



Memorandum

November 5, 2018

To: Members of Council

From: Todd Burge, Deputy City Manager and Chief Financial Officer, Financial and Corporate Services

Subject: **Enterprise Land Development**

In response to inquiries from elected officials, I am providing this information to ensure everyone has received the same information from administration, ahead of the Land Governance discussion next week at Committee.

The Enterprise Land Development (ELD) program's projects involve constructing infrastructure related to the development of greenfield land into fully serviced subdivisions. Development projects often include off-site work that benefits the larger neighbourhood such as removing prohibitive barriers and entering into partnerships with other developers to support further growth of neighbourhoods. The program is able to engage in these activities by drawing on the revenue generated from land development activities and therefore does not draw from the city's tax base.

Land development activities led by ELD expand the city's road and utility network, promote sustainable built forms, contribute to affordable housing initiatives, add to the city's open spaces and natural areas and improve climate resilience. These activities produce a wide range of housing and business options while creating a diverse range of local amenities, generating positive economic impacts and encouraging active, healthy lifestyles for citizens. The program also provides tangible benefits to the City through its land development activities including the creation of residential, commercial and industrial lots, creating opportunities for business, and offsetting operation costs through an annual dividend.

The work of the Enterprise Land Development program:

Promotes sustainable built forms

ELD promotes sustainability by requiring buyers of commercial and industrial lots to achieve Leadership in Energy and Environmental Design (LEED) Silver Certification in their built form. It also requires buyers of residential lots to construct in accordance with Natural Resources Canada specifications and achieve prescribed minimum EnerGuide ratings; residential buyers in Laurel Green were required to ensure homes were constructed as solar-ready. 94 percent of the single-family

residential homes constructed in the Oxford and Laurel Green neighbourhoods were able to meet or exceed the EnerGuide target rating.

Adds to the city's open space and natural areas

Through development activities, the program adds to the city's open space and retains natural areas. The program has dedicated a total of over 69 ha of land as municipal reserve, environmental reserve, natural area and Stormwater Management Facilities (SWMF) and, at times, has provided larger amounts of land than required by the *Municipal Government Act*. Recent examples of providing larger amounts include the park/school site in the recently developed Oxford neighbourhood and the open spaces as part of the ELD project in the Schonsee neighbourhood.

Improves the city's resilience to major storm events

ELD has improved the city's climate resilience through the development of SWMF. Within the past 10 years, the City constructed and dedicated 44 ha of SWMF ensuring that the surrounding communities are protected from flooding during storm events up to, and in some cases exceeding, the 1 in 100 year major storm event standard.

Contributes to affordable housing initiatives

ELD contributes to affordable housing initiatives by ensuring there is a residential lot supply available for affordable housing developments, specifically:

- Developing a multi-family site in Laurel Green, chosen as the location of the Jimmy & Rosalynn Carter Work Project to commemorate Canada's 150th anniversary. On this site, Habitat for Humanity is building 58 affordable housing homes and catalyzed both a provincial contribution and the sweat equity donated by the Carter project;
- Policy C511 directs that City's development of residential lots should be benchmarked at 10% below CMHC average lot prices;
- Facilitating homes with secondary suites built on City developed lands in Oxford and Legacy Pointe in La Perle.

Increases the city's tax base and offset corporate operational costs

The program's last three industrial commercial projects in Rampart and Place La Rue generated in excess of \$1.4 million in annual non-residential property taxes (2018 rate). Previously, ELD also initiated the Pylypow industrial development, which invested in excess of \$20 million in capital infrastructure. This included developing 35 industrial lots, generating \$33 million in gross profit and providing ongoing non-residential tax revenue. In 2018, non-residential property taxes from the Pylypow development are expected to be over \$4 million.

In the past 10 years, the Enterprise has generated in excess of \$50 million for the City by way of dividends. Since 2005, with respect to non-municipal purpose land development activities, ELD has paid an average annual dividend of over \$2.7 million to the City to supplement tax levy obligations.

