

Calgary



# Utilities and Corporate Services Committee REAL ESTATE ORIENTATION January 23, 2019

ISC: UNRESCRITED

CITY OF CALGARY  
**RECEIVED**  
IN COUNCIL CHAMBER

JAN 23 2019

ITEM: 7.1 UCSC/CS/CIS

CITY CLERK'S DEPARTMENT



# Today's Presentation

- Role of Utilities and Corporate Services Committee (UCS) in The City's Real Estate transactions
- Corporate Land Strategy
- Overview of the Real Property Bylaw
- Acquisition and Expropriation
- Leasing
- Real Estate Sales



## Provincial Legislation

- Municipal Government Act
- Land Titles Act
- Law of Property Act
- Expropriation Act

## Municipal Bylaw

- Bylaw 52M2009 – Real Property Bylaw
- Real Estate & Development Services process and procedures (RE&DS)



# Types of Transactions

## Acquisitions

Acquisition of an interest in real property for municipal purposes

## Dispositions

The disposition / sale of an interest in City-owned real property

## Leases

The leasing to third party entities of City-owned real property



# Corporate Land Strategy

## What is the Corporate Land Strategy?

A **Strategic Approach** is proposed to establish the overall framework within which The City (RE&DS) will deliver its lines of service. The Strategy will:

- Provide a public statement on land as an asset to The City & Corporation and expectations that it is well managed.
- Establish a portfolio-based framework for managing and leveraging public land assets, to maximize benefits for The City and citizens.
- Communicate RE&DS mandate to maintain financially self-supporting business operations.
- Establish guidance on how to leverage City-owned land to deliver broader corporate and public policy objectives.
- Identify Priorities, Actions/Responsibilities to implement Strategy (4 to 5-year - also 5, 10, 20 year horizons) through RE&DS programs and projects.



# Real Property Bylaw

## Bylaw 52M2009

The Real Property Bylaw governs The City's real estate work and allows for the Delegation of Authority to

- Deputy City Manager
- Director, RE&DS
- Manager, Sales & Acquisitions
- Manager, Land & Asset Management



# Summary of Delegated Authority

Transaction Type	Document Required	Council MRER Individual	Authority
Acquisition \$2M or less	Land Report	MRER	Director, RE&DS
Acquisition of \$5M or less	Land Report	MRER	Deputy City Manager
Method of Disposition	Land Report	Council	Council
Stand Alone Sale (approved Method of Disposition)	Land Report	MRER	Deputy City Manager
Remnant Sale \$2M or less	Land Authorization Form	Individual	Director, RE&DS
Remnant Sale \$2-5M	Land Authorization Form	Individual	Deputy City Manager
Occupation under \$500,000	Land Report	MRER	Manager, Land & Asset Management Manager, Real Estate Sales & Acquisitions
Occupation over \$500,000	Land Report	Council	Council



# Real Estate Roles





# 2015-2018 Land Report Totals

	2015	2016	2017	2018
<b>Reports to UCS and Council for approval:</b>				
Acquisitions	10	90	47	8
Sales	10	5	5	2
Leases/licenses	1	0	2	4
Method of disposition	9	17	7	3
Land exchange	1	2	0	0
General	23	22	18	18
<b>Total</b>	<b>54</b>	<b>136</b>	<b>79</b>	<b>35</b>
<b>Reports approved under delegated authority:</b>				
Acquisitions	21	38	26	33
Sales	35	20	47	40
Leases/licenses	81	94	75	95
Land exchange	1	3	2	3
Demolition	2	0	0	1
General	12	12	12	13
<b>Total</b>	<b>152</b>	<b>167</b>	<b>162</b>	<b>185</b>



