



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: May 10, 2016
Contact: Jerry Evans
Contact No.: 604.873.7430
RTS No.: 11475
VanRIMS No.: 08-2000-21
Meeting Date: May 17, 2016

TO: Vancouver City Council
FROM: General Manager of Real Estate and Facilities Management
SUBJECT: Approval of Sale of 2175 Chicory Lane, North Vancouver

IN CAMERA RATIONALE

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city.

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to accept an offer to purchase real property held by the City of Vancouver as Administrator with Will Annexed of the Estate of Chi Yee Chau, Deceased, at 2175 Chicory Lane, North Vancouver, and legally described as PID: 007-281-943, Lot 23 Blocks 8, 9 and 14 District Lot 764 Plan 17411 (the "Subject Property"), as identified in Appendix A, and also highlighted in a letter from Nicholas Bester (the "Purchaser"), attached as Appendix B, for a purchase price of s.17(1) and enter into a conditional sale contract (a "Sale Contract"), on such terms and conditions as are satisfactory to the City's Directors of Real Estate and Legal Services.
- B. THAT Council authorize the Director of Real Estate Services to execute any further agreements required to effect Recommendation A;

FURTHER THAT, no legal rights or obligations will arise or be created between Nicholas Bester and the City unless and until a legally binding Contract of Purchase and Sale is successfully negotiated and executed and delivered by Nicholas Bester and the City through its authorized signatories.

REPORT SUMMARY

Offers to purchase the Subject Property were solicited by posting the Information Summary Sale Package on the City's website and direct broker notification as of the initial offering date of March 21, 2016. The offer period closed April 28, 2016. Following an evaluation of the offers, staff recommend the Sale Contract be entered into between the City of Vancouver and Nicholas Bester, who offered the highest purchase price.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Section 190(b) of the Vancouver Charter authorizes Council to dispose of City-owned property deemed surplus to the City's needs and requires an affirmative vote of two-thirds (2/3) of all members of Council for the disposition of property which exceeds \$400,000 in value.

Council policy is to dispose of City-owned land through a public tender process.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate and Facilities Management notes that this report seeks Council approval for the Director of Real Estate Services to execute a Sale Contract with the Purchaser for the Subject Property. The General Manager of Real Estate and Facilities Management recommends approval of the foregoing.

REPORT

Background/Context

The Subject Property was devised to the City via a bequest of the residue of the estate of Chi Yee Chau under the Last Will and Testament of Chi Yee Chau (also known as Jimmy Chau and Jimmy Chow) (the "Will"). The Will specifies that residue (which, for clarity, includes the Subject Property) is to be used for housing projects for the homeless.

The Subject Property comprises a split level, three (3) bedroom, three (3) bathroom, single family home, totalling 2,411 square feet and constructed in 1973. The home has not been updated and backs onto Capilano Road, a very busy arterial road.

The Subject Property was assessed at s.17(1) (2015) and appraised at s.17(1) (October 2015). The City's month long marketing process resulted in multiple inquiries and inspections and two (2) submitted offers. The highest offer was unconditional and offered an initial price of s.17(1).

Staff selected the highest offer of s.17(1) to move forward for Council approval. However, given the evidence of rising values since October 2015, staff had the

appraisal updated as part of its preparations for Council. The updated appraisal concluded a value of s.17(1). Understandably, the Purchaser was extremely disappointed when advised of the value change and has written a letter attached as Appendix B. The Purchaser has also increased his offer by another s.17(1).

Strategic Analysis

Staff note that the Invitation to Offer public tender process used by the City has been very successful in ensuring current market values are attained. As mentioned earlier in the report, the City's month long marketing process resulted in multiple inquiries and inspections and two (2) submitted offers. Staff are of the opinion that the offered purchase price represents market value.

