River Run Expropriation

- 1. In 1993, the City decided that only 23 homes would be built on an acre of downtown land in between the newly constructed Eau Claire Market and the waterfront ("River Run").[1]
- 2. This relatively low-density downtown construction is part of what makes River Run unique. Every other parcel of downtown, waterfront land across from Prince's Island Park has a residential tower, as set out in the attached summary, which was provided to the City before the City forced River Run families out of their homes.[2]
- 3. In 1995, the River Run homes were built. River Run families include some original owners, who have enjoyed River Run as their home since 1995, up to the newest owners who made River Run their home in 2017. Throughout River Run's history, there was little turnover as many families viewed River Run as their forever home.
- 4. After Eau Claire Market failed, there was uncertainty beside River Run, initially because of the failed Market, and later the because of the Market and potential Green Line train, preventing River Run sales in an open market. Instead, families could only sell to buyers willing to accept such temporary uncertainty, which River Run families were happy to do because they loved being at a quiet part of downtown, being waterfront, the uniqueness of their homes and the opportunity for redevelopment at a location that is second to none.
- 5. The City invited River Run families to an August 14, 2019 meeting where the City:
 - a. identified that the City may destroy River Run as part of the Green Line project;
 - b. provided little specificity regarding the City's plans for the River Run property;
 - c. identified that the City wanted to buy all River Run homes; and
 - d. stated repeatedly that the City has no intention to expropriate, which many River Run families later understood to mean that the City had no intention of respecting the rights that exist for citizens faced with expropriation.
- 6. Prior to such meeting, information was available regarding a potential Green Line train, but there was uncertainty regarding if, when or where such train might be constructed.
- 7. Since August 2019, River Run families have been uncertain whether the City will destroy their homes. To date, the City has not had a conversation with River Run families, regarding fair compensation, based on the reality that the City used its expropriation power to force them out of their homes.
- 8. At no point did the City identify to River Run families the rights that exist for citizens faced with expropriation, despite having expertise in-house that could have done so. Instead, River Run families would only understand some of their expropriation rights after they incurred the cost to obtain legal advice to learn:

- a. the *Expropriation Act* exists in part to protect citizens from a government abusing its power to take private property from citizens;
- b. citizens are entitled to compensation based on the highest of: market value, "highest and best use", and "home for a home":
 - i. highest and best use considers the range of potential uses for the property, which seemed important in this case because River Run is a relatively low-density, waterfront development surrounded by a forest of existing and planned towers, and
 - ii. home for a home means that if it costs resident owners more than market value to purchase a reasonably comparable home in their chosen community, owners are entitled to such higher amount to be 'made whole' and not suffer a reduction in quality of life; and
- c. citizens are entitled to be reimbursed by the City for reasonable costs incurred to be informed as they work through the process forced on them by the City.
- 9. Also in August 2019, the City installed construction fencing around the Jaipur bridge, which connects Eau Claire to Prince's Island Park, near River Run. This construction fencing marked the start of a construction process beside River Run that is still not complete. For years, River Run families endured City-managed construction immediately beside their homes, while the City pressured them to sell.
- 10. The next City communication to River Run families was a letter, dated February 18, 2020, stating the Green Line project "may impact" River Run. Such letter provided no further detail regarding if, when or how River Run may be impacted.
- 11. On March 4, 2020, the City held an open house and had on display pictures of the Green Line train running through River Run. This was the first time River Run families became aware the City was planning to run a train track, which appeared to be about 30 feet wide, through River Run. It was not clear to River Run families why the City planned to run such track through River Run, instead of on the City owned land on either side of River Run.
- 12. At a March 5, 2020 City open house, owners of River Run unit 36 asked why the City planned to run the train through their homes, instead of beside. The City did not provide what owners viewed as a credible explanation and the City said that planning was ongoing.
- 13. At such open house, the City stated that River Run families should work with the City land acquisition team and discouraged owners from getting legal and expert advice. Discouraging the River Run families from getting such advice seemed contrary to the Mayor's public statement in the media, a day earlier, that the situation at Eau Claire was "super tricky", which suggested independent advice may be a good idea: 1

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¹ March 4, 2020: https://globalnews.ca/news/6632499/calgary-green-line-open-houses/

The bit around Eau Claire and Chinatown is super tricky, but the good news about it is that there's one major redevelopment being proposed and a large area that would be open for future development. So there may be an opportunity to work with the adjoining landowners and try to figure out those tricky bits.

- 14. On March 19, 2020, River Run families sent questions to the City and noted that the River Run property had the potential for high density redevelopment at a prime location. On April 3, 2020, the City responded in writing.[3] From this exchange, River Run families understood:
 - a. River Run will be destroyed for the Green Line project, but no specific plans were provided regarding what the City intended to construct on River Run;
 - b. the City had funding available to acquire the entire River Run property;
 - c. the City wanted to negotiate acquisition agreements with each owner individually, but would not consider expropriation principles in such negotiations; and
 - d. the City would not commit to make any funds available for River Run families to have independent advice to be informed prior to the acquisition discussions requested by the City (but the City was willing to obtain its own appraisals and might reimburse owner's costs, if they agree to sell).
- 15. On May 19, 2020, Ward 7 Councillor, Druh Farell, published a Green Line update[4] on the City website that identified both the intended destruction of River Run and how Harvard Development's multi-tower project at Eau Claire could move forward:
 - a. the City "worked hard with the Market owners to design a station that works for the Green Line and supports future redevelopment of the site. ... This station ... is also key to finally pushing the redevelopment of the Market forward";
 - b. "One unfortunate element of this alignment is that it still requires the purchase or expropriation of the River Run condominiums that sit along the Bow River Pathway. I really struggled with how these residents would be forced to move for the project"; and
 - c. "With the loss of River Run, we also have the opportunity to provide more public and park space at this narrow pinch point in the pathway system".
- 16. Many River Run families understood from this City communication that River Run would be destroyed, which would transform a developer's planned five tower project, at the Eau Claire Market location, into a waterfront development. Despite such messaging from Councillor Farell, the City maintained its position that the City had no intention to expropriate and, as such, would not consider River Run families' expropriation rights.
- 17. On June 16, 2020, City Council approved a new Green Line alignment. Some River Run families that watched the Council meeting were of the view that insufficient financial

information was presented for citizens to have an informed opinion as to whether the Green Line as proposed could be built or, if built, would be a net benefit to citizens. Prior to such approval, Council was informed by independent experts that the actual costs should be expected to come in far higher than the City's rough estimates.² Only one Councillor voted against the revised Green Line alignment due to the lack of information available.