# Management Real Estate Review Committee (MRER)

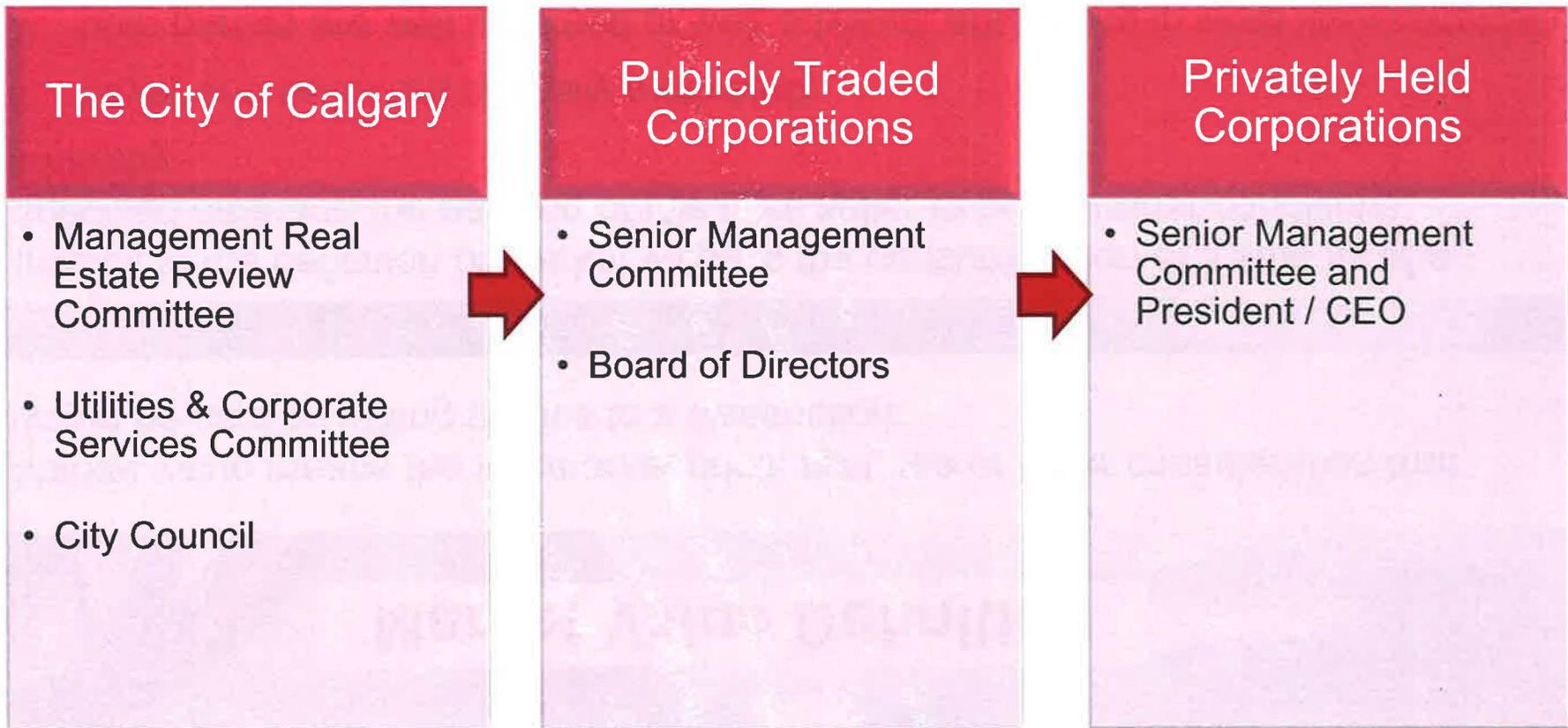


## Consists of:

- Deputy City Manager
- Director of Real Estate & Development Services
- Manager, Sales & Acquisitions
- Manager, Land & Asset Management
- Coordinators of Real Estate & Development Services
- Finance
- Law



# Comparison of Approvals



## Market Value Definition

Market value means the fair market price, rent, fee or other consideration that would be paid by willing parties to a transaction.

Implicit in the definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests; and
3. a reasonable time is allowed for exposure in the open market.



# Appraisals

The valuation process develops a well supported estimate of a defined value, as of a specific date, based upon consideration of all pertinent, general and specific data.

Real estate is most commonly valued using one or more of three commonly accepted approaches recognized by Canadian Uniform Standards of Professional Appraisal Practice:

