

REPORT TO: Council

FOR: Committee of the Whole

REPORT FROM: Corporate Services

PRESENTED: June 12, 2012

FILE: Real Estate Strategy

SUBJECT: Real Estate Strategy – Guiding Principles

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**Recommendation:**

THAT Council endorse the Real Estate Principles identified in the report from Corporate Services dated June 12, 2012.

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1. **Purpose:**

To introduce real estate principles to guide the acquisition, disposition and leasing of District-owned land to maximize the financial returns and utilization of this resource to the benefit of the community.

2. **Time Critical:**

Yes. Staff will be presenting opportunities to Council for the acquisition, disposition and leasing of District-owned property during upcoming meetings.

3. **Background:**

The District owns numerous “properties in use” for operational purposes, parks, roads and community purposes. The District also owns properties that are being held for speculative (future considerations) purposes and surplus properties that may no longer be required by the District. Both properties in use and speculative properties are important community assets that can be used to achieve a variety of municipal objectives. Surplus properties can also be sold, leased or otherwise disposed of to create an important revenue source, yield new development, produce additional property tax revenues, facilitate creation of municipal assets and contribute to community development objectives.

The Corporate Services Department administers all District real estate transactions and leases. This work is administered through the General Manager of Corporate Services, by the Manager of Real Estate and the Real Estate Coordinator. To date the District does not have a policy to guide the acquisition, disposition and leasing of District-owned land to maximize the financial returns and utilization of this resource to the benefit of the community.

#### 4. **Project Information:**

In order to enable Council to frame real estate decisions in the context of an overall real estate strategy, rather than as one-off considerations. Staff have identified ten (10) guiding principles for Council's consideration:

##### **1. District Policy Documents Considered First**

At the highest level, the fundamental policy documents of the District will provide guidelines for the potential acquisition, disposition and leasing of District-owned lands. These documents include:

- The **Official Community Plan**, which establishes long-range physical development goals and objectives;
- The **Long-Term Financial Strategy**, which established long-range financial goals and objectives
- The **Five-Year Financial Plan**, which includes identification of capital expenditures and proposed revenue sources;
- The **Annual Report**, which sets out municipal objectives, establishes measures and reports on progress.

##### **2. Open Process**

The District, unless otherwise directed by Council, will publicly offer District-owned lands for sale or lease, through an Expression of Interest, Request for Proposal, or other public marketing efforts.

##### **3. Revenue Generation and Job Creation**

In order to maximize revenues and create more jobs, the District will:

- Sell or lease, whichever is most advantageous for the District, any lands that have been deemed surplus to the District's operational needs or have no broader community purpose.
- Lease any lands that are vacant but are being retained by the District for future operational needs.
- Not hold vacant, District-owned lands for unreasonable periods of time.

##### **4. Speculation/Development**

The District will not pursue land or develop its own lands on a speculative basis. The municipality's purpose under the *Community Charter* is to provide for "stewardship of the public assets of the community." The District also does not possess the financial depth and staff resources to speculate on acquisitions or development.

##### **5. Acquisitions Through Rezoning**

The District will attempt to secure private lands of interest first through rezoning applications.

##### **6. Sponsored Crown Grants**

The District will attempt to locate any new municipal buildings, facilities, or parks on Crown lands through a Sponsored Crown Grant, wherever feasible. Sponsored Crown Grants are made

available to municipalities by the Crown at no cost, provided the land is only used for municipal purposes.

### **7. Strategic Acquisitions**

The District will explore acquisitions to enhance the value of existing District-owned lands or provide strategic benefits to the community (i.e. advancing environmental stewardship).

### **8. Enhancing Sale Proceeds**

The District will endeavor, where feasible, to enhance the sale proceeds of District-owned lands through (a) rezoning, subdividing or servicing (b) pursuing strategic assemblies (c) pursuing partnerships, where possible prior to disposing of properties.