- 18. The City used potential Green Line construction to force River Run families out of their homes. However, it was always uncertain whether any part of the train line would be built on River Run. Based on public information, it appears the project costs, in particular the cost to tunnel through downtown to Eau Claire, was unknown. Without reasonable certainty regarding the cost of such tunnel, Council could not have reasonable certainty regarding whether any part of the Green Line would ever be on River Run.
- 19. After Council's June 16, 2020 approval of a revised Green Line alignment, which publicly depicted a train running through River Run, the River Run board of directors (the "**Board**") ceased to manage the River Run condominium corporation as a going concern in part because the reserve fund far exceeded what was needed, considering that the City was publicly depicting River Run as soon to be destroyed.
- 20. Despite Council approving a Green Line alignment that was planned to run through River Run, the City continued to:
 - a. pressure River Run families to sell their homes; and
 - b. maintain its position that it would not respect expropriation rights.
- 21. Many River Run families viewed the City's conduct as secretive, deceptive and hostile. As such, on July 6, 2020, the Board provided owners with an opportunity to jointly engage one law firm to have common representation in this difficult situation. The Board also shared an Owners Agreement that would allow all owners an opportunity to work together, share information, and communicate efficiently with their counsel, and the City, through a committee consisting of three owners (such committee became the 'River Run Families Committee' after the City seized ownership of River Run).
- 22. On July 21, 2020, the City sent an email to the Board stating:
 - a. the City will require vacant possession of all River Run homes;
 - b. the City wants to have individual acquisition discussions; and

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² See, for example:

https://greenlineinfo.ca/wpcontent/uploads/2023/04/CommitteSubmissionReport_Feb05_2020.pdf which is a February 5, 2020 presentation to the City that identified: "The estimated price of Stage 1 of the Green Line, as presently proposed, is \$4.9 billion. Experienced sources say the final cost could easily go to \$7 billion ...The Federal and Provincial governments have each capped their funding support at \$1.5 billion ...there's no escape clause; 100% of all project costs over this \$3 billion Fed and Province commitment becomes the responsibility of Calgary taxpayers."

- c. the City would have an appraisal of River Run prepared based on the highest and best use of the River Run property.
- 23. On September 2, 2020, the Board had a video call with the City where the City identified:
 - a. it will require vacant possession of the River Run homes as early as June 2022;
 - b. the City would not commit to covering any costs for families to have independent advice prior to the City's requested acquisition discussions (but the City was willing to hire its own consultant to appraise individual units, but such appraisal would not consider expropriation principles); and
 - c. the City again advised that they had engaged an appraiser to prepare a report regarding the highest and best use of the River Run property.
- 24. Despite such communications, River Run families still had no reasonable certainty regarding: (i) why the City planned to run a train through their property; (ii) whether such planned train track would be built; or (iii) their rights in the circumstances.
- 25. To understand their rights, owners of 22 of the 23 units engaged one counsel. The remaining owner later joined the group, such that 100% of River Run families worked together to try to cooperatively and efficiently navigate this stressful situation.
- 26. On September 30, 2020, counsel to the River Run families wrote to the City to identify:[5]
 - a. River Run families understand that the City intends to acquire all River Run homes by virtue of an involuntary transaction under the threat of expropriation or, if necessary, by expropriation;
 - b. as such, owners are entitled to expropriation rights;
 - c. owners are prepared to have acquisition discussions with the City, if the City recognizes the owners' rights under expropriation principles; and
 - d. owners have organized to have one point of contact which should reduce costs and provide some efficiencies as we work through this situation.
- 27. On October 20, 2020, the City responded identifying that the City:
 - a. intends to acquire all River Run homes through voluntary acquisition discussions, with legal title being transferred to the City by mid-2021;
 - b. requested all owners' emails to commence one-on-one negotiations directly with individual owners; and
 - c. was obtaining a report based on the highest and best use of River Run.
- 28. On October 22, 2020, counsel to River Run wrote to the City identifying:[6]

- a. what the City proposes with River Run families is not a "voluntary" transaction and the compensation principles under the *Expropriation Act* are now engaged;
- b. the law expressly directs that: "[T]he role of government in an expropriation is not to obtain the land at the lowest possible price but to provide full compensation to a landowner";
- c. the City's position that the City is not obligated to reimburse owners' costs is unreasonable and is not a position taken in good faith;
- d. the City's approach is clearly designed to create inequality of bargaining power which offends the City's duty to deal with its citizens in good faith; and
- e. the City is attempting to improperly circumvent its statutory obligations by pretending that this is a voluntary process.
- 29. On November 20, 2020, the City's legal counsel issued a letter stating:[7]
 - a. "the City is not required to, and will not, compensate the River Run unit owners as if their units were expropriated. If you continue to mischaracterize the transactions we are currently proposing as involuntary, or if either you or any of the River Run unit owners continue to insist on the inclusion of Expropriation Act damages or compensation in the absence of an actual or intended expropriation, then there is no point in continuing discussions or negotiations relating to the purchase and sale of the River Run units"; and
 - b. "Further to earlier discussions between the City and the River Run Condominium Board, the City has retained an independent third party appraiser to complete an analysis on the highest and best use of the entire River Run property."
- 30. Attached to such letter was a copy of the City's highest and best use document. After reviewing such document, which the City had been building up as an important document for the last five months, many River Run families understood that the City was providing such document to mislead, rather than inform. In particular:
 - a. the City referred to its highest and best use document as "*independent*" despite the fact that City's consultant who prepared the document was selected, engaged, instructed, communicated with and paid by the City, with no input from River Run;
 - b. in addition to not being independent, such document was marked DRAFT; and
 - c. the document did not meaningfully consider highest and best use because it appears the City had its consultant assume a tower could not be built on River Run based on incorrect information. For example, it appears the City informed its consultant that the "right to light" bylaw precluded any structure above 3 stories on River Run, which was inconsistent with later information from the City, discussed below, that indicates such bylaw would permit a tower on River Run.

- 31. On December 3, 2020, counsel to the River Run families wrote to the City to identify concerns with the City's conduct including:[8]
 - a. the City pretending that River Run families are simply involved in a "voluntary" process with the City, for their own benefit, is not a position taken in good faith;
 - b. the City is using its position of power to try to create an unfair bargaining situation, which is not appropriate; and
 - c. the City has effectively frozen the River Run properties preventing any sale to parties other than the City.

