

Deputy City Manager's Office Report to  
SPC on Utilities and Corporate Services  
2021 January 27

ISC: UNRESTRICTED  
UCS2021-0137  
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**Proposed Lease – (Downtown East Village) – Ward 07 (1 Dermot Baldwin WY SE**

**EXECUTIVE SUMMARY**

The purpose of this report is to seek authorization to early exercise the Tenant's option to extend the lease agreement between The City of Calgary (the "City") and the Calgary Drop-In Centre Society (the "Tenant") for 1 Dermot Baldwin Way SE (the "Property").

**ADMINISTRATION RECOMMENDATION:**

**Review Date: 2022 February 26.**

That the Standing Policy Committee on Utilities and Corporate Services recommends that Council:

1. Authorize the Recommendations as outlined in Attachment 2; and
2. Direct the Recommendations, Report and Attachments remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*, until the lease is executed.

**RECOMMENDATION OF THE STANDING POLICY ON UTILITIES AND CORPORATE SERVICES, 2021 JANUARY 27:**

That Council:

1. Authorize the Recommendations as outlined in Revised Attachment 2; and
2. Direct the Recommendations, Report and Attachments remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*, until the lease is executed.

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 1999 January 25, Council approved LAND99-14, Proposed Expropriation - East Village, to move forward with the Drop-In Centre's expansion plans.

On 1999 September 13, Council approved LAND99-220, Proposed Demolition - East Village, to demolish the existing building and improvements on the property.

On 1999 November 29, Council approved LAND99-284, Proposed Lease - Downtown East Village, to facilitate the construction and management of a new homeless shelter.

On 2000 May 01, Council approved LA2000-73, Proposed Amendment to previously authorized lease - Downtown East Village.

**BACKGROUND**

The subject property is located at the NE corner of the downtown core at 1 Dermot Baldwin Way SE and was purpose built as a homeless shelter and has been operated exclusively by the Calgary Drop-In Centre. The City entered into a twenty-five (25) year lease agreement with the Tenant, commencing on 2000 February 01 and expiring on 2025 January 31 for the purposes of creating a safe place for adults at risk of or experiencing homelessness. At the expiry of the

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initial term, the Tenant has one (1) option to extend the lease agreement for a further twenty-five (25) years provided the Property is not required for municipal purposes. The Tenant has apprised The City of its desire to extend the lease agreement early as the Tenant requires more than five years of remaining term to qualify for grants and funding. No municipal requirements for the site have been identified.

The Tenant has explained, to The City, the importance of having assured additional term on its lease agreement in order to enable grant and funding authorities to consider the tenant for funding. Furthermore, the Tenant delivers a range of essential services to Calgary's homeless, marginalized and low-income residents including health services, provision of meals, clothing, hygiene services, employment training and housing supports. Their programs and services also connect people to permanent housing that meets their individual needs.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Administration is recommending that approval be granted for the early extension in order for the Tenant to qualify for grants which would address the Tenant's immediate needs, which include upgrades to the HVAC system.

#### **Valuation**

Consideration is nominal and as such a valuation was not completed.

#### **Stakeholder Engagement, Research and Communication**

Internal stakeholder engagement has been limited to review by Affordable Housing and via the Corporate Circulations Process, each of which confirm strategic alignment with The City's goals and ongoing need for provision of services to Calgarians experiencing homelessness. The City has not identified a requirement for the site for municipal services and in fact, the shelter provides an amenity that the corporation would otherwise seek to provide. No further communication has been completed.

#### **Strategic Alignment**

The recommendation aligns and furthers The City's ongoing strategic initiative to end homelessness as well as treating all Calgarian's with respect and dignity. The Drop-In Centre falls within Calgary's housing continuum and a partner in the initiative to end homelessness while still providing emergency supports.

#### **Social, Environmental, Economic (External)**

The recommendation aligns with the Triple Bottom Line Policy adopted by Council as it advances Council's vision to create and sustaining a vibrant, healthy, safe and caring community.

#### **Social**

The City values and promotes an inclusive city and the Tenant provides a necessity for Calgarians who are experiencing homelessness. The Tenant helps to provide Calgarians with basic necessities such as food, shelter, clothing, employment training and health services thereby playing an integral part in the social fabric of Calgary.

#### **Environmental**

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The Property has been reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy effective 2020 January 14. Pursuant to the Sales, Acquisitions and Leases Environmental (S.A.L.E.) Procedure, an Environmental Review or Environmental Assessment is not required for the lease extension.

#### **Economic**

The recommendation provides opportunities to the Tenant to achieve economic benefits by way of access to financial grants and funding thereby enabling the Tenant to manage the leased asset wisely and potentially requiring less assistance from The City.

#### **Financial Capacity**

##### ***Current and Future Operating Budget:***

The lease will generate an annual revenue of \$10 recognized in Program 488.

##### ***Current and Future Capital Budget:***

Not applicable.

#### **Risk Assessment**

Granting an early extension to the lease agreement will allow the Tenant access to much needed funding to maintain operations. Should the early extension not be granted, there is potential risk to The City's reputation not only as a landlord but also due to public perception that The City no longer supports the Drop-In Centre who is highly regarded for their long-term support of Calgarians who are experiencing homelessness.

#### **REASON(S) FOR RECOMMENDATION(S):**

The purpose of the report is to seek authorization to allow the Tenant to early extend their lease agreement with the primary reason being that it allows the Tenant to apply for and attain grants and funding which are used to fund the Tenant's operations. There is an immediate need to upgrade the Property's HVAC system with funding available to the Tenant should the tenant meet the requirements, with one of the requirements being a long term lease.

#### **ATTACHMENT(S)**

1. Attachment 1a – Site Map  
Attachment 1b – Context Map
2. Revised Attachment 2 – Recommendations
3. Attachment 3 – Summary of Additional Property Information
4. Attachment 4 – Albert Corporation/non-Profit Search