

# Office of the Auditor General

## Audit of Land Sales and Exchanges

February 12, 2026 Auditor General Committee Meeting



- Value received from Land Sales and Exchanges subject of a whistleblowing complaint
- Selected for audit since the issues presented appeared more systemic in nature
- We also noted that in Vancouver these transactions tend to have material impacts and generate high public interest

- The City of Vancouver is a major landowner with authority to sell, exchange, lease, or grant surplus land
- There are three main types of City land sales and exchanges:
  - Major Site Developments
  - Surplus Streets and Lanes
  - Strips and Bits Sites

## Audit Objective

- To determine whether the City of Vancouver maximized value for land sales and exchanges

## Audit Scope and Period

- January 1, 2016, to June 30, 2024
- We examined 16 transactions, which represented about 40 per cent of land dispositions during the audit period and over 90 per cent of total value

## We Examined Whether

- Land sales and exchanges maximized value for the City
- REFM employed processes to ensure that land sales and exchanges were made based on achieving maximum value for the City
- REFM engaged in post-transaction due diligence
- The City had a clear strategy or framework that aligns its real estate portfolio with broader City objectives

## Not In Scope

- City's land leases and land acquisitions (apart from land acquisitions included in a land exchange)
- The application of development finance tools and land value capture mechanisms (e.g., DCLs, CACs, DBZs) outside of land sale and exchange negotiations/agreements
- City's work to introduce amenity cost charges (ACCs) in the context of new tools provided for by the Province
- Governance of City land portfolios (Capital Land, PEF, VAHEF) unrelated to sales and exchanges

The City did not demonstrate that it maximized value for its land sales and exchanges. There is an opportunity for the City to enhance its practices to better optimize the value of future transactions. Improvements such as increasing alignment between operational activities and strategic goals, clarifying policy requirements, and improving the quality of information provided to Council could better position the City to demonstrate it maximizes value.

- Ten recommendations to enhance the Real Estate and Facility Management (REFM)'s ability to demonstrate that it maximizes value when selling or exchanging land

## Strategic and Performance Management of Land Sales and Exchanges

- Most land disposition transactions were initiated by unsolicited buyer inquiries or rezoning negotiations rather than strategic proactive, portfolio wide planning
- Most transactions reviewed were direct sales, with no competitive land sales since 2016
- No centralized database to identify surplus properties or flag assets with declining revenues or significant capital needs
- There were no performance metrics to measure how land sales advanced financial, housing, or other City objectives

The Real Estate and Facilities Management department should:

- Establish a clear strategy that aligns its real estate portfolio with broader City objectives; and,
- Define performance metrics and targets for land sales and exchanges to enable monitoring and tracking of progress toward meeting the strategic objectives outlined in its approved strategies.

## Policy Transparency and Completeness

- With Council's approval, the City released a public-facing version of its Land Sales policy that diverged from the policy wording that Council approved
- The process used did not comply with the Freedom of Information and Protection of Privacy Act (FIPPA)
- The Land Sale policy also requires several updates to offer clear, appropriate and comprehensive guidance for staff in the administration of land sales

The Real Estate and Facilities Management department should clarify and update its *Land Sales Policy* to ensure it is clearly written for all internal and external stakeholders, complies with the *Freedom of Information and Protection of Privacy Act* and includes the following:

- Definitions of key terms including “market value;”
- Requirements for appraisals and third-party appraisals;
- Guidance on open market sales, such as direction to select a successful bidder based on criteria, price and other considerations to the City; and,
- Guidance on when staff are required to re-engage Council for further direction.

## Policy Requirements

- The policy binder used by REFM included outdated, superseded and extraneous information
- Policy direction that allowed long-term leases for social policy rationale was incorrectly applied to a permanent disposition
  - Social policy rationale only applied to long-term leaseholds, not sales or exchanges, making this transaction inconsistent with policy at the time

To promote accuracy and compliance, the Real Estate and Facilities Management department should develop and implement a clear, authoritative and consolidated source for policy guidance on sales and exchanges of City-owned land that:

- Is consistent with legislation (e.g., the Vancouver Charter) and Council-approved policies (e.g., Land Sales Policy);
- Follows an established review process and is kept up to date;
- Assigns responsibilities and delegate authority to staff positions that have the discretion and judgement to carry them out effectively;

To promote accuracy and compliance, the Real Estate and Facilities Management department should develop and implement a clear, authoritative and consolidated source for policy guidance on sales and exchanges of City-owned land that:

- Focuses on the mandatory requirements that land disposition transactions must adhere to; and,
- Is distinct from documented procedural guidelines that assist staff in effectively executing the transactions.

