

## Options Analysis

An options analysis was conducted to explore potential sale and lease options for the Property. Four (4) options were identified, and their respective positive and negative consequences are captured in the table below.

Option	Positive Consequences/Risks	Negative Consequences/Risks
<p>1. Extend the current Lease term by an additional 35 years on the same terms and conditions and negotiate the potential sale of the Property to SHC at book value of \$648,008.18 plus transaction fees and any other Council requirements.</p>	<ul style="list-style-type: none"> <li>• SHC has identified that this purchase price is feasible to them, and a sale would enable them to achieve the CMHC financing required to upgrade their existing units.</li> <li>• The sale transaction and related agreements cannot be completed in 2023; as such, in order to access favourable CMHC financing and grant funding, SHC must demonstrate that they have a minimum 50 years of control of the Property by end of 2023. As such an extension to Lease will provide the security of term.</li> <li>• SHC could complete their proposed project which will increase inventory of “affordable housing” (as defined by CMHC) in the community.</li> <li>• Existing units which are nearing the end of their expected lifecycles can receive retrofits to realign their expected lifecycles with the new construction units.</li> <li>• Perpetual control over the Property will enable SHC access grant and other funding options as they become available.</li> <li>• This option is most likely to enable SHC to achieve greater density on the site over time via the ability to leverage the value of the land and perpetual control.</li> <li>• The increased density of residents in the area will result in an increase to the annual tax base.</li> <li>• SHC can continue its operations and maintain its presence as a valued member of the Sunnyside community.</li> <li>• The Community Association is in favour of SHC remaining in place as it is perceived as being the “heart” of Sunnyside.</li> </ul>	<ul style="list-style-type: none"> <li>• The City will forgo the market value of the Property which is significantly higher than the book value. This may set a precedent for further requests from organizations for a transaction of Property at below market value, which will put additional pressure on the Revolving Fund Reserve.</li> <li>• There is a risk that although a negotiation of the sale is approved, SHC will not be able to secure the funding to finalize the purchase and/or the project.</li> <li>• There is a risk that once SHC obtains ownership of the Property, they could sell or subdivide and sell at market value or discontinue the Co-op. This would be mitigated by including in the sales agreement, an option for The City to repurchase the Property at or below the sale price for the next 99 years, should that occur.</li> <li>• Under the previous non-market land sales, The City has typically been able to leverage its lands with the non-profit sector to realize affordable housing with a City contribution of market value land of approximately \$50K/door, with 100% being aligned with The City’s definition of affordability. This transaction would effectively mean The City’s market value land contribution is approximately \$270K/door of which, approximately 45% align with The City’s definition of affordability (100% align with CMHC’s accepted criteria for affordability).</li> </ul>

Option	Positive Consequences/Risks	Negative Consequences/Risks
<p>2. Amend and extend the existing Lease for an additional 50 years to expire in 2089 at nominal.</p>	<ul style="list-style-type: none"> <li>• Opportunity to update the current Lease with current standard terms and conditions.</li> <li>• SHC could complete their proposed project which will increase inventory of “affordable housing” (as defined by CMHC) in the community.</li> <li>• Existing units which are nearing the end of their expected lifecycles can receive retrofits to realign their expected lifecycles with the new construction units.</li> <li>• Long-term control over the Property will enable SHC access grant and other funding options as they become available.</li> <li>• The increased density of residents in the area will result in an increase to the annual tax base.</li> <li>• The Community Association is in favour of SHC remaining in place as it is perceived as being the “heart” of Sunnyside.</li> <li>• The City would remain the fee simple owner of the land, and at the end of the Lease term, the property could be leveraged in different ways, including the potential for higher density development, affordable housing, or other such uses based on Council priorities at that time.</li> </ul>	<ul style="list-style-type: none"> <li>• No lease revenue will be collected by The City.</li> <li>• The City will lose the ability to sell the site with the intention of intensifying development on an inner-city site with significant potential. The current use and changes proposed by SHC are below the density that would otherwise be achieved for the area, including higher numbers of affordable units.</li> </ul>
<p>3. Amend and extend the Lease for an additional 50 years at nominal to expire in 2089, subject to annual review of SHC’s financials and evaluate potential to increase rent over time based on what SHC can afford.</p>	<ul style="list-style-type: none"> <li>• Opportunity to update the current Lease with current standard terms and conditions.</li> <li>• SHC could complete their proposed project which will increase inventory of “affordable housing” (as defined by CMHC) in the community.</li> <li>• Existing units which are nearing the end of their expected lifecycles can receive retrofits to realign their expected lifecycles with the new construction units.</li> <li>• Long-term control over the Property will enable SHC to access grant and other funding options as they become available. The increased density of residents in the area will result in an increase to the annual tax base.</li> </ul>	<ul style="list-style-type: none"> <li>• No lease revenue will be collected by The City at the start of the extension term.</li> <li>• Potential that over the term SHC will not ever be able to afford to pay rent.</li> <li>• This Option will require annual review of SHC financials; The City will need to initiate a new process internally and assign resources accordingly.</li> <li>• The City will lose the ability to sell the site with the intention of intensifying development on an inner-city site with significant potential. The current use and changes proposed by SHC are well below the density that would otherwise be achieved for the</li> </ul>

	<ul style="list-style-type: none"> <li>• The Community Association is in favour of SHC remaining in place as it is perceived as being the “heart” of Sunnyside.</li> <li>• The City would remain the fee simple owner of the land, and at the end of the lease term, the property could be leveraged in different ways, including the potential for higher density development, affordable housing, or other such uses based on Council priorities at that time.</li> <li>• The City may, at some point, obtain some rent from SHC instead of just a nominal rent.</li> </ul>	<p>area, including higher numbers of affordable units.</p>
<p><b>Option</b></p>	<p><b>Positive Consequences/Risks</b></p>	<p><b>Negative Consequences/Risks</b></p>
<p>4. Do nothing for the remainder of the current Lease term and following Lease expiry, publicly market the Property and negotiate a market sale or other below market value sale to a successful applicant.</p>	<ul style="list-style-type: none"> <li>• In this Option, The City would determine how this property might be leveraged in pursuit of Council priorities at Lease expiry.</li> <li>• The Property is valued at \$20,800,000 which would bring significant revenue to the Revolving Fund Reserve to secure future municipal needs.</li> <li>• A future sale would require redevelopment, which would bring additional density, housing stock and tax revenue to The City, likely in a way that would create more housing than exists today.</li> <li>• Another below market sale could also be explored to potentially allow for great density of affordable housing, that meets The City’s definition, to be created on the site.</li> </ul>	<ul style="list-style-type: none"> <li>• SHC has been a tenant on the Property for over forty (40) years and are long-standing members in the community. The expiry of the Lease and removal of this group from the Property could result in a negative reaction from the public and community. This action would also displace 164 individuals and break up their current living arrangements if they are unable to find an alternative location. This could also be perceived as removing affordable housing in Calgary.</li> <li>• If SHC were to litigate, this would tie up the Property until complete, this could lengthen the time until the Property is available for re-sale.</li> <li>• The units on the Property are in poor condition and require lifecycle maintenance and retrofits which would likely not happen if a sale or extension to the Lease is not offered.</li> </ul>