- Cost approach
- Income approach
- Direct comparison approach



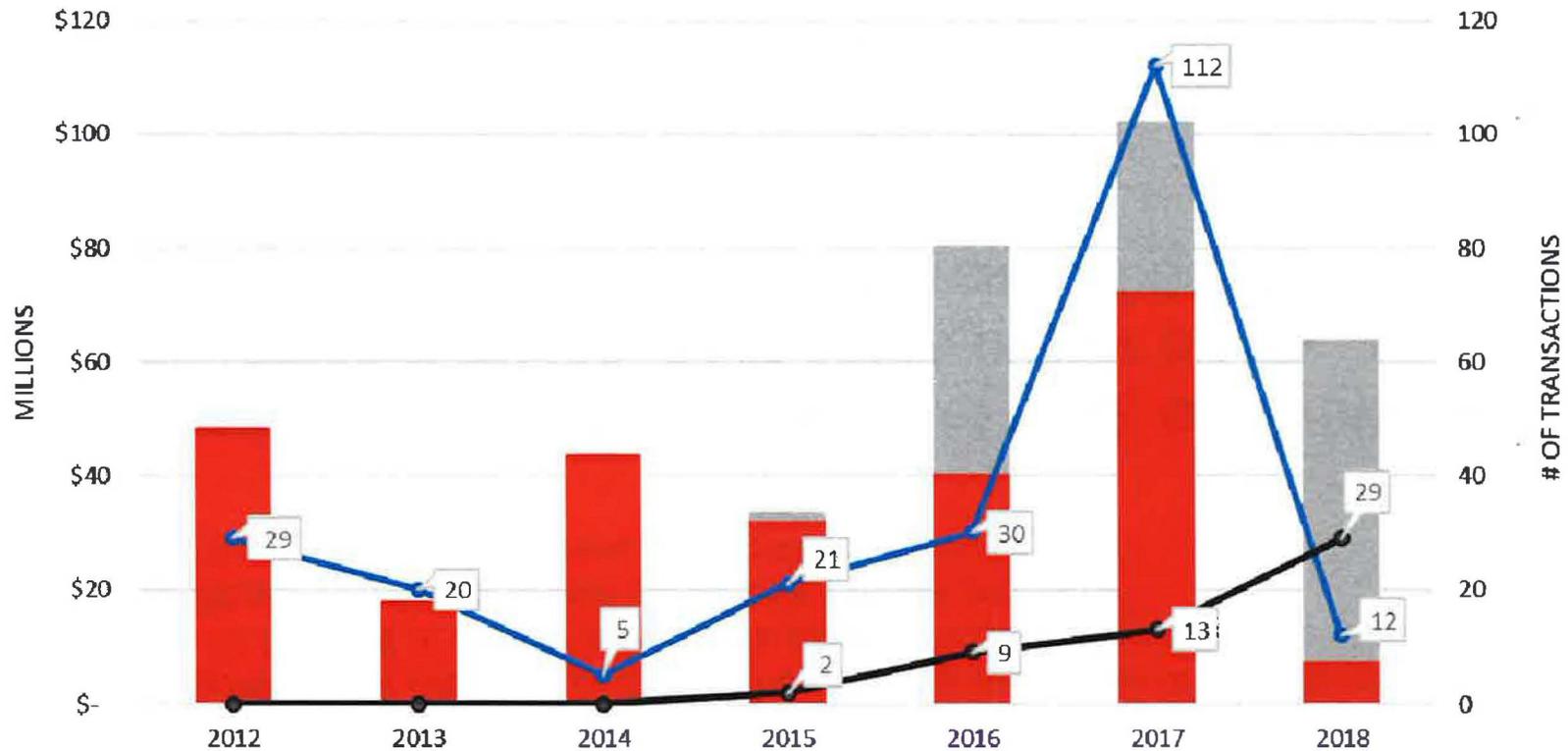
# Acquisitions of Fee Simple Interest

## Process

Acquisition Cost $\leq$ \$5 Million	Acquisition Cost $\geq$ \$5 Million
At or below market value	At or below market value
Purchase price \$5 million or less	Purchase price greater than \$5 million
Council approved budget	Land report to MRER
Land report to MRER	Land report to UCS
Delegated Authority to Administration	Land report to Council



# Acquisitions Statistics



	2012	2013	2014	2015	2016	2017	2018
<b>Land Acquisitions</b>	48.3	17.6	43.7	32.3	40.5	72.5	6.9
<b>Greenline Acquisition</b>	-	-	-	1.1	39.7	29.4	56.1

■ Land Acquisitions    
 ■ Greenline Acquisitions    
 —●— Land Transactions    
 —●— Greenline Transactions



# Expropriation

*The expropriation of property is one of the ultimate exercises of government authority. To take all or part of a person's property constitutes a severe loss and a very significant interference with a citizen's private property."*

(Dell Holdings Ltd. v. Toronto Area Transit Operating Authority, [1997] 1 S.C.R. 32)

“expropriation” means the taking of land, or an interest in land, without the consent of the owner by an expropriating authority in the exercise of its statutory powers.