32. Such letter further noted:

In our view, once the City has decided it requires property, and the shadow of that need is made public and affects the property, the expropriation process has de facto begun. It makes absolutely no sense to ignore realities and pretend that something else is happening — such positional maneuvering will only create animosity, skepticism, and will undoubtedly cost the City more in the long run. Needless to say, we are disappointed with the City's choice to structure its affairs for the purpose of avoiding its obligations, as well as to create an unfair bargaining situation.

...Once the City is prepared to have discussions on the basis set out in our earlier letters, or on some other agreeable basis that acknowledges expropriation compensation principles and our clients' right to consider the City's proposals with appropriate legal and appraisal advice paid for by the City, we will look forward to hearing from you. Until then, we wait.

- 33. River Run families made it clear that they were willing to have a conversation regarding fair expropriation compensation. The City declined to have such conversation and, for years, maintained that this was a voluntary process where River Run families had no rights.
- 34. On May 25, 2021, after the City again publicly depicted River Run destroyed, the Board wrote to the Green Line Committee, the Green Line Board and Councillor Farell:[9]

For over a year the City has depicted the Green Line driving through our families' homes on the City website, in the news, on billboards and in public forums. At the same time the City has been asking owners to participate in acquisition discussions. We requested that the City pay our reasonable costs to be informed prior to such discussions. The City refused. The purpose of this letter is to ask the City to reconsider our request.

...By refusing to cover our costs, the City is putting pressure on us to choose between: (i) incurring costs that may never be reimbursed; or (ii) potentially making the biggest financial decision of our lives without being reasonably informed.

The citizens of River Run love our property and we have no desire to leave. However, as it seems inevitable that the City will engage in formal expropriation processes, while we reserve all of our rights to object to the expropriation of our homes, we are nonetheless willing to participate in fair discussions and we have done our part to try to make that happen. The City is aware that 96% of River Run owners have agreed to share information with each other and have lined up one law firm and one appraiser in order to have an organized process and to keep costs down. Owners simply want to have a relatively small amount of information and resources, as compared to the City, prior to engaging in the acquisition discussions that have been requested by the City.

...At the Green Line Committee meeting on May 19, 2021, we again had to view pictures of our homes destroyed by the City. At this time, there is no principled reason to continue to refuse to cover our costs to be reasonably informed prior to acquisition discussions.

- 35. On June 4, 2021, a one sentence response by email was received from Councillor Farell's office recommending that River Run families work with the City's land acquisition team. No other response was received from the City.
- 36. On September 28, 2021, in response to a request by the owner of unit 44 to participate in the City's acquisition process, the City provided an appraisal of unit 44. The City's appraisal did not consider expropriation principles and arrived at an estimate of the market value of unit 44 based on 6 other property sales:
 - a. 4 prior River Run sales, 2 of which occurred in 2014 and the appraisal provided no adjustment in value since 2014 (*Note: Many River Run families believed the City-caused uncertainty on all sides of River Run had precluded open market sales for years, which made former River Run sales not a reliable indicator of market value*);
 - b. a condominium in Prince's Island Estates that had been on the market for almost 2 years prior to selling; and
 - c. a townhouse that was not in Eau Claire, was not downtown and was not either waterfront or adjacent to a major park.
- 37. The owner of unit 44 did not view the City's appraisal as credible in the circumstances, but continued to try to negotiate with the City up until they were expropriated. However, at no point was the City prepared to pay an amount that, in their view, would allow them to buy a reasonably comparable property in their chosen community.
- 38. Shortly before the October 2021 civic election, the owner of unit 28 invited Terry Wong to make an election speech in the River Run courtyard. In his speech, Terry called out the City administration as arrogant and unwilling to meaningfully listen to citizens and shared his view that most of City Council was even more arrogant and unwilling to listen.

39. On November 17, 2021, the Board sent a letter to newly elected Ward 7 Councillor Wong identifying concerns with the City's conduct, including:[10]

Lack of transparency

The City has created uncertainty on all sides of River Run for many years. The negative impact of such uncertainty is made worse by a lack of transparency. For example, we first learned that the City intends to run a train through our homes by attending an open house in March 2020. Everything we are aware of regarding the potential impact on, or destruction of, our homes we first learned ourselves by doing our own research, watching the news, reading the paper or from our counsel. For us to learn no material information directly from the City is the opposite of transparent.

Conflicting information

In May 2020, the City website identified that River Run would be expropriated: "One unfortunate element of this alignment is that it still requires the purchase or expropriation of the River Run condominiums". However, we later received a letter from the City's lawyer stating that the City will not recognize any of our expropriation rights because "there is no actual or intended expropriation". When a government publicly identifies an intention to expropriate, but privately says it will not recognize any of the rights that exist when an expropriation is intended, any reasonable person would want to understand their rights.

Unfair process

For the last 20 months, the City has put pressure on us to participate in acquisition discussions. For discussions to be fair, we requested that the City pay our costs to be reasonably informed regarding our rights and value. Our property is unique and this situation is highly unusual. Rarely does a government intend to destroy an entire family complex. Any person put in this difficult position by a government would want to be informed. The City has expropriation experts, a legal team and valuation experts to navigate this difficult situation. We do not. To date, the City has refused to commit to reimbursing any of our costs while continuing to depict our homes destroyed.

Reimbursement request

In light of this difficult situation, we engaged counsel to: (i) assist the Board to be aware of its rights and obligations; (ii) to assist owners to be aware of their rights and obligations; and (iii) to assist us in communicating with the City.

Please advise if you will consider assisting us to be reimbursed for our reasonable fees, which to date are around \$1,500 per owner. We look forward to hearing from you. We would be happy to have a discussion if that would be helpful.

