

Land Governance Strategy - Additional Information

Recommendation

1. That the March 13, 2019 Financial and Corporate Services report CR_6613, be received for information.
2. That Attachment 6 of the March 13, 2019, Financial and Corporate Services report CR_6613 remain private pursuant to sections 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom and Information and Protection of Privacy Act*.

Previous Council/Committee Action

At the March 13, 2019, City Council meeting, the following motion was passed:

1. That the November 6, 2018, Financial and Corporate Services report CR_5328 and the March 13, 2019, Financial and Corporate Services report CR_6613, be postponed to the April 2, 2019, City Council meeting.
2. That the following items be dealt with together at the April 2, 2019, City Council meeting:
 - Land Governance Strategy
 - Land Governance Strategy - Additional Information
 - City Land Development Strategy Update (M. Walters)
 - Joint Venture Development - Organizational Options (S. Hamilton)

At the November 6, 2018, City Council meeting, the following motion was passed:

That the November 6, 2018, Financial and Corporate Services report CR_5328, be postponed to the February 27, 2019, Non-Regular City Council meeting, and that Administration provide a report with the following additional information, to that meeting: A comprehensive overview of the current governance, policy and management strategy for all city land assets. An analysis of how our current land assets are managed in alignment with Vision 2050 and how these land assets may be leveraged more strategically to achieve city goals and policy objectives. An update on the work and findings of the Real Estate Advisory Committee. The current net value of all City of Edmonton land within Enterprise Land Development and Land for future municipal purposes.

At the November 28, 2018, City Council meeting, the following motion was passed:

1. That all of the funding except for \$4.83 million for Capital Profile CM-16-2010, Industrial-Commercial-Investment Land Development, as

outlined in Attached 1 of the October 23, 2018 Financial and Corporate Services report CR_6388 be held in abeyance until a report returns to Committee with an update in February 2019.

2. That all of the funding except for \$11.1 million for Capital Profile Number CM-16-2020, Residential/Mixed Use Land Development, as outlined in Attachment 1 of the October 23, 2018 Financial and Corporate Services report CR_6388 be held in abeyance until a report returns to Committee with an update in February 2019.

Executive Summary

The City's updated land management framework includes numerous improvements to existing land governance processes, such as: mandating regular reviews and annual reporting of land assets; reducing historic financial barriers to repurposing or selling surplus civic use property; implementing a decision making framework that reflects a corporate perspective; and allocating the net proceeds from the sale of surplus property back to Council to be made available for priorities in alignment with Council's strategic plan.

The land management framework involves the work and findings of the Real Estate Advisory Committee (REAC), which has reviewed a significant portion of potential surplus land holdings and provided advice about how to unlock their value for the benefit of the City. REAC has also provided advice, feedback, and recommendations on many of the City's strategic initiatives, including the Quarters, Station Pointe, and Exhibition Lands.

The report provides an overview of the City's land by asset category (Transactional, Operational / Programmed, Linear / Remnant, Potential Repurpose / Sale, and City Development Projects) and identifies the current net value of all City of Edmonton land within two portfolios: Enterprise Land Development and City-owned land identified for future municipal purposes.

As part of the 2019-2022 Capital Budget, City Council passed a motion to approve Capital Profile CM-16-2010 Industrial-Commercial-Investment Land Development and Capital Profile CM-16-2020 Residential/Mixed-Use Land Development, with funding held in abeyance subject to a report provided to Committee in February 2019. To comply with this motion for the release of the funds, this report reviews the Enterprise Land Development program and the land development activities planned for completion within the 2019-2022 budget cycle.

Report

1. A comprehensive overview of the current governance, policy and management strategy for all city land assets.

Governance and management strategy

For the past 15 years, land for municipal purposes was managed by each department independently and did not encourage the use of land as a corporate asset. Attachment 1, Historic Governance and Management Strategy, outlines the challenges associated with the City's historic governance and management strategy for land assets.

