

DATE OF MEETING February 5, 2024

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**SUBJECT PROPERTY MANAGEMENT STRATEGY**

## **OVERVIEW**

### **Purpose of Report:**

To provide Council with background information on the City's Property Management Strategy.

## **BACKGROUND**

The City's Real Estate Section (the "Section") administers the City's land assets, including offering strategic advice on asset management and coordinating the sale and disposition of surplus City lands. The Section acquires land for City projects, including land for new roads, parks, housing, recreation facilities, buildings, and brownfield site redevelopment. The Section provides property management services through preparation of lease, licence and encroachment documents and administers City covenants and statutory right-of-way agreements on private property for City utilities. They also assist with the delivery of key downtown initiatives.

City Plan – Nanaimo Reimagined describes Nanaimo as a city in transition – evolving from a small, suburban city to a thriving mid-sized urban community. Much has changed in the ten years since the City's first Property Management Strategy was created and it's clear that change will continue in our City and the world around us.

The City of Nanaimo's Property Management Strategy (the "Strategy"), Attachment A, sets out a framework for how the City will manage, acquire, and dispose of its land assets. The goal of the Strategy is to align the City's land resources with City Plan – Nanaimo Reimagined and other guiding documents. All real estate opportunities in the City will be evaluated against the Five City Plan Goals: A Green Nanaimo, A Connected Nanaimo, A Healthy Nanaimo, An Empowered Nanaimo and a Prosperous Nanaimo.

## **DISCUSSION**

### **The Strategy**

In conjunction with Lanarc Consultants Ltd., Staff reviewed the City's current land inventory and mapped out all City-owned lands. Staff identified a list of potential acquisitions and dispositions based on City Plan and other strategic documents.

Staff from across the City collaborated during a workshop on 2023-SEP-18 to discuss, refine and prioritize potential acquisition and disposition opportunities and build on the 2013 Strategy.

An update to the Strategy has now been prepared, has been endorsed by Council, and includes the following:

1. Summary of existing land inventory;
2. Tools, criteria, and processes used in acquisition and disposition;
3. Leasing and licensing of City lands; and
4. Implementation and monitoring.

### **Current Land Inventory**

Since 2013, the City's has acquired 166.6ha (411.7 acres of land) representing a real estate holding growth of 11.5%. Much of this growth is attributable to major park acquisitions like the Linley Valley park expansion, Greater Nanaimo Water District Lands, Rotary Bowl, Serauxmen Stadium and 933 Park Avenue. In addition, the City has made strategic purchases like 1 Port Drive and 575 & 565 Terminal Avenue (Downtown Transit Exchange) and 6 Commercial Street to support downtown revitalization initiative and other notable purchases such as 1861 East Wellington Road, which has now been leased to Loaves & Fishes Community Food Bank.

The City's land inventory includes a total of 1,527ha (3,773 acres) of land. 1,019ha (2,518 acres) is within the municipal boundaries and 508ha (1,255 acres) is located to the south and west of the City within electoral areas A and C in the Regional District of Nanaimo ("RDN"). This equates to 66.7% located within the City limits and 33.3% within the RDN.

There are 420 parcels of parkland encompassing 943ha (2,331 acres), representing 92.7% of the overall land inventory within the City. The remaining land, 75ha (187 acres), is categorized as: buildings used for civic (municipal), commercial and residential purposes, utilities, vacant land, cemeteries, leased land, titled road right-of-way, supportive housing sites, parking lots and other (i.e. small areas of titled land not large enough to develop that should be sold to adjoining private property).

There is 16ha (40 acres) of City-owned vacant land available for development. Significant properties include: 1 Port Drive, 6 Commercial Street (Jean Burns), 350 and 398 Franklyn Street. All of which are currently moving forward with redevelopment.

A number of properties are in a holding position awaiting future Capital Works projects, have a plan for the property use in-progress or they require an action plan. When a property is being held, some are rented or positioned as revenue generating parking lots.

In addition, as part of the City's Property Management Strategy, the City has sold or repurposed 8.7ha (21.6 acres) of lands. These funds are invested back into future property acquisitions. Notable dispositions include: 2230 Boxwood Road (Mid-Town Gateway), Linley Valley Road – single-family lots, 1900 Labieux Road (former Madill lands) and 1621 Dufferin Crescent (Millstone Medical).

## Acquisition Decision Making Process

The Strategy outlines criteria to assist in making informed decisions on whether or not a land acquisition opportunity is a priority and the implications of advancing one property acquisition ahead of another opportunity.

Acquisitions can be prioritized using the following criteria:

*Funding in Place* – With limited funding it can be difficult to define which parcels of land should be priority purchases. Priority is given to properties that have a defined cost centre such as the five-year capital plan.

*Relationship to the City Goals & Actions* – City Plan and the Integrated Action Plan help to provide clarity to key topics, the intent is to establish priorities for investment. Land acquisition targets that clearly relate to City Plan are prioritized.

*Risk if Opportunity is Lost* – It is important to weigh each acquisition target against the implications of the City missing the opportunity to acquire the lands. This is the difference between a ‘nice to have’ versus ‘required for a specific project’.

*Value (Price)* – Priority should be provided to parcels that meet the above criteria and that can be acquired at market, or less than market value.

*Willingness of Vendor to Sell* – Working with a willing vendor or negotiating with the landowner whose property is on the market is generally easier than a property owner who does not wish to sell.

