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ADMINISTRATIVE REPORT

Report Date: March 28, 2013
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VanRIMS No.: 08-2000-20
Meeting Date: May 15, 2013

TO: Vancouver City Council

FROM: Director of Real Estate Services and the General Manager of Real Estate and Facilities Management

SUBJECT: Proposed Sale of 4955-4959 Knight Street

RECOMMENDATION

THAT Council authorize the Director of Real Estate Services to complete the sale of City-owned real property located at 4955-4959 Knight Street legally described as PID 010-580-832, Lot D, District Lots 700 and 701, Plan 7517 (the "Subject Property") as shown in Appendix A of this report, to A-2 Enterprises Ltd. at the net purchase price of \$734,705 (the "Purchase Price") after realtor commissions and subject to adjustments on closing.

REPORT SUMMARY

The Subject Property is surplus to the City's needs and was approved for sale by tender as well as the registration of an Option to Purchase in favour of the City by Council on September 20, 2011. The Option to Purchase over the eastern two feet of Lot D for a nominal sum of \$1.00, will facilitate future boulevard improvements and has been registered on title. Offers to purchase the Subject Property were solicited by an Invitation to Offer commencing the middle of April 2012. The offer period closed on June 1, 2012 with no acceptable offer received. As per the terms of the Tender Package following this date, offers were continually opened on a weekly basis until an offer acceptable to the Director of Real Estate Services was submitted.

The City has now received an offer from A-2 Enterprises Ltd. that the Director of Real Estate Services recommends for approval. A sales agreement dated March 5, 2013 has been executed and the completion of this sale is subject to Council approval. The Buyer has no subject conditions in its offer and has submitted a deposit of \$37,500 with the City. Staff seeks Council authorization to complete the sale transaction.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Section 190(b) of the Vancouver Charter authorizes Council to dispose of City-owned real property deemed to be surplus to the City's needs and requires an affirmative vote of two thirds of all members of Council for the disposition of property which exceeds \$400,000 in value.

On September 20, 2011, Vancouver City Council approved the following:

THAT Council authorize the Director of Real Estate Services to solicit offers to purchase for 4955-4959 Knight Street as shown in Appendix A, legally described as PID 010-580-832; Lot D, District Lots 700 and 701 Plan 7517 (the "City-owned property") through a public tender process, register on the title of the City-owned property an Option to Purchase in favour of the City, over the eastern two feet of Lot D for future boulevard improvements. A report back to Council will be conducted prior to any future sale.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate and Facilities Management approves the foregoing recommendation.

REPORT

Background/Context

The Subject Property was purchased in July 2003 to help facilitate a road widening project for the construction of left turn bays at Knight Street and 33rd Avenue. Funding for the acquisition was provided by a Streets Basic Capital Property Fund set up for the advance funding of property acquisitions for road projects. The intent of this fund was to purchase properties as they became available on the market for potential projects, to minimize both disruption to property owners and City acquisition costs.

On March 29, 2005, Council approved the Clark-Knight Corridor Plan which outlined various measures to improve livability and transportation safety along the corridor. The plan included direction to implement left turn bays on Knight Street at 33rd Avenue, and develop a longer term strategy for a landscaped boulevard from 15th Avenue to SE Marine Drive.

On November 3, 2009, Council approved the detailed design and construction of the left-turn bays along Knight Street at 33rd Avenue. This final design was chosen to reduce costs and minimize disruption. It required widening only along the east side of Knight Street using a portion of Kensington Park. Construction of the left turn bays started in 2010 and is now complete. Accordingly, the Subject Property located on the west side of Knight Street was no longer required for the project, and was deemed surplus to the needs of the City.

On September 20, 2011, City Council approved the sale of the Subject Property by public tender as well as the registration of an Option to Purchase in favour of the City.

The Option to Purchase has been registered at the Land Titles Office and will be used in the future to facilitate future boulevard improvements. The Subject Property has now received an offer to purchase, which the Director of Real Estate Services recommends for approval, and is the basis of this Council Report.

Strategic Analysis

The City put the Subject Property for sale by public tender in the middle of April 2012, with an offer closing time of June 1, 2012. At the offer closing time, the City received one offer, but this price was considered to be substantially below market value. The offer was therefore rejected and new offers were again open to the public. As per the terms of the Tender Package, offers submitted to the City were opened every Friday. Between June 2012 and late February 2013, the City received two additional written offers and a verbal offer, but again these offers were rejected as they were considered to be below market value.

