

Proposed Non-Profit Method of Disposition (Christie Park) – Ward 06 (5615 14 AV SW Adj. ROW)

ADMINISTRATION RECOMMENDATIONS:

That 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 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, 2022 MAY 12:

That Council:

1. Authorize option 3 in the Recommendations as outlined in Attachment 3; and
2. Direct that the 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*, to be reviewed by 2029 February 12.

HIGHLIGHTS

- This report is in response to EC2022-0266 *Calgary Islamic Centre SW Masjid Mosque – Portion of City Owned Land Adjacent to 5615 14 Avenue SW 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 adjacent to 5615 14 Avenue SW (the "Property") to the Muslim Association of Calgary ("MAC"), including options that the Property is sold at less than market value in support of the proposed expansion of MAC's parking area.
- **Why does this matter?** The market value of the Property is estimated to be \$288,000 as endorsed by The City's Valuation Review Committee. A sale of the Property at book value (\$28.50) or nominal value (\$10) would represent a significant donation of land to MAC. 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 the Property.
- MAC has expressed an interest in acquiring the Property to expand parking and outdoor amenity space at the Islamic Centre of Southwest Calgary ("Islamic Centre") as existing onsite parking has become insufficient at peak times. Due to limited street parking in the area, the Property provides the only opportunity for MAC to expand available onsite parking at the Islamic Centre.

Proposed Non-Profit Method of Disposition (Christie Park) - Ward 06 (5615 14 AV SW Adj. ROW)

- 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. Directly negotiate with MAC at market value;
 2. Directly negotiate with MAC at book value plus transaction fees and all associated transaction costs;
 3. Directly negotiate with MAC at nominal value plus transaction fees and all associated transaction costs; or
 4. Do not proceed with a transaction with MAC.
- 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 6 Councillor’s office was contacted by a representative of MAC, who expressed interest in acquiring the Property, an approximately 0.32 acre (0.131 hectare) portion of road right of way located adjacent to 5615 14 Avenue SW. Acquisition of the Property would benefit MAC by making possible an expansion of the onsite surface parking and the addition of basketball nets and green space.

As MAC has expressed a desire to acquire the Property for less than market value by way of direct negotiation, a Notice of Motion was prepared by the Ward 6 Councillor, as is outlined by the first step of the Framework. This Notice of Motion was adopted by Council on 2022 March 08.

This Non-Profit Method of Disposition Report represents 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 Muslim Association of Calgary (MAC) is a registered charitable organization that provides a variety of religious, educational, social, and charitable services. In addition to offering a place for religious worship, the Islamic Centre of Southwest Calgary (Islamic Centre) provides a gathering place for community outreach programs and interfaith dialog to enhance connections with the broader community. Daily prayers, educational programs, counselling services, and social assistance programs for those in need are also offered at the Islamic Centre. These activities support MAC’s stated primary tenet of involvement and service with not just the Muslim community but with “every community, regardless of faith or background.”

Proposed Non-Profit Method of Disposition (Christie Park) - Ward 06 (5615 14 AV SW Adj. ROW)

MAC purchased 5615 14 Avenue SW in 1973 and the grand opening of the Islamic Centre was celebrated in 1978. Since the opening of the mosque, the congregation has grown significantly, and the Islamic Centre has become an important site for community building.

SITE ASSESSMENT

The Property is a ± 0.32 acre (± 0.131 hectare) irregular shaped portion of road right of way (ROW) adjacent to 5615 14 Avenue SW in the community of Christie Park. An analysis conducted by Real Estate & Development Services Development Planning group determined that the Property is a remnant parcel, not independently developable and with no other logical potential purchaser.

The Property has a significant slope and limited access due to the topography and location in relation to adjacent properties. A grass swale that runs through the Property provides drainage for surrounding properties, including the Sirocco LRT station. Future development of the Property will require City approval of a drainage study (Stormwater Management Report) to ensure that drainage in the area is not negatively affected. The Rotary Mattamy Greenway network of pathways is in proximity to the Property, and any development activities within 5 metres of a pathway will require a permit.

The Property was determined to be surplus to municipal needs through the Corporate Land Management Framework's circulation process in 2020 April. Passage of road closure and land use amendment bylaws will be required to make possible the disposition of the Property, and consolidation of the Property with 5615 14 Avenue SW would be a requirement of sale. These activities and any additional or associated requirements, including the drainage study, will be at the sole cost and expense of MAC through the terms of a transaction.

OPTIONS

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

- Option 1 – Directly negotiate with MAC at market value. Administration will proceed with a sale transaction with MAC where a negotiated consideration will be based on the estimated market value.
- Option 2 – Directly negotiate with MAC at book value plus transaction 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 3 – Directly negotiate with MAC at nominal value plus transaction 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 MAC. Administration will not proceed with a sale transaction.

Proposed Non-Profit Method of Disposition (Christie Park) - Ward 06 (5615 14 AV SW Adj. ROW)

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

IMPLICATIONS

Social

MAC provides a variety of services intended for the benefit of the greater community at the Islamic Centre. Disposition of the Property to MAC will allow for an increase of onsite parking and outdoor amenity space would support the continued provision of services at the Islamic Centre. Increased onsite parking may also make possible an expansion of existing services or the addition of new services at the Islamic Centre.

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 for the sale of remnant property.

Economic

A sale of the Property through Option 2 or 3 would represent a land contribution to the charity organization consistent with the estimated value identified in the City Contribution Analysis in Attachment 6.

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 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.

RISK

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.

Proposed Non-Profit Method of Disposition (Christie Park) - Ward 06 (5615 14 AV SW Adj. ROW)

If Option 2 or Option 3 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 \$288,000, 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 also require funding.

ATTACHMENTS

1. Previous Council Direction
- 2a. Site Map
- 2b. Context Map
3. Recommendations
4. Summary of Additional Property Information
5. CONFIDENTIAL - Comparable Data Chart Land Sales
6. The City of Calgary Contribution Analysis
7. Alberta Corporation/Non-Profit Search
8. Notice of Motion EC2022-0266
9. UCS2018-0912 – Proposed Framework – Transacting with Non-Profit Organizations below Market Value
10. Presentation

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	Inform