- 40. No one from the City responded to the Board's letter.
- 41. A few days after this letter was sent to the City, the City removed Councillor Farell's comments, that River Run would be purchased or expropriated, from the City's web page.
- 42. On January 17, 2022, the Board followed up by email to Councillor Wong. No response.
- 43. In January 2022, the City installed metal pilings for a flood wall between River Run and the Prince's Island Park lagoon. Owners with waterfront views became alarmed their waterfront views were being replaced with a rusted metal wall far higher than the City represented during a July 2019 flood barrier meeting, where the City assured River Run families that it would not destroy water views. Such false assurance ensured that no meaningful engagement would occur with River Run families, regarding how such wall would impact them, before the permanent structure was in place taking away water views.
- 44. On February 3, 2022, several River Run families had a video call with the City where such families asked if they could present their concerns to the City. The City team indicated that they were only attending the call to present information regarding the flood barrier and they would leave the call if owners presented their concerns regarding the City's conduct. On the call, River Run families identified that the barrier could have been built without taking away waterfront views and there was no meaningful response from the City.
- 45. On February 4, 2022, a River Run owner wrote to the City to identify that, although the City met with River Run families yesterday, there was no meaningful discussion:[11]

At the meeting, we asked to present because we wanted the City to understand our concerns. We identified that the City has treated River Run poorly, for years, and we want to be heard. The City refused to allow us to present and threatened to end the call if we did present our concerns.

As expected, the City filled time with regurgitated old, publicly available information and avoided any meaningful discussion regarding the questions we sent in writing a week prior to the call.

... For years the City has been using its position of power to try to take our property, for the lowest amount it can get away with, which is unethical. Unnecessarily taking away our waterfront views, without notice, is just the latest abuse from the City, as it tries to take our homes.

46. On February 8, 2022 at 5:35pm, the City land acquisition leader sent an email to the Board[12] regarding drilling that was to occur the following morning at 7:00am. This was unusual as the City did not normally inform River Run families regarding the City's construction activities immediately beside their homes. In such email, the City attached yet

- another picture of a train running through River Run. Many River Run families viewed this email as another effort to bully them into participating in unfair acquisition discussions.
- 47. On May 18, 2022, the Board sent a letter to Councillor Wong which again expressed concerns with the City's conduct and again identified that River Run families are prepared to have discussions with the City, if the City respects owners' expropriation rights.[13] Such letter included:

River Run

We love our unique acre of downtown, waterfront property. The phrase "location, location, location" is apt for the central, riverfront, parkadjacent location of River Run. City administration and elected officials have both publicly referred to River Run and its adjacent lands as the 'crown jewel of downtown Calgary on the banks of the river', in news articles and in City publications.

We have no interest in selling our homes. However, with the City telling us since March 2020 that our homes will be destroyed, and with the City publishing its intention to acquire or expropriate our homes in May 2020, we continue to be willing to have discussions.

Conflict of Interest

As a land developer that wants to acquire our homes, the City has put itself in an obvious, direct and ongoing conflict of interest. The City is directly adverse in interest regarding the value of River Run. To appropriately manage this conflict created by the City, most reasonable organizations would adopt safeguards, such as ensuring that we have independent advice. The City has gone in a different direction and has refused to reimburse owners for independent advice.

...The City continues to pressure owners to participate in an unfair process. We have repeatedly set out our reasonable concerns and the City has deliberately avoided any meaningful discussion. Instead, every response from the City is a direction for us to participate in an unfair process.

The families of River Run are organized and, for years, have been willing to participate in acquisition discussions. However, we are not going to enter into the most significant financial discussions of our lives without first being reasonably informed and it is unfair for the City to continue to pressure us to do so.

We again request that the City agree to reimburse our reasonable costs to have fair, informed discussions where our rights are respected.

48. On June 17, 2022, Councillor Wong's assistant replied by email to say she had reviewed the letter with Councillor Wong and she was so concerned that she provided a link to the

City's whistle-blower policy. Councillor Wong did not respond. Later, at the 2023 Eau Claire Community Association AGM, a few River Run families waited in line for their opportunity to very briefly speak with Councillor Wong after the AGM. They asked why he did not respond to their letters. He responded by blaming his assistant for not providing such letters to him and there was no meaningful discussion.

- 49. On November 1, 2022, the City held an open house in connection with the City and Harvard's planned land use redesignation application in which the City again depicted River Run no longer in existence. Despite the City and Harvard's planned development being literally on the front steps of River Run, the City provided no information regarding how River Run would be impacted and the City maintained its position that the City had no intention to expropriate River Run.
- 50. At such open house, the City and Harvard displayed a picture to illustrate what the "right to light" bylaw meant on Harvard's property and on River Run, and that document indicated that a tower of about 16 stories could be built on River Run. [14] (Note: the City's "highest and best use" document for River Run, discussed above, relied on the assumption that the right to light bylaw would only permit a 3 story building on River Run. River Run families pointed out this discrepancy to the City, but the City did not respond.)
- 51. On November 2, 2022, the Board wrote to City Council.[15] Such letter identified:

The City has the enormous power to take citizens' homes without consent. To try to prevent a city from abusing this power, rights exist for citizens when a city intends to take homes, such as the right to be reimbursed for the reasonable cost of independent advice.

...Even if the City could justify its disregard for our rights as lawful, ethically, why wouldn't the City want to reimburse citizens for the cost of independent advice prior to acquisition discussions, requested by the City for years, under threat of expropriation. Independent advice is a hallmark of a fair process.

The City has the power to take our homes and select its price. If we disagree with the City's selected price, we can ask an independent tribunal to determine fair value. In these circumstances, there is no possibility the City will ever pay more than fair value for our homes. Aside from trying to avoid paying fair value, why does the City continue to refuse to reimburse our reasonable cost for independent advice?

...The uncertainty regarding if and when the City will take our homes reduces our quality of life every day. If the City at some point agrees to fair acquisition discussions, where our rights are respected, we continue to be available. Until then, the City's abusive conduct continues to cause harm, as intended.

52. The City did not respond.

- 53. In November 2022, the City provided an undated letter to River Run families regarding the City and Harvard's planned land use redesignation application.[16] Such letter provided no meaningful insight into what the City and Harvard planned for the River Run lands.
- 54. On December 14, 2022, in response to such application, the Board completed the City's online form to advise the City that the Board did not support the City and Harvard's land use redesignation application, based on the lack of information available, noting:[17]

The River Run Board of Directors requests, on behalf of all families of River Run, to be reasonably informed regarding the City's plans for our homes and our property in connection with the City's above application. Our questions include:

- (1) Does the City intend to destroy our homes?
- (2) If so, what does the City intend to have constructed on our property?
- (3) If not, what does the City intend to construct immediately beside our homes and how will we be impacted?
- 55. The City did not respond. River Run families also submitted a letter in connection with the City and Harvard's land use application requesting clarity on the plans for River Run:[18]

To: File Manager, City of Calgary, Planning and Development Terry Wong, Councillor Ward 7

From: River Run Board of Directors

Re: Application for Land Use Amendment LOC 2022-197

The City's supporting documents for this application depict our homes destroyed. However, the City continues to tell us that it does not intend to take our homes. We don't know which is true.