In 2018, Administration completed the Land Governance review and developed an integrated land governance model to replace the 2003 Land Management Strategy. The new land governance model is based on a systematic and efficient process for acquiring, developing, maintaining, improving, and disposing of assets. Per the Financial and Corporate Services report CR_5328 - Land Governance Strategy presented at the November 6/7, 2018 City Council meeting, the new land management framework:

- Mandates a regular inventory review and annual reporting of land assets to ensure land is used optimally or, if surplus to civic need, is sold for maximum value;
- Reduces historic financial barriers to repurposing property from one civic use to another;
- Promotes decision making that reflects a broad corporate perspective;
- Ensures that land acquisitions are appropriately budgeted and funded;
- Reallocates net revenue from the sale of surplus civic property for redeployment according to Council priority; and
- Requires that Enterprise Land Development ("ELD" or the "Program") be financially independent from other civic operations and be fully transparent

The land governance and management of City assets includes a categorization of assets and comprehensive inventory reviews to confirm that land use is optimized to support programs, operations and services. This process enables the repurposing of City-owned property for alternate civic uses to benefit the Corporation. Administration is also advancing parallel efforts to satisfy environmental obligations and financial reporting requirements.

In the new land governance process, departments are notified about the availability of land identified for potential repurposing or sale, and program areas are encouraged to identify and justify alternate civic uses for this land. If no alternate use is identified, Administration classifies the property as being available for sale and prepares a business case to outline the work necessary to bring the property to market to

generate the highest net return. Once sold, the net proceeds would be redeployed to a proposed reserve overseen by Council, as outlined in the new policy strategy, presented in the following section.

The goal of the land management framework is to outline a process that is fair, consistent, efficient, transparent and reflects an integrated corporate perspective that includes appropriate stakeholder engagement and consideration of competing priorities.

Attachment 2, Land Management Guidelines, provides an overview of the land management framework. As a set of guidelines, the framework does not limit Council's influence nor bind Council to a particular outcome.

Policy strategy

Administration is continuing its review of existing City guidelines, procedures and policies to identify updates and amendments that will be required to align the new land management framework with Council's Strategic Plan. Preliminary evaluation suggests that *Policy C511 - Land Development Policy* should be updated to better align with City Council's current priorities. Administration anticipates presenting updates to Policy C511 to City Council in Q4 2019.

Administration will return to Executive Committee in 2019 with a Council policy to create a new self-funded reserve called the Civic Property Reserve Account. This reserve will hold revenues and pay for expenses from the sale of surplus, civic purpose real estate with net sale proceeds, over a reserve maximum, made available to Council for use according to its priorities through the budget process. Administration will also propose policy updates to *Policy C516B - Land Enterprise Dividend Policy* to reflect the change from Land Enterprise to Enterprise Land Development at this time.

2. An analysis of how our current land assets are managed in alignment with Vision 2050 and how these land assets may be leveraged more strategically to achieve city goals and policy objectives.

Upon completion of The City Plan in 2020, Administration will undertake a number of implementation activities across the Corporation to reflect Council's new policy direction. Through an annual inventory review process, mandated by the land management framework, Administration will confirm alignment of land inventory and current strategy, as well as review surplus City holdings to identify where sale proceeds may be maximized or land repurposed to advance Council's goals and The City Plan.

For the purposes of this report, the City's land assets are categorized as Transactional, Operational / Programmed, Linear / Remnant, Potential Repurpose / Sale, and City Development Projects, as described below.

Asset Category	% City Owned Land	City Land (Acres) ¹
Transactional	7.9%	1,711
Operational / Programmed		
• River Valley / Natural Area	39.0%	8,464
• Programmed Park	22.5%	4,873
• Developed Housing	1.2%	265
• Undeveloped Housing	0.4%	82
• Civic Facilities / Operations Yards	10.6%	2,297
Total	73.7%	15,981
Linear / Remnant Holdings	5.3%	1,160
Potential Repurpose / Sale	5.1%	1,109
City Development Projects		
• Blatchford	2.5%	536
• Enterprise Land Development (ELD)	4.5%	972
• Exhibition Lands	0.7%	160
• Other (Rossdale, Quarters, Station Pointe)	0.2%	54
Total	7.9%	1,722
Total	100.0%	21,683

- **Transactional** properties are primarily drainage assets that are being transferred to EPCOR and the Edmonton Community Development Company, and will not be managed by the City.
- **Operational / Programmed** holdings are managed at the program / operations level, approved through the budget process, and are subject to annual review and reporting under the new land management framework to ensure appropriate asset management and optimization in alignment with broader Corporate strategy.
- **Linear / Remnant** holdings (including utility lots, walkway lots, rail spurs, etc.) consist of (a) properties required for existing or future programs (eg. walkway lots) and are managed similar to Operational / Programmed holdings, or (b) properties that can be either repurposed for an alternate civic use, leased or sold.

