



SUBJECT: Strategic Real Estate Acquisition Policy

TO: Committee of the Whole

FROM: Legal Services Department and City Manager's Office

Report Number: L-11-24

Wards Affected: All

BLP File Numbers: 155-03-01

Date to Committee: March 4, 2024

Date to Council: March 19, 2024

Recommendation:

Approve the Strategic Real Estate Acquisition Policy substantially in the form attached as Appendix A to legal department report L-11-24 in a form satisfactory to the Executive Director of Legal Services and Corporation Counsel, City Manager and the City Clerk; and

Direct the Executive Director of Legal Services and Corporation Counsel, the City Manager and the Manager of Real Estate to consider and apply the Strategic Real Estate Acquisition Policy contained in Appendix A to legal department report L-11-24 in the exploration and pursuit of strategic real estate acquisition and partnership opportunities, including recommendations to Council regarding same; and

Direct the City Manager and the Executive Director of Legal Services and Corporation Counsel to monitor legislation changes related to disposition of surplus school sites and report to Council as warranted with any strategic real estate acquisition and partnership opportunity updates, including recommendations to Council regarding same.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth

- Support sustainable infrastructure and a resilient environment

The purpose of this report is to provide a response to Council Staff Direction (PL-53-22):

Direct the City Manager and the Executive Director of Legal Services and Corporation Counsel to consider and integrate Appendix A to community planning department report PL-53-22 titled “Supplemental Technical Memo: Acquisition and Re-use of Surplus School Sites” dated June 2022, prepared by Dillon Consulting and SHS Consulting and report back in Q2 2023 with a Strategic Land Policy that includes a municipal policy directive on surplus school sites which will inform the multi-year community investment plan.

Background and Discussion:

The City of Burlington is a significant owner of land throughout the City which supports the delivery of valued municipal services in the form of parks, green space, recreation and cultural facilities, as well as facilities that support operations, such as Fire, Roads, Parks and Forestry, and Transit. Real estate is a strategic and valuable asset to the city that is leveraged and planned for based on existing and future Council and community expectations. As the City continues to grow, and expand levels of service, land is the enabler to enhancing community benefit, expanding city operations and effectively managing community growth and development opportunities. Therefore, it is important that the City outlines its strategic real estate approach to fulfill the City’s operational needs and provide increased community benefit to all residents.

The City’s objective in the acquisition of strategic real estate is to utilize land to achieve a positive outcome for the city overall. The City currently makes determinations on scarce land opportunities on a case-by-case basis in consideration of achieving desirable community planning, and environmental outcomes and to facilitate the creation of social, environmental and economic outcomes. The principles that currently govern these determinations are the immediate service area need or opportunity cost of the initiative, alignment with Council’s 2040 Strategic Plan and Vision to Focus four-year action plan, and overall benefit to Burlington residents.

In a step to improve our strategic real estate acquisition approach, the city has created the Burlington Lands Partnership (BLP); an internally administered structure focused on providing an assessment of land partnership opportunities in regard to their alignment with social, economic, and environmental objectives. BLP explores and investigates new

partnership opportunities while working collaboratively with the Manager of Realty Services to evaluate and discuss land securement. In the 2024 Budget, City Council approved permanent base budget funding for the BLP which aligns and fully supports the need for this enhanced Strategic Real Estate Acquisition Policy,

On July 5, 2022, report PL-53-22: City of Burlington Housing Strategy – Former School Site Reuse Analysis provided direction to “report back in Q2 2023 with a Strategic Land Policy that includes a municipal policy directive on surplus school sites which will inform the multi-year community investment plan.” Staff have expanded this direction to include lands beyond surplus school sites to include all strategic real estate acquisitions. At the time of the Council Direction, the process to acquire a surplus school sites involved the school board seeking interest from priority bodies, including the City of Burlington, prior to offering the site on the open market as per *O. Reg. 444/98: Disposition of Surplus Real Property and Acquisition of Real Property, Education Act*. There was an update to the legislation as of December 6, 2023, as per *O. Reg. 374/23: Acquisition and Disposition of Real Property, Education Act*. The updated regulation identifies school boards, the crown, and persons or bodies who require the property to achieve provincial priorities as priority groups. The City may also be eligible to acquire a site for the purpose of providing specific services aligned with the *Development Charges Act* (such as storm water drainage and control services, services related to a highway, electrical power services, transit services, and fire protection services). Staff are monitoring legislation and having regular engagement with the school board to stay up to date on the impacts of the updated legislation and regulations. Staff will report back separately to Council on any changes to the legislation as required.

This report presents a Strategic Real Estate Acquisition Policy for consideration to ensure that the city has the capability to acquire the necessary land and land rights for environmental protection, parks and municipal purposes as set out in city developed Master Plans/Strategies and/or as directed by Council. In particular, this Policy (as outlined in Appendix A) will:

- Direct city staff to review long-term planning horizons to connect the City Vision for future service and program demands as it relates to real estate requirements; and
- Enable city staff to respond to solicited and unsolicited real estate opportunities that align with city-wide priorities which were or were not foreseen during the annual capital budget process; and
- Enable city staff to proactively seek real estate opportunities that align with city-wide priorities; and
- Reduce future project costs associated with acquisitions and limit the need for expropriation while ensuring real estate is delivered to meet project timelines.