Procedures contained in the *Expropriation Act* (Alberta)



# Expropriation Timeline

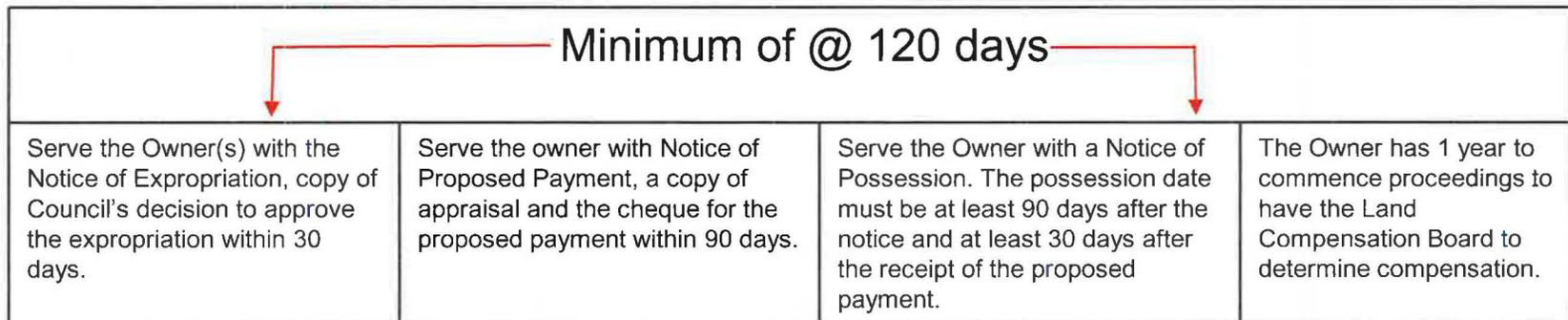
Statutory maximum 120 days  
or 150 days if Deputy Minister grants extension

<p><b>Council</b> approves initiation of expropriation proceedings.</p>	<p>Notice of Intention to Expropriate is registered and served.</p> <p>Advertisement in 2 issues of newspaper.</p>	<p>Owner has 21 days to serve Notice of Objection.</p>	<p>Deputy Minister has 15 days to appoint an Inquiry Officer.</p>	<p>The City requests 30 day extension from the Deputy Minister. Dates set for the Inquiry.</p>	<p>Inquiry briefs are prepared and exchanged.</p>	<p>Inquiry held; Inquiry Officer has 30 days to render a report.</p>	<p><b>Council</b> must approve or disapprove expropriation. Certified copies of unconfirmed Minutes prepared.</p>	<p>Certificate of Approval is registered. City now registered owner of expropriated land.</p>
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# Timelines After Registration of the Certificate of Approval

After the registration of the Certificate of Approval and title is in The City's name



It takes approximately 1 year from when Administration starts the process to obtain approval to initiate expropriation proceedings against a parcel of land to the date The City obtains possession of the expropriated land.



# Notice of Objection

Only Council can authorize the initiation of an expropriation and the approval of an expropriation.

An Owner can question, by serving a Notice of Objection on The City and proceeding to an inquiry, whether the taking of the land, or estate or interest in it, is fair, sound and reasonably necessary in the achievement of the objectives of The City.

This is not an opportunity for an owner to question the necessity of the objective itself.



## Compensation Payable to an Owner

Compensation may include:

- Market value of the land;
- Injurious affection;
- Disturbance damages;
- Special economic advantage;
- Costs, including the Owners legal fees, expert and appraisal costs; and
- Interest



# General Occupations

- Annual base rent if \$500,000 or less
- Term is month to month, year to year or fixed term of 5 years or less
- No more than 2 options to renew
- Funding for operating costs in a budget approved by Council
- Land Report to MRER
- Delegated Authority to the Manager, Land & Asset Management