We understand that the City, for a legitimate reason, has the power to take our homes, if and when it wants to, without our consent. For years, the City has told us that it has no intention of using its power to take our homes while, at the same time, it uses such power: to publicly depict our homes destroyed; to privately tell us our homes will be destroyed; and, to pressure us to sell.

Our unique waterfront homes are in between Prince's Island Park and the lands subject to the above application. The subject lands are literally on our doorstep, used by River Run families every day to access our courtyard. Although it appears certain that the City intends for us to be significantly impacted as a result of this application, the City provides no transparency regarding:

- (i) <u>if the City intends to destroy our homes</u>: what are the City plans for future construction on our property; or
- (ii) <u>if the City does not intend to destroy our homes</u>: what are the City plans for construction immediately beside our property and how will we be impacted.

River Run families deserve to know what the City plans to have constructed on or immediately beside our homes, especially considering: the City is the applicant; the City has tasked itself with making a recommendation regarding whether its application should be approved; and, the City will decide whether to approve its own application.

On behalf of all families of River Run, we request to be reasonably informed regarding the City's plans for our homes and our property.

- 56. The City did not respond.
- 57. On January 8, 2023, in response to the City again introducing its land acquisition team to River Run families, a River Run owner identified by email to the City that:[19]

We are now in the fifth calendar year of the City threatening to destroy our homes while pressuring us to sell.

The City invited River Run families to meet in person, on August 14, 2019, based on the pretense of a Green Line update. We attended. There was no Green Line update. Instead, the City introduced a land acquisition agent without explanation. The City's conduct had one owner in tears and left all owners completely uncertain regarding the City's intention for our homes.

Continuing to this day, the City could not be less clear regarding its intent. The City continues to represent that it does not intend to take our property but will destroy our homes.

For years this uncertainty has prevented us from knowing: how to properly maintain our homes inside and out; whether to renovate; whether to repair or replace appliances; how to manage our reserve fund; and, whether we should manage our financial statements as a going concern. This uncertainty is causing harm.

- 58. The City did not respond.
- 59. On February 14, 2023, the City filed Notices of Intention to Expropriate ("NOITEs") against River Run properties and sent a letter in which the City stated that it intends to initiate the process to expropriate River Run. This was the first time the City directly informed River Run families that it intends to expropriate. The NOITEs did not provide any specificity regarding what the City planned to construct on River Run and, instead,

provided broad and vague references to the Green Line without any reference to the multi tower project planned immediately beside River Run.

- 60. At the time such NOITEs were served, there was widespread concern expressed in the media, by experts, City transit insiders and former City transit staff, that the proposed Green Line could be a financial disaster and may never be built.³ As such, many River Run families continued to be uncertain regarding whether any part of the Green Line, if built, would be on the River Run lands.
- 61. On February 15, 2023, the Board reached out to the City by email to ask whether the City would finally discuss fair compensation. The City maintained that it would not discuss compensation based on expropriation principles. On February 21, 2023, by email, the Board confirmed its understanding of the City's current position:

Thanks for your email confirming the City will not agree to reimburse us for independent advice and will not negotiate based on the principles that apply on an involuntary sale.

Refusal to agree to reimburse owners for independent advice

The City hiring, retaining and paying a third party appraiser selected by an owner (and the City contracting with, instructing, having private communications with, reviewing drafts etc. with such appraiser) would result in third party advice provided to the City, but it would not result in independent advice for River Run families. The City refusing to agree to reimburse our cost for independent advice is not fair.

Refusal to negotiate based the on principles that apply on an involuntary sale

Provincial rules exist on an involuntary sale to try to ensure the City does not abuse its power and reduce citizens' quality of life. Since 2019, the City has threatened us with an involuntary sale. The City is now starting the process to force an involuntary sale. The City's continued refusal to negotiate based on the principles that apply on an involuntary sale is not reasonable.

Intention to isolate individual owners to maximize the power imbalance

The City once again requesting all owners' emails, and dictating that it will only have acquisition discussions with individual owners, has nothing to do with fairness or confidentiality. In 2020, owners of 22 of 23 units engaged

³ See, for example, a February 17, 2023 article in which, Neil McKendrick, who served 36 years with Calgary Transit, the last 10 of which was the manager of the City's Transit Planning Group, was quoted: "In my opinion, the Green Line doesn't satisfy the very basic goals you'd expect for an expenditure of this magnitude": https://calgaryherald.com/opinion/columnists/corbella-is-the-green-line-lrt-on-the-right-track-many-say-its-past-time-to-pivot-on-costly-rail-line See also: https://greenlineinfo.ca/media/

one law firm and one appraiser, and signed an agreement to share all confidential information, to try to have efficient, informed discussions. Instead, the City continues to dictate that it will only have acquisition discussions if it can isolate owners and negotiate on an individual basis to maximize the power imbalance to try to avoid paying fair value.

- 62. On Sunday, February 26, 2023, the owner of unit 28, the one owner who Councillor Wong had discussions with during this process, advised that Councillor Wong had called her yesterday and she requested an emergency meeting of the Board, of which she was a member. Such owner identified in emails and at the emergency Board meeting:
 - a. the Board and Owners Committee should not be 'stonewalling' individual acquisition meetings with the City (which, of course, was not occurring, as the City had repeatedly provided all River Run families with contact information for its land acquisition team and all families were welcome to meet on an individual basis with such team, if they thought it was in their best interest to do so);
 - b. warned that the Board and Owners Committee could be sued; and
 - c. "Terry explained that in Q4, council approved all land acquisitions, including River Run, and the City is committed to communicating with all impacted owners. He asked me if I had any questions on the letter I received from the Green Line Land Agent."
- 63. Many River Run families understood such communication to be indirect pressure from Councillor Wong to sell their homes through the City's unfair process. At no point did Councillor Wong have a meaningful discussion with River Run families regarding this situation, aside from the owner of unit 28, despite repeated requests in writing.
- 64. In March 2023, owners of 20 River Run homes objected to the City's expropriation. The Province appointed an independent expert as an Inquiry Officer to hold a public inquiry regarding the City's planned expropriation, which was scheduled for early July 2023.
- 65. On May 30, 2023, an appraiser, who was selected, engaged and paid for by the City, attended at River Run. When the City's appraiser attended at unit 36, she identified that she was only considering 'market value' and the City had instructed her not to consider the high cost of replacement properties on the waterfront in Eau Claire. The appraiser indicated that her report should be complete in a few weeks; however, no appraisal was provided by the City until January 2024. When such appraisal was provided, it did not consider expropriation principles.
- 66. In July 2023, the Inquiry Officer held a Public Inquiry over several days. She heard the evidence that the City and River Run presented. Many River Run families used summer holidays to prepare for and attend such Inquiry and at no point has the City in any way compensated them for the time, effort and expense the City has caused them to direct towards the City taking their homes. Many River Run families attended the Inquiry in person. In contrast, the City just sent their lawyers to the Inquiry and no City decision makers, or any members of the City land acquisition team, bothered to attend.

