

INFORMATION NOTE

Advice to Minister Sims

DATE: October 01, 2019

CLIFF#: 111867

ISSUE: Surplus Property Program Repurposing and Sales Update

BACKGROUND:

Since September 2012, the Release of Assets for Economic Generation (RAEG) program [now Strategic Real Estate Services Branch (SRES), Real Property Division (RPD)] has overseen and facilitated the redeployment and divestiture of assets over \$1 million, that have been identified by the owner ministries as being surplus to their program needs.

In September 2017, RPD received direction to enhance the focus on the repurposing of surplus government real estate assets to support high priority social outcomes (schools, housing, health and childcare). Properties that were being marketed through the Surplus Properties List (SPL) were put on hold while a review was conducted.

In response to this new direction from government, RPD updated its procedures to provide a renewed focus on repurposing real estate assets where feasible. RPD implemented the Enhanced Referral Process (ERP), a new, mandatory process that matches ministry and agency demands with existing surplus properties. The ERP is now undertaken prior to any land being considered for sale on the open market.

The ERP creates a requirement to review government properties identified as surplus against demand from other ministries and agencies. Ministries and agencies have 90 days to review details of the opportunity and create a business case that demonstrates the need and capacity for repurposing the asset through transfer or sale. The ERP includes a follow up process at 30 and 60 days and if required, extensions to the 90 days can be granted when requested by the Ministries and agencies. The Process Manual for the Surplus Properties Program directs all Ministries and Broader Public Sector entities, as part of their due diligence, to ensure that local municipalities are made aware of any potential disposition and are provided an opportunity to express interest in the surplus property.

First Nations are provided with the opportunity for direct sale in a similar manner to local municipalities. Please refer to the Direct Sale Policy for further information (attached as Appendix A).

The Minister of Citizens' Services has the authority, under the Public Agency Accommodation Act, to own and sell surplus crown lands for the Ministry of Citizens' Services (CITZ). Other Ministries have their own legislation that authorizes them to own and sell lands.

DISCUSSION:

In September 2017, CITZ advised all the ADMs of Corporate Services of various ministries about the ERP. SRES has now applied the ERP to all properties that were on the SPL as of September 2017, as well as all properties that have been added to the SPL since then. As a result of the ERP, RPD has facilitated three property transfers between government bodies, with six more currently under review or negotiation.

Further to the recommendations contained in the report by the Office of the Auditor General in July 2018, RPD has requested each ministry supported by the Surplus Properties Program to submit a Surplus Declaration and Readiness Checklist and a Triple Bottom Line Cost Benefit Analysis, for each applicable property currently on the SPL and for all additions in the future.

The sale of surplus assets is recognized as a standard function of prudent real estate portfolio management. Funds from surplus property sales are used to support government programs and projects. For example, the Ministry of Transportation and Infrastructure regularly sells surplus lands acquired for highway projects, which are then invested for other infrastructure projects. Any delays to the sale of properties on the SPL requires ministries to adjust their fiscal forecasts and may require other sources of funding to pay for projects.

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Assets not for sale include:

- Properties for which ownership is essential to the delivery of a government-funded service (such as hospitals, jails or schools).
- Assets that are part of the treaty process.
- Assets approved by Cabinet or one of its committees to be held for any identified future government need.

CONCLUSION:

Properties on the Surplus Properties List (refer to Appendix B) have been thoroughly reviewed for alternate government use where required. No ministry or agency has expressed interest in these properties except where indicated on the attached list. Where applicable, the land-owning ministries have received confirmation from CITZ to dispose of these, with oversight from SRES, as per the ministries' applicable legislations. These properties are planned to be marketed as per the newly developed process for disposition of surplus properties.

Attachments:

Appendix A: Direct Sale Policy
Appendix B: Current Surplus Properties List


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Appendix A – Direct Sale Policy



Land Procedure Allocation Procedure - Direct Sales

NAME OF LAND PROCEDURE:	Allocation Procedures - Direct Sales
APPLICATION:	Applies to all direct sales through Regional Offices
ISSUANCE:	Assistant Deputy Minister, Tenures, Competitiveness and Innovation
IMPLEMENTATION:	Ministry of Forests, Lands and Natural Resource Operations
REFERENCES:	<i>Land Act (Ch. 245, R.S.B.C, 1996)</i>
RELATIONSHIP TO PREVIOUS LAND PROCEDURE:	This procedure replaces the previous Direct Sale/Lease procedure dated August 16, 2004



Dave Peterson, ADM
Tenures, Competitiveness and Innovation
Ministry of Forests, Lands and Natural
Resource Operations

MAY 26 2011

Date:

EFFECTIVE DATE: June 1, 2011
AMENDMENT:

FILE: 11480-00

Land Procedure: Allocation Procedure - Direct Sales

APPROVED AMENDMENTS:		
Effective Date	Briefing Note /Approval	Summary of Changes:
June 1, 2011	BN 175892	Policy and Procedure update to reflect reorganization of resource ministries April 2011

Land Procedure: Allocation Procedures - Direct Sales

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Land Procedure: Allocation Procedures - Direct Sales

1. PURPOSE

To establish a framework for the direct sale of Crown land.