ELD also continues the contributions of its predecessor, Millwoods Enterprise, having funded:

- \$60+ million of city building projects including contributions to the purchase of Century Place and Chancery Hall, and partial construction funding for City Hall and the Convention Centre projects;
- Millwoods second mortgage program;
- City debt reduction (e.g. 1992-1996 debt reduction of \$34.6 million);

- Interim capital and/or land purchases for future municipal purposes and prepaid local improvements; and
- Money or in-kind donations to non-profit organizations.

Provides opportunities for business

ELD sells 50 percent of its single detached residential lots to individuals and small home builders; not only providing opportunities for small business owners and citizens but also improving the lives of Edmontonians by supporting affordability of housing and providing choice in the market.

ELD supports business by ensuring a reasonable supply of serviced industrial and commercial land is available for sale and vertical built form opportunities. Examples of specific business opportunities created by ELD activities include:

- Developed lands in the Rampart Business Park to attract investment from the Healthcare of Ontario Pension Plan. At full build-out, this site will provide over 745,000 square feet of industrial built space;
- The recent sale of a multi-family site in the Schonsee neighbourhood through a public proposal process enabled an experienced multi-family home builder to complete their first land development project in the City of Edmonton.

During the 2019-2022 budget cycle, ELD plans to service approximately 71 acres of industrial land in the areas of Rampart and Southeast Industrial, creating another 38 industrial lots. The timing of the sale and development of these lots will depend on market absorption.

Catalyzes private development

ELD contributes to the private development industry by front-ending the cost of expensive infrastructure, thus removing barriers and catalyzing neighbourhood development. Since 2011, ELD has contributed approximately \$50 million to neighbourhood catalyzation. This includes:

- The construction of the Schonsee Wetland, which benefitted a total basin area of 139 ha constructed on City land, meant that other developers in the area did not have incur costs to construct their own on-site SWMF;
- Participation in the 167 Avenue NW Palisades Owners Group (POG) in which ELD contributed to construction of two SWMF's, as well as off-site storm and sanitary sewers. As a member of the POG, ELD was also a major contributor to the construction of 167 Avenue from 127 st to the TUC;
- The construction of a portion of 51 Avenue NW assisted in the development of private sector industrial land;
- Completing a Neighbourhood Design Report (NDR) for a portion of the Ellerslie Basin benefitting multiple land owners, and allowing for development by the private sector; and
- Entering into a joint venture agreement with a neighbouring developer for the Laurel Green subdivision; allowing them to accelerate their development timelines for their land while simultaneously allowing development of City lands and generating revenue for the City.

Improves the lives of Edmontonians

The City's land development activities improve the lives of Edmontonians in many of the ways outlined above, as well as promoting and leading City building initiatives, including:

- Securing a consolidated parcel for the construction of The Meadows Community Recreation Centre;
- Providing development expertise to projects across the City, assisting with the initiation of City transformational projects at the concept stage including The Quarters, Station Pointe, Rosedale and Blatchford. This development expertise has also extended to municipal projects such as site servicing for fire halls, transit centers, integrated municipal operations (Ambleside & Poundmaker), and servicing land for municipal entities such as EPCOR.

Builds City Infrastructure

ELD has contributed approximately \$50 million in the form of front-end construction costs in the last 10 years for various City building initiatives including:

- Constructing a portion of 91 Street NW/Ewing trail to help facilitate the completion of 91 Street NW; allowing it to become a major connection to the Queen Elizabeth II Highway and 41 Avenue SW interchange project. This project also allowed for the installation of a portion of the South Edmonton Sanitary Sewer.
- Accelerating the development of Goodridge Stage 1 to facilitate the construction of the Edmonton Police Service Northwest Campus and the Co-located Dispatch and Emergency Operations Center.

ELD's role as a land developer provides an alternate revenue stream for the City of Edmonton, paying a dividend to the corporation, offsetting operational costs and achieving other ancillary outcomes. ELD promotes sustainable built forms, improves the city's climate resilience, contributes to affordable housing initiatives, increases the city's tax base, provides opportunities for business, catalyzes neighbourhood development and directly improves the lives of Edmontonians.

For further information related to Enterprise Land Development, please contact Chris Hodgson at 780-496-6280.



TB/ch

c: Executive Leadership Team
City Clerk
Anne Jarman, City Solicitor