67. The Inquiry Officer issued her Report on July 31, 2023.[20] The Report provides a scathing description of the City's unfair conduct:

Deficient stakeholder communications with River Run Owners

...I find that The City failed to communicate transparently and as a party with great power ought to communicate with a key stakeholder about the likely acquisition of the River Run Lands.

I further find that, on the whole, transparent and forthright communication from The City to the Owners was in short supply or clearly absent. ...

With great power comes great responsibility

I find that the extraordinary powers granted municipalities to acquire fee simple and other interests in land ought to be accompanied by a corresponding assembly of accountability, candour and good faith on the part of the municipality when communicating with affected landowners.

While I do not find that there is a carte blanche obligation for The City to pre-approve expenses that owners anticipate they may incur, setting requirements for City employees to refuse to ever do so (or unless an owner expressly commits to transacting with the government) — which I find occurred on the evidence before me—is unduly inflexible and comes across as high-handed. Moreover, as was made out on the evidence, the rigid refusals and high-handed (i.e, government preserving a position of clearly unequal bargaining power in a less-than-independently-voluntary negotiating relationship) aimed at and/or having the foreseeable effect of materially disadvantaging the landowning stakeholders whose interests are expected to be adversely effected.

I further find a positive obligation on the part of the expropriating authority to engage in communications with key stakeholders such as the Owners in a manner that is objectively transparent and even-handed, and not aimed at gaining advantage or preventing an equal benefit to the landowner relative to the municipality. This obligation was not met by The City, and process improvements as well as a culture shift in how owners are viewed within The City's real estate groups and related teams are in order, in my respectful opinion. ...

Unfairness: The process has been unduly prejudicial to the Owners

The time taken for The City to initiate formal expropriation and take material steps to bring to a close the "limbo" experienced by Owners at River Run has been excessive by any measure.

Moreover, I take very seriously – and urge City Council to take seriously – the material impacts on Owners of having public announcements about

their land holdings, and facing that "limbo" for years on end, all while the power-imbalanced relationship continues.

In my opinion, The City's unwillingness, decision and/or failure to communicate openly, which is to say in a forthright and transparent manner, with the Owners, coupled with delays in finalizing the alignment and intended acquisition processes, and created material prejudice to the Owners and the state of "limbo" in which several Owners found themselves. This is not in keeping with a good faith, transparent process that prioritizes mitigation of harm to affected owners as a means of giving intended effect to the expropriation legislation.

In the result, I find that the intended takings are **not** fair, considering a balancing of the interests of River Run Owners relative to members of the public apt to benefit from development of the Green Line through use of the subject lands.

- 68. At the Inquiry, the City continued to claim the expropriation process started when the City filed NOITEs in February 2023 and the years prior, where the City pressured families to sell under threat of expropriation, was a "voluntary" process. The Inquiry Officer rejected such position as "an overly literal and unduly sterile interpretation". She further noted that: "the expropriation process here began, as Mr. Thompson testified, when conduct of The City materially altered the Owners' experience, opportunities and asset base, for which they received no corresponding benefit or other consideration." As such, the Inquiry Officer confirmed the City had, for years, improperly disregarded expropriation rights.
- 69. As part of the Inquiry, counsel to the River Run families requested that the City disclose certain internal City documents and the City repeatedly refused, which caused River Run families to incur more legal costs to compel disclosure. The Inquiry Officer later confirmed such records were relevant and assisted her to reach a decision.
- 70. The Inquiry Officer's finding that the City caused delay was "excessive by any measure" is important because the City's excessive delay has caused harm, including:
 - a. most owners were not in a position to purchase a new home in 2020, when the City first started publishing pictures of River Run destroyed, and, as such, were unable to move on with their lives, and reduce stress, by purchasing a new home that likely would have increased in value since 2020; and
 - b. for non-resident owners who rent their River Run home, capital gains taxes have increased, which should be expected to increase the tax burden when the City finally pays compensation based on expropriation principles.⁴

 $^{^{4}\} https://www.canad\underline{a.ca/en/department-finance/news/2024/06/fair-and-predictable-capital-gains-taxation.html}$

[&]quot;Starting June 25, 2024, the capital gains inclusion rate will be increased from one-half to two-thirds".

- 71. River Run families hoped the independent Inquiry Report would finally cause the City to have discussions based on the reality that this was an expropriation, but that did not occur.
- 72. On August 3, 2023, the Board wrote to the Mayor and Councillor Wong[21] to provide a copy of the Inquiry Report and to request to finally have a conversation based on the reality that the City is expropriating River Run:

The Inquiry Officer appointed by the province, to preside over the public hearing of this matter, concluded (report attached): "I find that the intended takings are **not** fair" (emphasis in original). This report confirms that the City's conduct towards River Run families has been prejudicial, opaque, unfair, high-handed, unduly inflexible and not in good faith. Further, to date: "transparent and forthright communication from The City to the Owners was in short supply or clearly absent".

Importantly, the report identifies that: "process improvements as well as a culture shift in how owners are viewed within The City's real estate groups and related teams are in order".

We have raised concerns regarding the City's unfair conduct for years. We escalated our concerns, in writing, through all levels of the City up to the entire City Council. At no time has anyone from the City meaningfully discussed, let alone addressed, our concerns. This conduct erodes trust.

We are hopeful that the City will use this situation as an opportunity to rebuild trust by taking the concerns of the Inquiry Officer seriously and immediately commencing good faith discussions with River Run families for fair compensation in the circumstances.

