

PROPOSED AMENDMENTS TO REAL PROPERTY BYLAW NUMBER 52M2009 – STAGE 1

EXECUTIVE SUMMARY

The purpose of this report is to seek authorization to amend Real Property Bylaw 52M2009 (the "Bylaw"). Since the Bylaw was passed in 2009, Administration has identified additional efficiencies and improvements that are intended to improve the real estate transaction approval process. Updates to the Bylaw are also required as the result of a business unit reorganization in early 2016 which resulted in the former Land Division within Corporate Properties & Buildings (CPB) merging with the Office of Land Servicing & Housing (OLSH) to become the new Real Estate & Development Services (RE&DS) business unit.

The proposed amendments to the Bylaw will be presented to SPC on Utilities and Corporate Services (UCS) and Council in two stages. Stage 1 changes, as proposed in this report, are changes that do not result in a significant change of process within RE&DS and thus can be easily implemented within the business unit and communicated to staff. Stage 2 changes, which will be presented to UCS and Council at a later date, are changes that will result in a change of process within RE&DS. Stage 2 changes are also dependent upon the development of a land strategy that will look at how RE&DS acquires, leases, sells, develops and manages City owned land, and will incorporate process improvements identified through the Corporation's Law/Land Zero Based Review.

ADMINISTRATION RECOMMENDATIONS:

That the SPC on Utilities and Corporate Services recommend that Council authorize and give three readings to the proposed Bylaw to amend the Real Property Bylaw 52M2009 (Attachment 1).

PREVIOUS COUNCIL DIRECTION/POLICY

On 2009 November 02, Council approved LAS2009-84, Proposed Repeal/Replacement of Bylaw Number 12M2005: Real Property Transactions Bylaw.

On 2006 January 16, Council approved LAS2005-215, Business Process Review (BPR) for Leasing/Licensing.

On 2005 March 07, Council approved LAS2005-27, Proposed Real Estate Transaction Bylaw, Bylaw 12M2005.

On 2004 November 22, Council approved LAS2004-256 - Business Process Review (BPR) for General Land Sales that directed Administration to develop a bylaw incorporating the proposed changes to the approval processes for general land sales, as well as business rules for deposits and forfeitures, and any other house-keeping items which may be identified as being beneficial to include in the bylaw.

On 2004 June 07, Council approved LAS2004-110 concerning the Acquisitions Business Process Review which directed Administration to develop a bylaw authorizing changes to the approval processes for acquisitions transactions.

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BACKGROUND

Administration initiated a review of the Bylaw to ensure alignment with best practices and processes as it has been nearly eight years since it was last updated. Through this review Administration looked for efficiencies and improvements to the Bylaw that would streamline the real estate transactions approval process.

This report represents stage 1 of the proposed amendments to the Bylaw and proposed changes to the delegation of authority letter, which are changes that do not require a significant change of process within RE&DS and therefore can be easily implemented within the business unit and communicated to staff. Stage 1 changes include changes required as a result of the following drivers:

- creation of the RE&DS business unit through the amalgamation of the former Land Division in CPB and OLSH;
- increasing the purchase price or consideration for real estate transactions which can be approved through delegated authority as a result of changes in the real estate market since 2009;
- review of best practices of other major municipalities in Canada including: The City of Edmonton, The City of Ottawa, The City of Regina and The City of Toronto;
- better alignment of the delegated authority approval levels with the levels required for rectifications to land reports/land authorization forms;
- granting the authority to lawyers within the Real Estate & Expropriation section of the Law and Legislative Services business unit to make certain changes to approved land reports/land authorization forms such as obvious and/or minor changes consistent with the intent of the approved transaction;
- adding delegated authority to approve settlements of expropriation claims and to authorize the entering into agreements pursuant to Section 30 of the *Expropriation Act (Alberta)*;
- providing for a simplified and shorter approval process for real estate transactions directly negotiated with Calgary Municipal Land Corporation, Attainable Homes Calgary Corporation, Calgary Housing Corporation, Calhome Properties Ltd., the provincial government or the federal government; and
- providing for a simplified and shorter approval process to facilitate an adjacent developer assembling a block of land in order to achieve the desired highest and best use for the consolidated land assembly.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

More detailed explanations of the recommended changes, including the rationale and reason for each change, along with updated copies of the proposed amendments to the Bylaw and the proposed delegation of authority are contained in Attachments 1 through 4.

Stakeholder Engagement, Research and Communication

Since 2009, Administration has been collecting both informal and formal feedback from staff on ways in which the Bylaw could be improved and ways in which the amount of time needed to approve real estate transactions could be shortened. Real estate transactions that must go to Council for approval generally take one to two months more time, and in some cases even longer, than those that can be approved through delegated authority. More recently,

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Administration arranged formal engagement sessions with staff in RE&DS and also consulted with Law and Legislative Services and the Deputy City Manager's Office on proposed amendments to the Bylaw.

Strategic Alignment

This report aligns with the Triple Bottom Line (TBL) Policy that emphasizes taking a TBL approach on all strategies and actions.

Social, Environmental, Economic

Social

The Bylaw provides a single point of reference for Council and Administration concerning the delegation of approval for real estate transactions. Staff are provided with training and ongoing support in implementing business processes and the Bylaw for all real estate transactions.

Environmental

None identified.

Economic

The proposed amendments to the Bylaw will streamline the approval process, thus reducing the time and financial costs associated with finalizing real estate transactions. Individuals and businesses transacting with The City will benefit from more timely transactions.

Financial Capacity

Current and Future Operating Budget:

Not applicable.

Current and Future Capital Budget:

Not applicable.

Risk Assessment

The proposed amendments to the Bylaw delegates additional decision-making responsibility to Administration for The City's real estate transactions. There is a risk that Administration may approve transactions that would not be supported by Council. The potential risks associated with giving Administration greater authority, are mitigated in several ways:

- Consistent due diligence and documentation achieved by the clearly defined business processes for all real estate transactions.
- All proposed real estate transactions documented by a land report or a land authorization form will be reviewed by the Management Real Estate Review (MRER) Committee or the person exercising the delegated authority.
- Administrative approvals will only be exercised where the established guidelines are met.
- The delegated authority position can opt to forward any proposed sale, lease or acquisition under its authority on to MRER, UCS and/or Council for approval.

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- Quarterly reporting to MRER, UCS and Council of all closed transactions approved by Administration to keep Council fully apprised of real estate transactions.

While there could be a potentially high impact to The City and its reputation as a result of Administration being given greater decision-making responsibility and authority, with all of the above mitigations in place, the likelihood of these risks ever being realized is low. If the proposed amendments to the Bylaw are not approved, Administration will continue with the status quo with respect to the current delegated authority set out in the Bylaw. Efforts to streamline the approval process and make it more efficient will not be realized. In addition, Administration will not be keeping pace with the authorities granted to other similar large municipalities in Canada; and old and outdated business unit, position and committee names may create confusion for current and future staff.

REASONS FOR RECOMMENDATIONS:

Administration has identified additional efficiencies and improvements that are intended to improve the real estate transaction approval process. Updates to the Bylaw are also required as the result of business unit reorganization in early 2016 which resulted in the former Land Division within CPB merging with OLSH to become the new RE&DS business unit.

ATTACHMENTS

1. Proposed Wording for a Bylaw to Amend Bylaw 52M2009, The Real Property Bylaw;
2. Discussion Document being the Real Property Bylaw showing the proposed amendments;
3. Summary of Proposed Amendments to Current Real Property Bylaw 52M2009; and
4. Proposed Delegation of Authority Letter.