¹ All areas are approximate and represent a snapshot in time

- **City Development Projects** includes land holdings that are designated for targeted municipal land development that have unique strategies aligning with Council policy and City building objectives.
- **The Potential Repurpose / Sale** category includes holdings that are most likely to be repurposed or sold to generate revenue for the City once Administration has confirmed that the holding is no longer needed for its original civic use. Administration will repurpose property using a circulation process mandating that program areas justify the proposed use, including describing how the use is funded and how it will align with Council's strategic plan and The City Plan.

Attachment 3 provides further information regarding the asset classes, respectively.

Attachment 4 provides further information on the City Development Projects asset class, including Enterprise Land Development. These development projects enable Council to control site specific development, as land owner, instead of a municipal regulator.

Enterprise Land Development is a policy-driven (City Policy C511 and Policy C516B), self-funded program that acquires raw land and invests in planning, engineering and site servicing to bring lots to sale. The program's land development activities are a revenue tool for the City and generate a return for the City from both lot sales revenue and tax uplift. Although it holds a small amount of the market share (under 3 percent of the market share of single-detached housing lot sales in the Edmonton market), Enterprise Land Development supports a number of smaller strategic actions that contribute to Council's objectives and align with Big City Moves identified in the City Plan, including:

- Catalyze and converge by
 - Ensuring a three year supply of serviced industrial land to support business retention and expansion;
 - Offering lots to small-scale builders to help promote market competitiveness and to individuals to help support housing affordability;
 - Aiding orderly development of neighbourhoods while partnering with industry to share costs, optimize the use of existing infrastructure and support the development of complete communities; and
- Greener as we grow by promoting energy efficiency in residential and industrial built forms.

Enterprise Land Development also enables the City to lead by example in the areas of climate resilience, housing affordability and the development of healthy, urban communities.

Attachment 5 describes the Enterprise Land Development program's development plan over the next budget cycle in support of Administration's recommendation that Council release the remainder of Capital Profile CM-16-2010

(Industrial-Commercial-Investment Land Development) and the remainder of Capital Profile CM-16-2020 (Residential/Mixed-Use Land Development).

Market Overview

Current expectations in the Edmonton Metropolitan real estate market appear cautious due mainly to volatile and suppressed oil pricing, uncertainty associated with larger energy sector projects such as the Trans Mountain Pipeline, and forced cuts to oil production. Over the next 10 years, the City's employment base is expected to expand by approximately 21 percent, increasing to 635,200 jobs in 2028. This represents an average annual growth rate of 1.7 percent, which is lower than historical trends.

Industrial vacancy rates have increased over the past few years and have now exceeded the highs reached in 2009, following the global economic downturn, suggesting an oversupply of building space.

Housing prices have softened since 2017 with concerns of a possible oversupply in the Edmonton market. Growing inventories and decreasing demand may have negative implications regarding residential land pricing and development rates.

In summary, moderate economic growth and tempered real estate investment are expected over the shorter term for the Edmonton metro area, with an apparent general consensus among most economists and real estate participants that a modest recovery is underway. Although the short to medium term economic outlook and real estate performance shows limited growth, the longer term prospects remain positive.

3. An update on the work and findings of the Real Estate Advisory Committee.

Following the April 12, 2016 report CR_3168, Municipal Development Corporation - Relationship and Land Inventory, Administration worked with local industry to create an advisory group (the Real Estate Advisory Committee, or REAC) to inform the review of City real estate holdings and provide advice to maximize the value to the City on market development potential of surplus City land.

Since September 2016, REAC has provided advice on 121 sites consisting of 321 holdings and 239 acres of land valued² at in excess of \$170 million. REAC has also recommended a principle-based framework to address over 2,000 remnant holdings. The results of REAC's review are as follows:

- 21 sites consisting of 72 holdings and 35 acres with potential gross sale value of over \$34 million have been sold, are pending or listed, or are projected to be sold / transferred in the immediate to short term future (2019-2020 timeframe).

² Value estimate is 'order of magnitude' and hypothetically assumes all costs to bring property to market have been incurred; these estimates are not net proceeds of sale that would accrue if sold (potential gross sale value minus book costs minus enhancement / marketing costs).