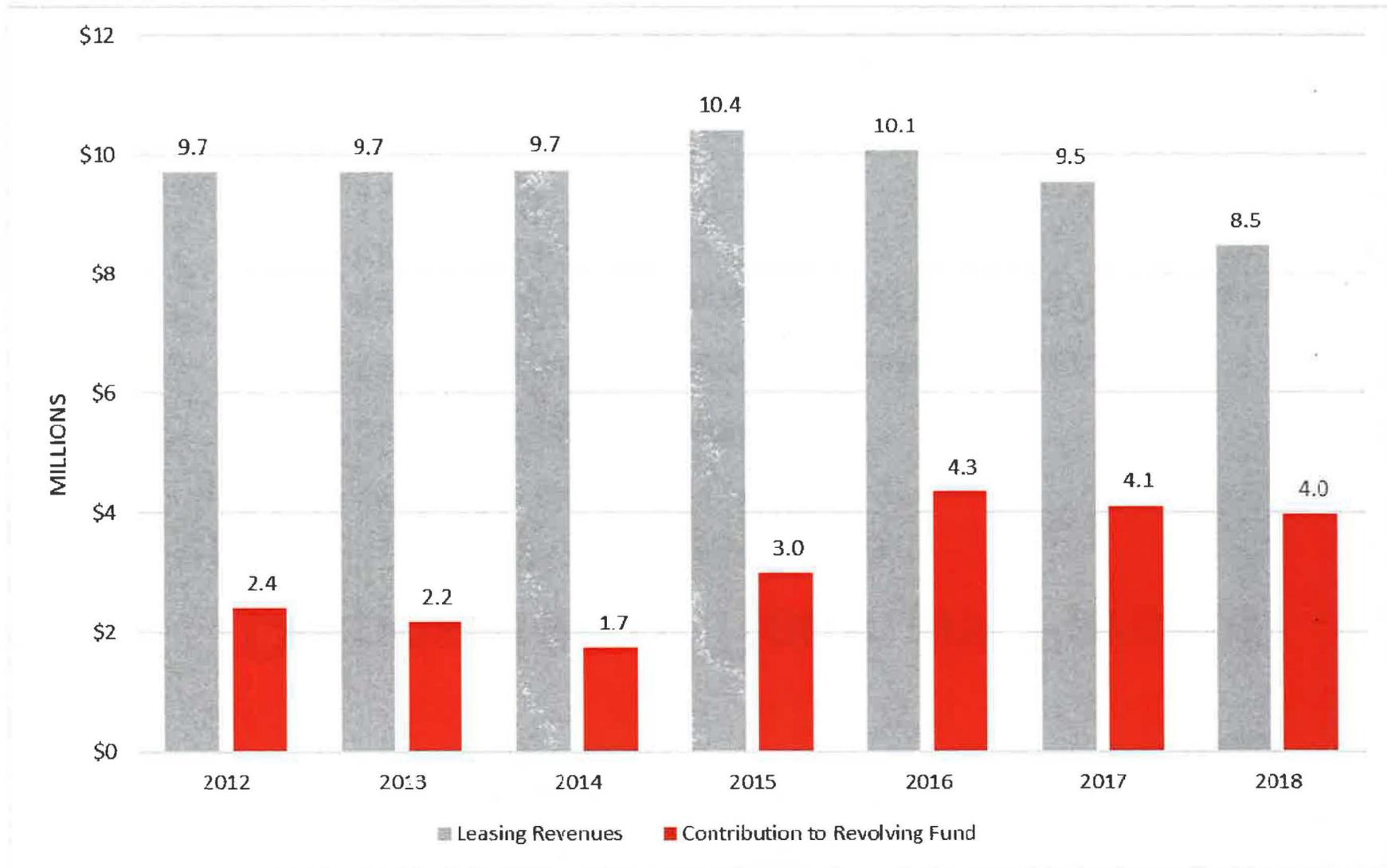
# Occupations

Any Occupation with a Term of 1 year or less or for the purpose of:

- Landscaping, crop & pasture use
- Residential tenancy
- Shoring and occupations of a road
- Telecommunication and sign installation
- Exercise of an option or right to renew – where City is the tenant
- Surrender of an occupation
- Delegated Authority to the Manager, Land & Asset Management



# Leasing Statistics



## Disposition of Remnant Parcels

- Under \$5 million
- Sold to adjoining owner
- Values below \$5M delegated to Administration
- Values above \$5M, presented to UCS and Council for approval

## Disposition of Stand-Alone Parcels

- Parcel is developable
- Council Approved Method of Disposition
- Purchase price meets or exceeds reserve
- Complies with any terms & conditions imposed by Council

# Disposition below Market to Non-Profit Organizations

## Process

- Per the MGA, transactions can be negotiated without advertising or exposing to the open market
- Are typically approved by Council