As a result of the Strategic Real Estate Acquisition Policy, the Strategic Real Estate Circulation Team will be formed. This Team will meet quarterly, or more frequently for time-sensitive files, to review and discuss land priorities based on the criteria outlined in this policy and operate with the same staff as the BLP Steering Committee. The Team will comprise of senior staff and will meet to review and prioritize service area needs, goals and targets as set out in the Multi-Year Capital Investment Plan (MYCIP) and discuss any other City developed Plan as it relates to future real estate requirements on a city-wide basis, as well as discuss active and potential land partnership acquisition and partnership opportunities. The BLP Steering Committee may have additional meetings to discuss BLP strategy, tactics, and priorities.

Financial Matters:

Total Financial Impact

On December 4, 2023, report F-26-23: Phase 2 Multi Year Community Investment Plan (MYCIP) provides a community investment outlook to 2048 and organized the City's initiatives into three strategic focus areas; delivering enhanced community benefits, acquisition of strategic land (requiring no further facility development by the city) and supporting growth in city operations and services.

		TOTAL
DELIVERING ENHANCED COMMUNITY BENEFIT	<i>Land</i>	\$ 48.0
	<i>Site/ Facility Development</i>	\$ 706.3
ACQUIRING STRATEGIC LAND	<i>Land</i>	\$ 72.1
EXPANDING CITY OPERATIONS & SERVICES	<i>Land</i>	\$ 43.5
	<i>Site/ Facility Development</i>	\$ 275.8
TOTAL LAND		\$ 163.6
TOTAL SITE/FACILITY		\$ 982.1
TOTAL		\$ 1,145.7

Note: In Millions

The MYCIP includes land acquisitions valued at \$163.6 million across the three strategic focus areas. Land is a strategic and valuable asset to the city that is leveraged and

planned for based on existing and future Council and community expectations. The land acquisitions totaling \$163.6.6 millions are in support of the master plans, and help the city capitalize on future land opportunities.

Source of Funding

The Strategic Land Acquisition Reserve Fund relies on the operating budget to replenish the reserve fund. As of December 31st, 2023, the uncommitted balance in the reserve fund is \$1.4 million. The existing provision to the reserve fund is \$370,000 annually. At this time, the balance in the reserve fund is insufficient to progressing on the city's community investments in the near term.

As part of the 2024 budget, Council approved \$975,871 in annual funding towards the multi-year community investment plan. Staff will be coming forward in 2024 with a prioritization of capital initiatives and sequencing of land opportunities included in the MYCIP that will provide a better indication of how funding will be assigned moving forward and any gaps.

At the present time, BLP and the Manager of Realty Services in working with the Finance Department allocate a source of funding for all proposed strategic acquisition on a case-by-case basis. Staff will assess the City's financial capacity and staff will present that information to Council to consider the strategic real estate opportunity.

Other Resource Impacts

In addition to the land value, additional costs associated with a strategic real estate acquisition include but are not limited to: legal fees, surveying fees, consulting fees and appraisal fees.

Engagement Matters:

Key Council updates relevant to the development of the Strategic Real Estate Acquisition Policy include:

- On February 16, 2021, City Council approved recommendations in report CM-01-21 related to the implementation of a new organizational structure called the Burlington Lands Partnership (BLP) to focus on strategic lands related to the following priorities:
 - Maximize business development opportunities and advance future economic growth and job creation.

- Implement major city building projects that enhance the quality of life for all citizens.
 - Deliver increased supply of attainable/affordable housing through proactive long- term strategies and innovative partnerships.
 - In April 2022, report CM-03-22: Multi-Year Community Investment Plan outlined the total of all community investment opportunities amounts to a preliminary best estimate of \$374.5 million, over the period of 2023-2030.
 - On March 29 and March 30, 2023, report CM-01-23: Burlington Lands Partnership Update #3 provided an update on land partnership opportunities and included a closed session update on confidential land partnership opportunities as well as a prioritization by staff of active opportunities based on interest received and staff time being spent on these opportunities.
 - On June 26, 2023, confidential report CM-07-23: Burlington Lands Partnership Update #4 provided an update on key partnership opportunities.
 - On September 18, 2023, BLP Staff led a Council Workshop CWC-11-23: Attainable Housing and Partnership Options and discussed the types of tools Council may consider to support other levels of government and the development industry to encourage more attainable housing.
 - On November 1, 2023, report CM-12-23: Burlington Lands Partnership Update #5 confirmed the prioritization of current strategic lands partnership opportunities to help inform the strategic land policy. This was presented via a public report with a confidential appendix and in-camera presentation.
 - In December 2023, report F-26-23: Phase 2 Multi Year Community Investment Plan a listing of capital infrastructure needs and land opportunities for 25 years totaling \$1.1 billion, refined to a detailed project list of \$640 million over ten years.
-

Conclusion:

Staff recommend Council approve the Strategic Real Estate Acquisition Policy substantially in the form outlined in Appendix A. The implementation of the Strategic Real Estate Acquisition Policy will provide guidance and framework to staff when addressing and identifying strategic real estate opportunities.

Respectfully submitted,

Kristen Ljubicic
Manager, Realty Services
905-335-7600, ext. 7581

Mark Steffler
Manager, Burlington Lands Partnership
519-767-8469

Appendices:

- a. Strategic Real Estate Acquisition Policy

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.