- 73. The City did not respond and at no point has anyone from the City had a conversation with River Run families regarding the Inquiry Report, which many River Run families view as a strong indication that the City has no interest in improving its land acquisition process.
- 74. On September 12, 2023, City Council discussed the River Run expropriation behind closed doors. Despite the Inquiry Report and the many River Run letters to City leadership, this behind closed door meeting occurred, and Council voted to expropriate River Run, without anyone from City leadership first having a meaningful conversation with River Run families. At this meeting, Council knew, or ought to have known, that it remained uncertain whether any part of the Green Line would be built on River Run.
- 75. On October 25, 2023, the City seized legal ownership of River Run. River Run families learned this information not from the City but, instead, by searching land titles themselves. Although the City unilaterally chose to take ownership of 21 of 23 River Run homes in October 2023, the City did not pay any amount for taking such homes until January 2024.
- 76. In late January 2024, the City provided payments based on the City's own appraisals, where the City selected, engaged and communicated in private with such appraiser for months.

Many River Run families did not consider the City's appraisals to be credible for reasons including that expropriation principles were not considered:

- a. "home for a home" for resident owners is not considered at all, despite the readily available data regarding large downtown, Eau Claire waterfront property sales; and
- b. the appraiser reached a conclusion regarding "highest and best use" without conducting any analysis. (The appraisal document identifies that "the Subject Property as a vacant site may be used and/or developed for a number of different uses in accordance with the bylaw. There are no restrictive covenants or other instruments on the Land Titles Certificate which may reduce potential legal uses". However, "A feasibility study is outside the scope of this report; thus, none of the potential uses were tested." As such, the City ensured that an analysis of highest and best use was outside of the scope of work for the City's appraiser.)
- 77. Many River Run families viewed the City's appraisals as an effort by the City to appear to comply with expropriation principles while, in substance, disregarding such principles.
- 78. With respect to the 3 members of the River Run Owners Committee, the City chose not to remove mortgage information from legal title, during the almost 3 months the City owned such properties. Instead, the City demanded that the owners take steps to have such mortgage information removed, from what was now the City's legal title, prior to releasing payment, which further delayed payment for the members of the Owners Committee beyond 90 days after the City seized ownership of their homes.
- 79. After the City seized ownership of all River Run homes, the owner of unit 48 let the City know that his family had moved out and he offered to meet with the City to provide the keys and garage door openers. Instead of meeting, the City changed the front door lock at unit 48 without discussion. Not long after, on November 23, 2023, the owner informed the City, in writing, that the furnace has issues and needs to be monitored in cold weather:

I have several times up to today checked that the furnace is functioning to heat, and have shut off the domestic water at the main inlet valve to the unit. NB The heat needs to be checked regularly during cold weather events and I trust the City will arrange for regular checks on the unit to avoid damage to it or adjacent units.

80. On Sunday, January 14, 2024, during a period of cold weather, alarms at all River Run units went off for an extended period. For some owners, this meant that instead of watching NFL playoffs with friends on Sunday afternoon they had to deal with the alarm situation, caused by the City. A fire truck and crew arrived at River Run, at taxpayers' expense, because water pipes froze and burst in unit 48. Extensive water damage occurred throughout unit 48, inside and out, which the City had to deal with, at taxpayers' expense.

- 81. On February 15, 2024, another media report highlighted how unfair the City process has been for River Run families. Despite significant media attention and the Inquiry Report, which must have alerted Councillors to the City's unfair conduct, still no one from the City was willing to have a conversation regarding either:
 - a. fair compensation based on the reality that this is an expropriation; or
 - b. River Run families' concerns with what an independent expert confirmed was an unfair process.
- 82. On May 11, 2024, River Run families provided another letter to City Council outlining their ongoing concerns with the City's conduct:[22]

Dear City Council,

The City's destruction of our homes will enrich a developer by transforming the multi-tower project south of our homes into a waterfront development. The City claims the Green Line cannot be built without destroying our homes, which is not true:

- the train track, which will only be about 30 feet wide, could run on 2nd street:
- there was bare land east of us when the City started buying land for the Green Line (now there is a tower, see pictures below); and
- there is currently a large amount of bare land west of us on which the train could run.

The City doesn't need to take our property, it just wants to, because: "location, location, location." Behind closed doors, without involving us, the City decided that our homes will be destroyed and our private property will become an integral part of a wealthy developer's, now waterfront, project.

... Instead of discussing fair compensation, the City dictated that it will only have discussions based on different, alternative facts where we want to sell and it will only have such discussions if it can isolate us individually, in order to maximize the power imbalance. It's unclear whether anyone at the City understands, or cares, how much harm the City has caused River Run families by using its position of power to bully us into selling our homes, through an unfair process, for so long.

As further abuse, the City chose to harass us with relentless construction, taking away the quiet enjoyment of our homes. We worked hard to buy

⁵ https://calgary.ctvnews.ca/baffling-and-hurtful-residents-of-eau-claire-complex-slated-for-demolition-question-city-s-tactics-1.6771453

peaceful waterfront property and the City decided to make us live inside a construction zone, for years, while the City pressured us to sell our homes.

...In July 2023, the City was ordered to pay our reasonable costs for the Inquiry. Abusing its enormous position of power, the City has yet to reimburse a single dollar. Such conduct is consistent with the City's decision to cruelly treat its taking of our homes as an adversarial process.

Our goal is to minimize how much the City reduces our quality of life. The low bar, that we hope this government can finally rise to, is to respect the law. If the City starts to act lawfully, by paying its debt and respecting expropriation laws, it could help to minimize how much our quality of life is reduced by the City's decision to unnecessarily destroy our homes.

...If the City wants to drag out its many years of abuse even longer, by forcing us to go to the Tribunal to receive fair compensation, that's the City's choice. If any Councillor or anyone in City leadership is finally willing to have a conversation with us, we remain available.