It is generally acknowledged that market appraisals have a valuation range (margin of error) in the region of +/- 5% of the actual market value. A 5% margin of error would result in a market price of approximately s.17(1), at the low end of the range. Factoring in this margin of error, the offered purchase price of s.17(1) is very close to the appraised value price range, albeit at the lower end of the range. Staff could re-tender the property but there is no guarantee that a higher purchase price will be achieved, and additional marketing and holding costs will be incurred during a second tender process.

Accordingly, staff recommend approval to proceed with the offer from Nicholas Bester at a price of s.17(1). However, it is open to Council to elect to decline the highest offer and place the Subject Property back on the market.

Implications/Related Issues/Risk (if applicable)

Financial

The Purchase Price net of commission is s.17(1) (subject to standard adjustments on closing and deferred taxes) and will be used for housing projects for the homeless in accordance with the Will.

Environmental

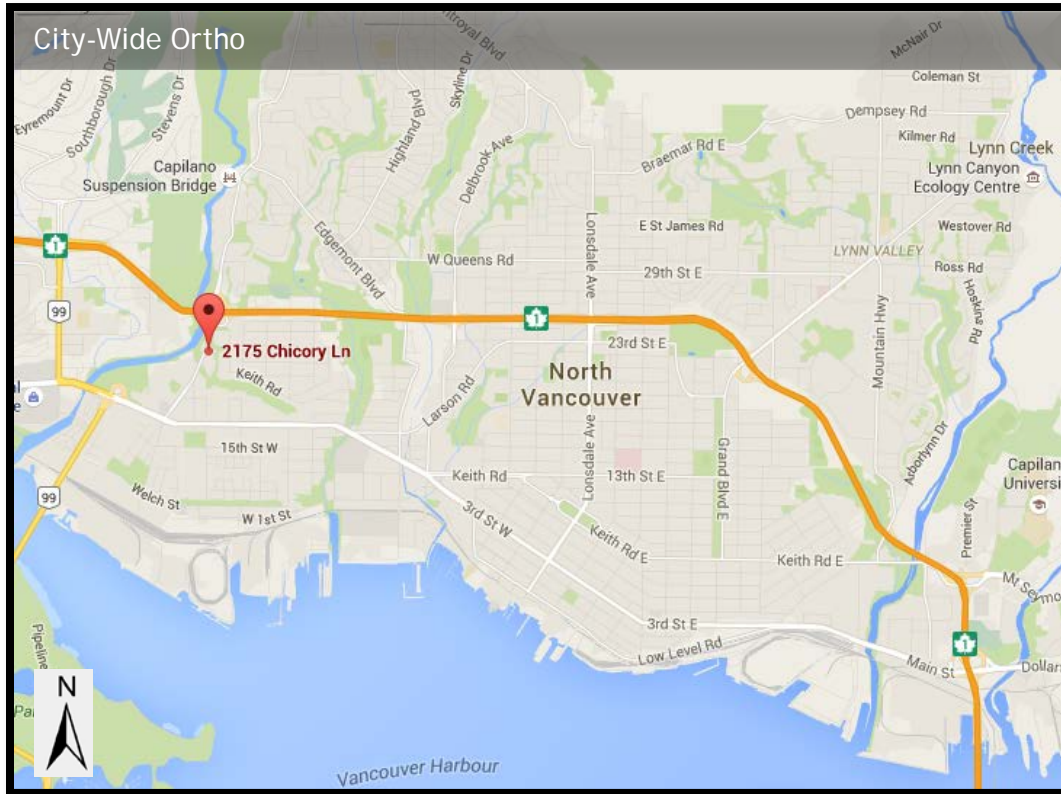
Environmental Services indicated that this was a historically residential neighbourhood thus the risk of contamination is low.

CONCLUSION

The Director of Real Estate Services notes that through a public tender process the City has received an unconditional offer of s.17(1), which represents market value, and recommends that Council authorize the proposed sale as the Purchase Price and sale to this purchaser allows the City to maximize net proceeds.

* * * * *

Subject Property





s.22(1)



s.22(1)

