific assessment of the impact of this risk to the reserve from this transaction is the foregone market value of the Property is \$598,450, which can be supported as the current reserve balance is healthy enough to sustain this individual below market value disposition. However, the reserve itself is constantly under pressure as there are numerous other transactions and corporate programs that require funding as well.

### ATTACHMENTS

1. Previous Council Direction, Background
- 2a. Site Map
- 2b. Context Map
3. Recommendations
4. Summary of Additional Property Information
5. Comparable Data Chart Land Sales
6. City of Calgary Contribution Analysis
7. Alberta Corporation/Non-Profit Search
8. Notice of Motion PFC2021-1153
9. UCS2018-0912 – Proposed Framework – Transacting with Non-Profit Organizations below Market Value

**Deputy City Manager's Office Report to  
Infrastructure and Planning Committee  
2021 November 10**

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IP2021-1516  
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Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Chris Arthurs, General Manager	Deputy City Manager's Office	Approve
Michael Thompson, General Manager	Utilities and Environmental Protection	Approve