The recommended offer from A-2 Enterprises Ltd. has had all Buyer conditions removed. A-2 Enterprises Ltd. has offered \$745,000 and the City is required to pay \$10,295 in commission to the buyer's agent, resulting in a net price to the City of \$734,705. The closing date is June 19, 2013.

The recommended offer represents a substantial premium to the other offers received for the Subject Property and is considered to represent market value by the Director of Real Estate Services.

Implications/Related Issues/Risk (if applicable)

Financial

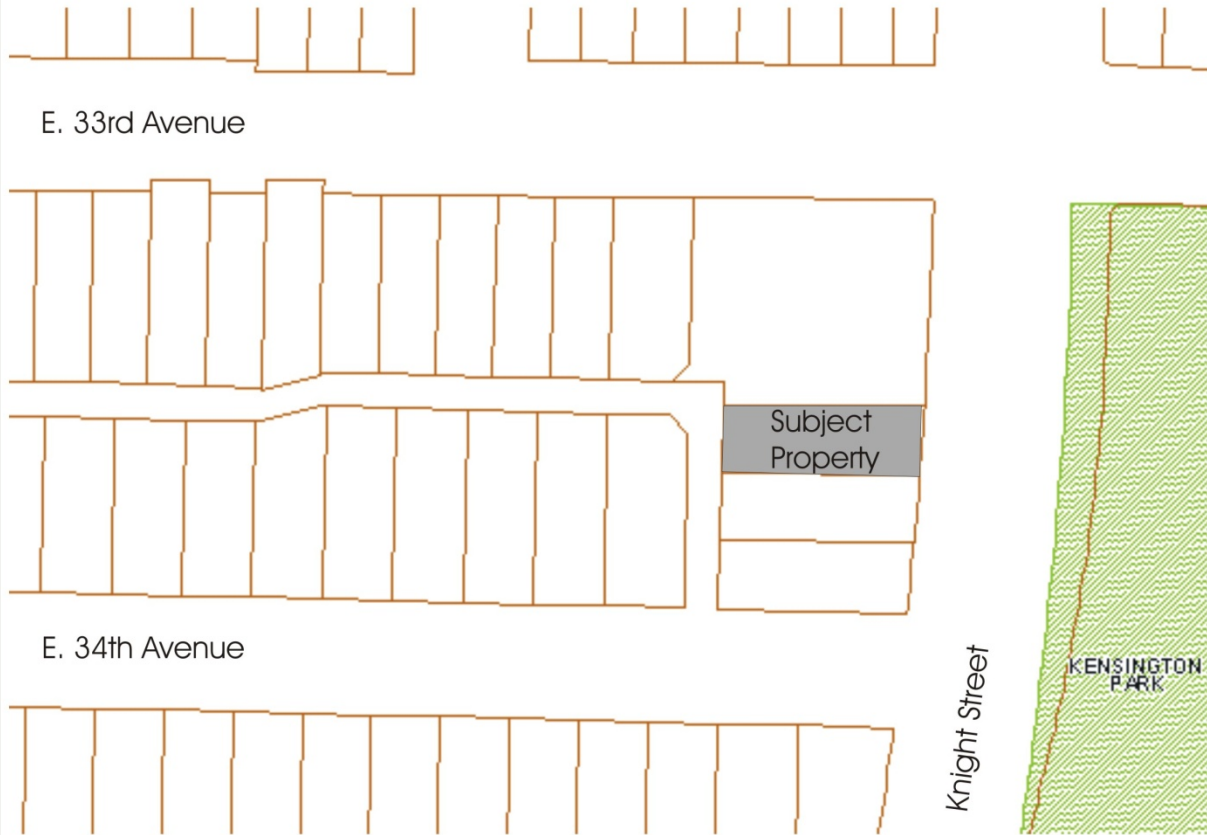
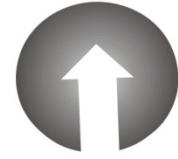
The Subject Property was purchased in 2003 for \$375,000 using Capital budget funding that was approved for the advance funding of property acquisitions for road projects.

In 2003, the Land Purchase reserve was created in the Capital Fund to purchase strategic sites in advance of civic need. The gross sale proceeds of \$734,705 are to be deposited into this reserve to be used to fund future property purchases.

CONCLUSION

The Director of Real Estate Services confirms that the purchase price reflects fair market value and recommends that Council authorize the proposed sale.

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E. 33rd Avenue

E. 34th Avenue

Knight Street

KENSINGTON
PARK

Subject
Property