83. On May 22, 2024, River Run families provided the City with detailed information they had collected to try to finally have a conversation regarding fair compensation including:[23]

...attached are some documents that may help inform a discussion regarding fair compensation in the circumstances:

- a summary of River Run and surrounding properties; [2]
- a draft report on the value of River Run based on a few different approaches; and
- a CMS report on sold and listed larger properties in Eau Claire and Watermark.[24]

River Run families have considered their views on fair compensation and below are some observations:

- The City took our homes with the stated reason being for the Green Line. However, it is uncertain whether any of our land will be used for the Green Line. It appears that the City may not have the budget to run the train as far north as River Run, even if the contingent and uncertain Provincial funding is made available.
- The use to which the City is putting our property will transform Harvard's multi tower project into a more valuable waterfront project. Assuming Harvard's sale proceeds increase by around 5%, Harvard may receive windfall profit in the range of \$100M. If this figure is used for highest and best use, the average River Run family

- would be compensated a large amount for their private property being expropriated.
- If market forces were at work, Harvard may have approached River Run to negotiate the purchase of our homes based on a reasonable split of the enhanced profit, potentially resulting in River Run families receiving about half of the NPV of the increased profit, which may be around \$2M per home (without taxpayers paying any amount).
- The attached draft report identifies \$99M as the value of our property as a 4.0 FAR tower. Assuming total costs to construct such a tower would be in the range of \$250-\$400 per square foot, this may entitle the average River Run family to compensation in the range of \$2M-\$3M, with some adjustment for NPV (note: this report and the individual reports are not complete, but we wanted to provide info to you as soon as we could).
- Home for a home can be assessed generally by looking at the average prices for 3+ bedroom waterfront homes in Eau Claire and Waterfront over the last 2 years. Critical 'home for a home' factors for River Run families are location and size (four floors including a loft and a basement this does not exist downtown, waterfront). As such, a comparison to similar sized homes in the same community is helpful. The attached CMS report, using Patrick and Jane's home, identifies the average value of \$1.94M. [24]
 - None of the comparable properties come with the benefits of River Run such as: low density by comparison, low condominium fees, such a small community where most if not all owners know each other, waterfront yards with mature trees on the north side and, importantly, the value associated with future redevelopment.
 - o 507, 600 Princeton Way just sold and has not closed, so is not on the list provided. It sold for just over \$3M, which is \$993/sqft.
- More specific home for a home numbers that seem reasonable to consider include:
 - o \$2.4M for Patrick and Jane (the only two buildings downtown, across from Prince's Island Park that permit large dogs are River Run and Princeton. As such, the only current 'home for a home' listing for us to maintain a large home in our chosen community with our family are units 305

- and 308 in 600 Princeton, which are listed at \$2.35M and \$2.45M respectively);
- \$2.45M for Gordon, based on his acquisition price and renovation costs; and
- On average around \$2M for owners who have bought or are contemplating purchasing comparable properties, together with renovation costs, if any.
- Valuation, and determining fair compensation, is highly subjective. The range for fair compensation in this unique situation is wide. Based on the City's conduct towards River Run families over the last several years, River Run families can reasonably expect the Tribunal would set fair compensation at the high end of such range.
- 84. River Run families provided the above information after the City finally agreed to meet and discuss fair compensation. After the City received such information, the City went back on its agreement and refused to meet. To date, the City has not provided any meaningful comment on the information provided and has not provided any relevant information regarding fair compensation. As such, the above is the only information exchanged by the parties, based on the reality that this is an expropriation, and such information was prepared using the time, effort and expense of the River Run families.
- 85. On May 28, 2024, at the Eau Claire Community Association AGM, Councillor Wong identified that, based on the limited budget, the Green Line may not go to Eau Claire and that the River Run homes may be "repurposed". At that time, most River Run families were still living in their homes but were soon to be forced out based on the City's representation that there might at some point be Green Line construction at River Run.
- 86. On May 29, 2024, the City represented to the media that River Run families were paid amounts "which are based on independent appraisals." Such representation was not honest or accurate; the City appraiser was entirely dependent on the City for selection, engagement, instruction, payment and private communications for months. Further, readers of such City misstatement would likely assume that the City engaged an appraiser to consider the reality that this was an expropriation, but the City did not.
- 87. The City demanded that River Run families leave their homes on or before May 31, 2024 and were informed that a Sheriff would be on site on June 1, 2024 to remove anyone who remained in their home. As such, River Run unnecessarily became vacant on May 31, 2024.
- 88. On the same day, the City Manager leading Green Line property acquisitions confirmed the City was not willing to meet to discuss fair expropriation compensation:

Any future discussions with former River Run unit owners will need to be conducted between The City and the former unit owner alone, or through

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⁶ https://calgaryherald.com/news/residents-river-run-townhouses-to-vacate-this-week-green-line

such former owner's lawyer, and will only relate to the value of the particular unit owned by that owner.

- 89. By email, River Run families expressed disappointment that the City still refused to discuss fair expropriation compensation and requested the name and contact information for the Manager's supervisor to discuss procedural fairness concerns. The Manager refused to provide such information and he directed River Run families to send all future communications through counsel while, at the same time, the City was trying to delay and minimize any reimbursement for legal costs.
- 90. Throughout the 6 years the City has caused this situation to drag on, only 4 families tried to negotiate through the City's unfair process and only 2 sold. For 3 of such families, the City would only agree to an amount that was similar to what the City chose to pay in January 2024. The one exception, the owner of unit 28, who had more information than other owners due to direct communications with Councillor Wong, was able to get the City to agree to an amount that was about 40% higher than the amount the City was willing to negotiate as 'market value' with the other families.
- 91. River Run families have a deadline of **January 22**, **2025** to apply to the Tribunal for fair compensation.
- 92. Former owners of 21 of 23 River Run homes intend to apply to the Tribunal to determine fair compensation, as soon as the City reimburses their reasonable costs for the Inquiry, which the City was ordered to pay in July 2023.
- 93. The City has not reimbursed any costs for the Inquiry. River Run families understand the City can disagree with the amount of fees that are "reasonable" and only pay what the City views as reasonable. However, the City decision to not reimburse a single dollar is viewed as a hostile tactic intended to intimidate and discourage River Run from applying to the Tribunal due to the financial cost of such process and the expectation that the City will, again, seek to delay and minimize any reimbursement for costs.
- 94. As a result of the City disputing the amount of fees the City must reimburse, River Run families have had to incur more time, effort and expense to engage counsel to re-apply to the Inquiry Officer for her to determine the precise amount that the City must reimburse.
- 95. For years, River Run families have tried to discuss this situation with the City. A discussion may resolve this situation without involving the Tribunal. However, a discussion requires two parties, and, to date, the City has refused to have a discussion based on reality.
- 96. If someone at the City is finally willing to discuss fair compensation, based on the reality that the City used its expropriation power to force them from their homes, River Run families remain available.