

**PROPOSED METHOD OF DISPOSITION – (DOWNTOWN COMMERCIAL CORE) – WARD  
08 (CLLR. EVAN WOOLLEY) FILE NO: 603, 605, 609, 615 3 AV SW & 311 5 ST SW (TRB)**

**SUMMARY/ISSUE**

Authorization for Public Marketing of the Property, to be administered by the Office of Land Servicing & Housing, and authorization to negotiate a sale of the Property to the successful applicant.

**PREVIOUS COUNCIL DIRECTION/POLICY**

2010 April 12 Council approved Bylaw 42D2010 which provides for commercial and residential redevelopment to a maximum floor area ratio (FAR) of 20.0.

2007 May 07 Council approved Centre City Plan.

2006 May 08 Council approved Bylaw 8B2006 to finance the land acquisition for the Calgary Parking Authority.

2006 April 10 Council approved C2006-32, Proposed Purchase – Downtown Commercial Core.

23(1)(b), 24(1)(a), 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.

**RECOMMENDATION OF THE LAND AND  
ASSET STRATEGY COMMITTEE, DATED  
2014 JULY 24:**

That Council:

1. Approve the Administration Recommendations contained in Report LAS2014-43; and
2. Direct that Attachments 4 and 5 remain confidential pursuant to Sections 23(1)(b), 24(1)(a), 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.

**ADMINISTRATION RECOMMENDATIONS:**

That the Land and Asset Strategy Committee recommend that Council:

1. Authorize the method of disposition 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)(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 that the Recommendations, Report and Attachments 1, 2, and 3 remain confidential under Sections

**INVESTIGATION**

The Property is a 0.71 acre (30,813 square foot) land assembly that includes an office building and surface parking. Composed of five (5) lots, the Property has a Direct Control 42D2010 land use with CM-2 guidelines. The Calgary Parking Authority purchased the Property in 2006 with the intention of redevelopment to accommodate an office or mixed use project. The existing office building was to provide holding income in the short to medium term. The 29,419 square foot building has experienced substantial vacancy since the purchase, mostly due to the unknown redevelopment timing of the Property and constraints of the unit layouts. The building is a three (3) storey Class "C" multi-tenant structure with 37 underground parking stalls and was built in 1979. There are 54 marked parking stalls on the surface which is asphalt paved and fenced.

**PROPOSED METHOD OF DISPOSITION – (DOWNTOWN COMMERCIAL CORE) – WARD  
08 (CLLR. EVAN WOOLLEY) FILE NO: 603, 605, 609, 615 3 AV SW & 311 5 ST SW (TRB)**

---

Located in an area referred to as transitional between Eau Claire and the downtown, there are numerous newly built major office developments nearby and/or planned. Calgary's downtown is experiencing renewed interest from investors, developers and residents. The Property is at the southwest corner of the intersection of 3 Avenue and 5 Street SW and is surrounded by the "Shaw" office tower, the Oxford Group's third Centennial Tower, "Eau Claire Place" and the "Regency House", an apartment building operated as a suite hotel.

The proposed sale of the Property will include the sale of 160 parking stalls back to the Calgary Parking Authority, with a maximum cost for each stall to be \$75,000.00.

Any mixed-use development must meet all current City of Calgary Planning requirements including the Council approved Area Redevelopment Plan. When complete, the Property will provide additional public parking within the northwest area of Downtown. The successful purchaser will be responsible for all costs of the development.

The Calgary Parking Authority will operate all public parking stalls under a Management Agreement. Such additional parking provisions will add short stay parking opportunities into the area, benefiting the area merchants. The development will also serve to replace on-street parking which was removed due to the City Cycle Track corridor along 8<sup>th</sup> St SW. A temporary parking shortage of 81 parking stalls is projected during construction.

Parking occupancy at McDougall parkade, which is situated one block southwest of the subject site, has averaged 97% over the past two years. The current waitlist at McDougall parkade is 1421 indicating strong demand for parking in this area.

## **IMPLICATIONS**

### **General**

The sale of the Property provides an opportunity to eliminate the maintenance and liability risk associated with holding the Property. The Property is located in a desirable location with direct access to amenities and public transportation. The Property provides the opportunity for commercial redevelopment.

### **Social**

The ability to manage the future parking supply to serve all downtown users is key to ensuring the long term vitality of downtown Calgary. The City's desire to see the downtown continue to evolve into an animated and robust mixed-use environment is reinforced through this proposed development.

### **Environmental**

An environmental review is required pursuant to the S.A.L.E. Policy and will be conducted prior to sale. Results of the review will be disclosed to the purchaser.

### **Economic (External)**

The Property provides opportunity for re-development and business creation. The sale of the Property also provides an increase to the annual tax base.

## **BUSINESS PLAN/BUDGET IMPLICATIONS**

The sale will be recorded in the Office of Land Servicing & Housing's Operating Program 488 and net proceeds from the sale will be transferred to Corporate Properties & Buildings' Revolving Fund Reserve and reallocated to the Calgary Parking Authority Capital Reserve Fund. The proceeds of the sale will be used for the purchase of the parking stalls.

**PROPOSED METHOD OF DISPOSITION – (DOWNTOWN COMMERCIAL CORE) – WARD  
08 (CLLR. EVAN WOOLLEY) FILE NO: 603, 605, 609, 615 3 AV SW & 311 5 ST SW (TRB)**

---

**RISKS**

Existing lease agreements terminate on 2016 June 30. Some tenants do not intend to renew existing leases beyond the current term, thus delays in marketing and selling the Property may result in downstream carrying costs due to vacancy.

Aging building systems and infrastructure is resulting in increased building maintenance costs, and will result in lower net revenue in future years.

**VALUATION**

The reserve price of the Property is based on an external valuation which has been endorsed by Administration's Valuation Review Committee. The Property was appraised for \$5,500,000.00 in 2010 January. Administration followed up in 2012 March with a second appraisal that increased the valuation to \$8,600,000.00.

**ATTACHMENTS**

1. Site Map
2. Recommendations
3. Summary of Additional Property Information
4. **Removed at Committee Request**
5. **Removed at Committee Request**