The Authorizing Agency may sell Crown land using one of the following processes:

- Direct sale through Authorizing Agency offices;
- Real estate industry listing on the Multiple Listing Service (MLS); or,
- Competitive process (use of Request for Offers to Purchase, Public Auction, etc.)

See Real Estate Industry Sales and Competitive Process procedures for information on these other methods of disposition.

The following procedures comply with the provisions of the *Land Act* and the *Ministry of Lands, Parks and Housing Act*.

2. DEFINITIONS

Authorizing Agency means the Provincial ministry responsible for the specific land use authorization.

Deposit means the sum of money required to be submitted with the Offer to Purchase. A deposit may be by certified cheque, money order, or bank draft.

Direct Sale means fee simple disposition of Crown land through the Authorizing Agency offices directly to one or more interested parties, without a public offering.

First Nation is a term that refers to the Indian peoples in Canada, both Status and non-Status. Although the term First Nation is widely used, no legal definition of it exists. Some Indian peoples in British Columbia have adopted the term "First Nation" to replace the word "band" in the name of their community.

Public offering means the use of a competitive process or real estate industry listing.

Purchaser means purchaser, lessee, prospective purchaser, prospective lessee.

3. DIRECT SALE CRITERIA

Direct sales may occur when one or more of the following criteria are met:

- Landlocked and other properties that are not separately viable except to the purchaser;
- The property is needed to restore access or frontage to property cut off by realignment or closure;
- Property is being transferred/sold to other levels of government, provincial agencies or corporations, utility companies, conservation authorities or First Nations;
- Sales are being carried out subsequent to an unsuccessful public offering.

Land Procedure: Allocation Procedure - Direct Sales

- Land is being exchanged; and/or,
- Entities who have been occupying the property under tenure have applied to purchase the site.

In the event that a direct sale would provide clear benefit to the Crown and does not meet the above criteria, an appropriate rationale will be provided on a case-by-case basis for the decision of the Authorizing Agency's Executive.

4. PROCEDURE

4.1 Eligibility

The eligibility requirements, as well as the number and type of lots that may be acquired by an individual, family unit, corporation or partnership, must be determined in accordance with the specific program policy under which the property is being offered.

4.2 Processing Offers To Purchase

The purchaser completes the Offer to Purchase form and submits it to the Authorizing Agency together with the required deposit. The Authorizing Agency accepts the Offer to Purchase in accordance with signing authorities.

The regional office will forward to the Surveyor General Division, Land Title and Survey Authority, for the preparation of the Crown grant, the following:

- the accepted offer to purchase;
- the Vendor's statement of adjustments;
- a current status report on the property being sold; and,
- the name, address and telephone number of the purchaser's conveyancer.

4.3 Sale Value

All direct sales of parcels will be sold at market value. Selling below market value may result in an operating expense for the concessionary difference.

Direct sales where all or part of the market value consideration is based on land transfers or other value-in-kind compensation require prior approval by the Authorizing Agency's Executive.

4.4 Profit Recovery Clause

In order to ensure that the Province receives fair value for its land, agreements of purchase and sale with municipalities or other direct sales (where normal method of sale would be through public means) of parcels may contain a clause providing for the purchaser to reimburse the Government the difference between the purchase price and the sale price, should the property be sold at a higher price within a certain time period.

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4.5 First Nations

The Authorizing Agency is responsible for ensuring the Province's obligations to First Nations are met in the disposition of Crown land. The Authorizing Agency carries out consultations with First Nations in accordance with its guidelines and policies on First Nations consultation to identify the potential for aboriginal rights or title over the subject property and to determine whether infringement of either might occur (refer to the Aboriginal Interest Consideration Report form contained in the Land Use Report).

Appendix B – Current Surplus Properties List

Tab	SPP #	Fiscal Year	Status	Sector	Description	Location	Estimated Sales Price ('000)
1	020	19/20	Contract in Place	EDUC	Anniedale School (SD36)	Surrey	s.16; s.17
2	182	19/20	Contract in Place	FLNR	Brunswick Point - Ph. 2.1	Delta	
3	248	19/20	Contract in Place	TRAN	7672 Progress Way (SFPR)	Delta	
4	s.16; s.17						
5							
6	384	19/20	On Market	TRAN	2332 Clarke Street (Evergreen)	Port Moody	
7	s.16; s.17						
8	153	19/20	Pre-Marketing	EDUC	Big Eddy Elementary (SD19)	Revelstoke	
9	382	19/20	Pre-Marketing	TRAN	7590 80th Street (SFPR 8)	Delta	
10	386	19/20	Pre-Marketing	TRAN	631 Westley Street (Evergreen)	Coquitlam	
11	387	19/20	Pre-Marketing	TRAN	657 and 659 Clarke Road (Evergreen)	Coquitlam	
12	s.16; s.17						
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Tab	SPP #	Fiscal Year	Status	Sector	Description	Location	Estimated Sales Price ('000)
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Tab	SPP #	Fiscal Year	Status	Sector	Description	Location	Estimated Sales Price ('000)
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