## Acquisition Tools

While acquiring a property by ordinary purchase in fee-simple is the most common form of acquisition, there are other tools that the City can use occasionally to secure land for City purposes, which include:

### *Purchase in Partnership*

The City can acquire property through a partnership with another organization to share the purchase cost.

### *Gifting*

A property owner can gift their property to the City in exchange for a tax receipt.

### *Ecological Gifting*

Donors of ecologically sensitive land are eligible to claim an ecological gift income tax receipt which does not subject the property to capital gains tax. The receipt requires approval through the Federal Minister of Environment and Customs and Revenue Agency. As the recipient of an Eco-gift the City of Nanaimo must protect the land in perpetuity and the City has a responsibility to maintain the biodiversity and environmental heritage of the site.

### *Density Transfer*

In areas of the City zoned R10 “Steep Slope Residential”, density is sometimes transferred to the most developable area of the property leaving the remainder of the undevelopable land for public use or protection.

### *Land Exchanges*

Through a mutually beneficial land exchange each party trades surplus lands to the other party to better align with their respective strategic priorities.

### *Subdivision*

Through the subdivision process the City can acquire land that is dedicated through a survey plan as park or road right-of-way. Up to 5% of the original parcel size can be allocated for park or provided as a cash in lieu contribution.

### *Lease Agreements*

The City can secure the use of a property and an interest in the land on a long-term basis through Lease Agreements.

### *License Agreements*

Licence agreements acquired by the City will usually be entered into for use of land for short-term projects on a property and where the City is not requiring an interest in the land.

### *Statutory Right-of-Way Agreements*

By granting the City a statutory right-of-way agreement the City can acquire land that can be utilized for uses such as water systems and trails over private property.

### *Expropriation*

If negotiations for a critical project stall or fail, expropriation is an acquisition tool that may be used as a last resort to secure a parcel of property or a right-of-way.

## **Acquisition Funding**

The City has a range of tools at its disposal for raising and saving funds that can be used to pursue acquisition targets. Several funding sources make up the budget for property acquisitions: Parkland Dedication Reserve Fund, Parks/Water DCC Reserve Fund, Property Acquisition Fund, Property Sales Fund, Annual Acquisition Budget, Short-Term Borrowing and the Housing Legacy Reserve Fund.

## **Disposition Making Process**

While most lands in the City’s inventory are used for specific civic purposes, opportunities exist to consider disposition of select properties or portions of properties that will bring a monetary return to the City or other benefits consistent with City Plan.

The Strategy outlines six criteria which are used to determine when a property could be deemed surplus:

### *Moving the Clock Forward*

The property has high potential to be developed. Through sale of the property, development is likely to proceed quickly.

### *No Plans*

The parcel does not align with current community needs and there are no long-term plans in place or a foreseeable need for the parcel.

### *Economic Return*

The lands can be sold to generate an economic return to the City.

### *Straight Forward Process*

The parcel is free of constraints that would make a sale difficult and can be disposed of without onerous process such as rezoning or surveying work.

### *Support City Plan Goals & Actions*

The proposed use by the purchaser is consistent with the goals of City Plan and will support economic development in the community.

### *Property Tax Revenue*

The sale will bring long-term benefits, including an increase in property tax revenues.

## **Protection of City Utilities**

When it is not possible to locate a City utility (water, sewer, drainage or trails) within the dedicated road right-of-way, a statutory right-of-way is required to protect the City's infrastructure and to allow for maintenance and repair. In some cases, in the past, City infrastructure was placed on private property without securing a right-of-way. These are referred to as "unprotected services". Securing unprotected rights-of-way is an ongoing process and Staff use criteria to prioritize the right-of-way acquisitions.

## **Leasing and Licensing**

An important part of the City's role as a landowner is to manage the use of some property through formal lease and licence agreements with third-party businesses or not-for-profit organizations. There is currently 49 lease and 130 licence agreements initiated by a number of City departments.

## **CONCLUSION**

### **Implementation & Monitoring**

The Strategy is intended to be implemented over a ten-year horizon. An annual monitoring report will be prepared for Council to assist with tracking and monitoring opportunities. The Strategy will be reviewed every five years and updated in full in ten years' time.

As the City continues to grow, the need for additional land to support the community will continue. The Strategy provides a framework to guide Staff toward decision making as lands are required to support affordable housing, parkland, recreation facilities, trails, and capital projects.

### **SUMMARY POINTS**

- The City's Real Estate Section administers the City's land assets, including offering strategic advice on asset management and coordinating the sale and disposition of surplus City lands.
- The City of Nanaimo's Property Management Strategy (the "Strategy") sets out a framework for how the City will manage, acquire, and dispose of its land assets. The goal of the Strategy is to align the City's land resources with City Plan – Nanaimo Reimagined and other guiding documents.
- An update to the Strategy has now been prepared and has been endorsed by Council.
- The Strategy includes a summary of existing land inventory, tools, criteria, and processes used in acquisition and disposition, leasing and licensing of City lands and implementation and monitoring.
- The Strategy will be reviewed every five years and updated in full in ten years' time.
- The Strategy provides a framework to guide Staff toward decision making as lands are required to support affordable housing, parkland, recreation facilities, trails and capital projects.

### **ATTACHMENTS**

ATTACHMENT A: Property Management Strategy |

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