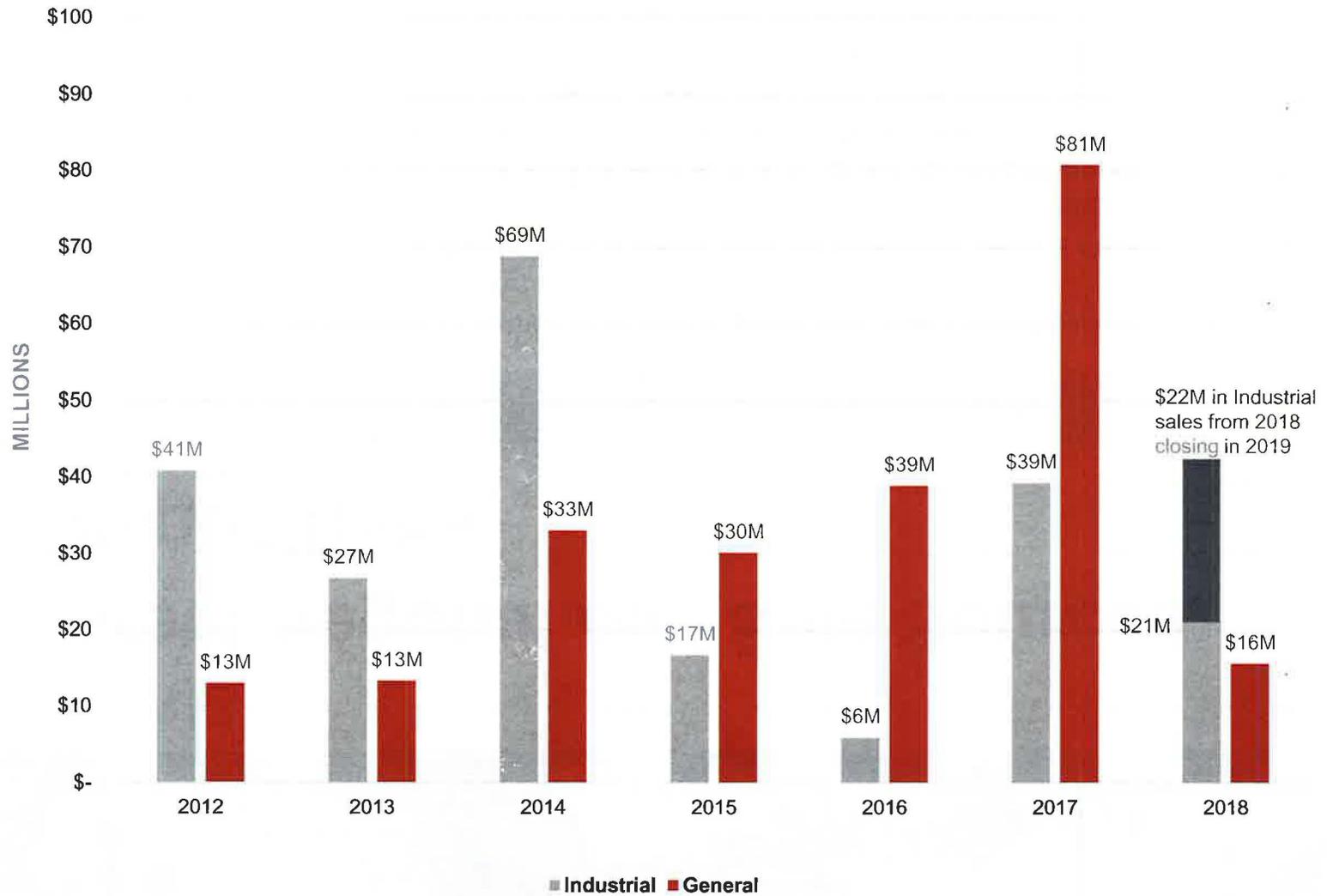
# Direct Negotiation / Sole Sourced Dispositions

## Process

- RE&DS seeks Council direction to enter into direct negotiations
  - Except where;
    - A transaction is being directly negotiated with a select list of Corporate partners and where the purchase price is \$5M or less and is at or above market value
    - The disposition is directly negotiated with the adjacent owner, meets the City's triple bottom line objectives, satisfies the objectives of the ARP/ASP, and allows the purchaser to assemble multiple parcels or a larger scale, comprehensive development
      - The purchase price to be \$5M or less



# Sales Statistics



# MORE QUESTIONS?