## Material Amendments to previously approved transactions

- REFM did not follow Council-approved policies that:
  - limited aggregate extensions on the sale of City property to 90 days without further Council approval, and
  - required interest be charged from the original sale date, when an extension of a City land sale completion date is granted by Council
- REFM did not maintain documentation on how it assessed whether to amend contract terms or dates
- The staggered nature of these transactions made it hard to see what was deferred, the risks involved and how the City's overall return changed

The Real Estate and Facilities Management department should:

- Establish an appropriate review and approval process for material changes to purchase contracts and agreements related to City land sales that is consistent with Council policies on extensions;
- Ensure its purchase and sale contracts are consistent with Council policy that requires a provision that where an extension of completion date is granted by Council, interest is payable from the time of the original date of sale; and,
- Document a post-transaction analysis to identify what went well and what could be improved.

For land sale transactions involving higher risk factors such as significant dollar value, strategically important non-financial considerations, or unique terms and conditions, the Real Estate and Facilities Management department should update Council when transactions are completed and provide regular updates on outstanding components.

## Information to Council – transaction costs and benefits

- In 14 of the 16 transactions we examined, Council was not provided with information on the likelihood and impact of benefits not being completely realized
- Council received the sale price but not the dollar value of other benefits or costs, such as lost revenue
- For one transaction, although a buyer was solely responsible for a CAC payment, the City agreed to pay a \$12.1M CAC without a contract amendment or documented Council approval

## Information to Council – sale price $\neq$ appraised value

- In six transactions, staff did not disclose to Council that the sale price was lower than the appraised value – the differences ranged from \$50,000 to \$2 million
- Council was told the negotiated prices reflected market value and were not shown if the below market sales prices were offset by other quantified public benefits
- Our Net Present Value (NPV) calculations confirmed that City chose the highest future benefit scenario for the sale of 601 Beach Crescent, however most of the scenarios presented to Council were millions of dollars lower than numbers provided

## Lane Sale Examples

- For three lane sales, Council was not told that staff directed appraisers to base valuations on current zoning rather than conditionally approved or applied for rezoning, consistent with the City's CAC calculation procedures
- While the CAC process could have helped the City recover some of the value gained through rezoning, Council should have been informed of the full range of options for both sale price and CAC components

As part of its process to seek Council approval for land sales, the Real Estate and Facilities Management department should provide Council with information to inform decision-making such as:

- Information that demonstrates to Council that the sale price met or exceeded the market value of the land, or that public value made up the difference;
- The value provided by third-party appraisals;
- Information on the assumptions and constraints used in appraisals and the rationale for them;

As part of its process to seek Council approval for land sales, the Real Estate and Facilities Management department should provide Council with information to inform decision-making such as:

- High-risk terms and conditions from invitations to offer and sale agreements;
- Risks that the expected benefits of the transaction may not be fulfilled and mechanisms in place to mitigate such risks; and,
- Other pertinent information as identified by Council.

## Transaction Records

- The 2023 Land Sale policy does not require documenting a price rationale
  - This was recommended twice but not implemented
- The Policy included criteria for maximizing value in direct sales, but not in competitive sales
- For two direct sales reviewed, transaction records did not show steps taken to obtain a price above market value

The Real Estate and Facilities Management department should ensure that adequate and consistent document retention practices are embedded in its policies and related procedures used across all business areas involved in land sales negotiations to support open, transparent and accountable decision-making.

## Process guidance

- Although REFM had a dispositions process flow chart:
  - It lacked a formal review schedule to keep it current and
  - omitted key steps such as internal approvals and requirements for when to obtain third-party appraisals
- REFM created a dispositions review checklist, but staff were not required to complete or file it
  - Four of the most recent seven files lacked a completed checklist

The Real Estate and Facilities Management department should

- Ensure that transaction checklists are completed, appropriately signed off and retained in the transaction file.
- Update its existing disposition process flow chart and checklist and develop new procedures for key functions that are missing.
- Ensure that these documents are:
  - Easily accessible to all staff that support City land sales;
  - Scheduled for regular review and updating; and,
  - Reviewed and updated as per the schedule.

## Calculation Error

- The sale of 601 Beach Crescent had a unique transaction structure, with a base payment, followed by an adjustment price upon completion of specific conditions
- The adjustment price calculation required the input of the applicable Gross Buildable Area
- The City made an error in calculating the applicable Gross Buildable Area, which understated the amount the City is owed by just under \$13 million

The Real Estate and Facilities Management department should establish risk-based monitoring and follow-up practices for land sales to ensure:

- Appropriate monitoring for land sales once Council approval has been obtained and until the City has received the agreed upon financial and non-financial benefits; and,
- Independent validation of high value calculations.

For the 601 Beach Crescent adjustment price miscalculation, the Real Estate and Facilities Management department should present a comprehensive financial and non-financial analysis outlining the best available options for Council's consideration and approval.

- THAT the Auditor General Committee endorse the ten recommendations in the Report dated February 5, 2026, entitled "Land Sales and Exchanges";
- FURTHER THAT the Auditor General Committee recommend that Council endorse the ten recommendations in the Report dated February 5, 2026, entitled "Land Sales and Exchanges."

Questions