### **9. Secondary Benefits to Disposing**

The District will also consider disposing of District-owned lands to create secondary benefits such as (1) catalyst to new development (2) attract a key industry (3) securing beneficial community services or facilities.

### **10. Support Community Groups**

The District will continue to support community organizations by providing land at a nominal fee where possible.

### **Annual Review to Develop Strategy**

Drawing on the principles above, staff recommend that an annual review be performed to identify (1) District-owned properties for disposition and/or lease, (2) Crown/private properties for acquisition (3) properties with opportunities for enhancement to the District and/or the community. This analysis will provide important input into the District's Annual Operating Budget (i.e. appraisal costs, surveying...) and will provide input into the District's Capital Plan (i.e. potential proceeds, funds required). Staff also recommend that this review be incorporated into Council's review of priorities during annual Council priority and strategic planning sessions.

### **Community Charter Governs Actions**

In terms of properties identified for acquisition/disposition, there are considerable regulations in the *Community Charter* governing how the District can participate in transactions. The requirements of the Community Charter are so prescriptive staff believe there is no further requirement to establish policies in this regard. Key highlights of the Community Charter affecting the District's acquisitions/dispositions include:

- **Providing Assistance** - If land is being disposed of to a business, Council needs to be aware of the prohibition against assistance to business: "council must not provide a grant, benefit, advantage or other form of assistance to a business," unless specifically provided for ([section 25](#)). Assistance includes disposing of land or improvements for less than market value. If Council wishes to dispose of land below market value to assist a business it can only do so in the context of a partnering agreement ([section 21](#)). A partnering agreement enables a person to provide a service on behalf of Council. Council must provide prior notice of its intention to provide such assistance ([section 24](#)).
- **Fettering Council** – Any acquisition/disposition that may involve Council also exercising its legislative powers in considering land use matters should recognize the need to avoid Council's decision making.

- **Use of Proceeds** - Council is legally obligated to place the proceeds of property sales in a reserve fund for capital purposes and further restrictions exist in the case of:
  - the sale of parkland dedicated on subdivision or received in place of a development cost charge; or
  - the sale of closed roads which provided access to a body of water.
- **Special Provisions** - Special provisions are required for the exchange or disposal of parkland, disposal of water and sewer systems and other utilities, municipal roads, municipal forests, disposal of assets acquired using provincial grants and disposal of lands obtained by tax sales: Governed by [Part 11, Division 8](#), Annual Tax Sale of the *Local Government Act*.

5. **Department Comments:**

Staff recommend that Council endorse the principles outlined above for the future acquisition, disposition and management of District-owned lands as a first step in establishing a real estate strategy for the District. The annual review recommended by staff as the next step in the process to identify candidates for acquisition/disposition in the upcoming year has also been completed by staff for 2012. The findings and recommendations of this review are the subject of a report to follow.

6. **Budget Implications**

As outlined above, the recommended “Annual Review to Develop Strategy” will provide input into both the District’s Annual Operating Budget and Capital Plan.

7. **Policy Implication**

Staff believe that the proposed real estate principles outlined herein and the regulations of the Community Charter provides a significant first step and foundation for guiding the District’s future real estate decisions. Staff anticipate further policy work to follow regarding leases/licenses.

8. **Environmental Considerations**

Opportunities to advance environmental stewardship will be explored each year during the annual review and presented to Council for consideration.

9. **Alternatives to Staff Recommendation:**

Staff Recommendation:

THAT Council endorses the Real Estate Principles outlined in the report from Corporate Services dated June 12, 2012.

Alternative 2:

As directed by Council.

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Neil Plumb, H.B.A  
Manager of Real Estate  
Corporate Services Department

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Robin Arthurs, General Manager of Corporate Services

**CFO Recommendation:**

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J. Greenlees, CFO

**CAO Recommendation:**

THAT the report from Corporate Services Department be received.

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L. Glenday, Acting CAO