- 24 sites consisting of 54 holdings and 24 acres with potential gross sales value of over \$25 million are identified for sale in the short to medium term future (2021-2022 timeframe) and have a confirmed disposition strategy.
- 24 sites consisting of 30 holdings and 20 acres will be retained for civic use.
- 15 sites consisting of 48 holdings and 22 acres are located in project areas (eg. The Quarters, Station Pointe, Exhibition Lands) with REAC's advice informing the urban renewal and strategy initiatives associated with these parcels.
- 10 sites consisting of 37 holdings and 35 acres are being held pending completion of projects (eg. LRT Expansion) or are under review for potential repurpose to alternative civic use.
- 27 sites consisting of 80 holdings and 103 acres have been identified as lower priority due to low potential value and/or risk considerations such as environmental contamination, independently undevelopable (size/shape), geotechnical complications (organic soils), and/or additional work requirements (studies/planning).

In addition to site review, REAC has provided significant advice, feedback, and recommendations for major strategic City initiatives and project areas such as:

- **Station Pointe:** Administration acted on REAC's recommendation to undertake a market study to identify appropriate built form for the target market in today's economy. The recently completed study recommends rezoning the remaining land to allow lower density housing products in order to stimulate sales. Administration anticipates returning to Council Q4 2019.
- **Graphic Arts Building:** Through REAC's engagement and feedback Administration is determining the cost of moving and rehabilitating the building to one of two potential sites within the Quarters. Administration anticipates returning to Council Q4 2019 with further information on this project.
- **Exhibition Lands:** REAC and other stakeholder groups consulted on the evolution and definition of working development concepts for Exhibition Lands. Administration anticipates returning to Urban Planning Committee in Q2 2019 with a working preferred development concept, and following that, preparing the Area Redevelopment Plan for Council consideration in Q3 2019.
- **Plan Whyte and Old Strathcona Public Places Plan:** Through discussion with REAC and other stakeholders, Administration confirmed the requirement for a special study that is planned to begin later in 2019 which will confirm future uses for publicly-owned lands generally between Gateway Boulevard and 102 Streets in Old Strathcona. It is expected that the results of the Old Strathcona Public Places Plan will inform a future design program, capital improvements and potential funding mechanisms for the area. Administration anticipates returning to Council for consideration in late 2020.
- **Iron Works Building (96 Street and 104 Avenue):** REAC discussion has focused on potential options for repurposing the historical components of the building with the intention of catalyzing development in the area or acting as an incubator for other uses in the area. Administration anticipates returning to

Council with an updated Master Plan for Boyle Renaissance Phase III and options for the Iron Works site in Q4 2019.

In 2019, REAC will review and advise on approximately 40 previously unreviewed sites to enhance their value, and will provide feedback on the City's major strategic development initiatives. Administration and REAC are also working to potentially broaden REAC's mandate to include acquisition and leasing strategies and portfolio management. Additionally, REAC has offered to advise Administration about how the City and private industry can work more collaboratively to build public / private relationships and catalyse further private sector investment and development in Edmonton.

4. The current net value of all City of Edmonton land within Enterprise Land Development and Land for future municipal purposes.

Attachment 6 outlines the current net value of all City of Edmonton land within Enterprise Land Development and land for Future Municipal Purposes. Enterprise Land Development holdings are included in the City Development Projects category described above. Holdings under the Land for Future Municipal Purposes heading form a subset of parcels within the Potential Repurpose / Sale category described above.

Budget / Financial

Capital Profiles CM-16-2010 and CM-16-2020 are funded from Enterprise Land Development's retained earnings and do not require funding from tax levy. Council's approval of the remainder of CM-16-2010 and CM-16-2020 will enable Enterprise Land Development to continue land development activities, achieve 2019-2022 Operating Budget projections, and fund outstanding contractual commitments as outlined in Attachment 5.

In addition to its policy driven mandate, the land development model makes use of one of the few revenue tools available to municipalities. The initial land development model was created as a mechanism to minimize tax levy reliance by the City's real estate operations and to provide a dividend back to the Corporation to supplement tax levy requirements. Enterprise Land Development projects that it will pay a dividend of \$1.8 million over the 2019-22 budget cycle. Decreased land development activities may impact the tax levy Operating Budget as tax levy recovers approximately \$1.14 million of costs from Enterprise Land Development for space rental, parking, and real estate and financial personnel support. Additionally, if Enterprise Land Development activities do not continue, Administration would need to determine an alternative funding source to offset the projected dividend payable to the City by Enterprise Land Development.

Next Steps

Administration will return to Council through Committee in 2019 with a Council Policy and set of procedures to establish a new self-funded reserve dedicated to holding net

proceeds from the sale of surplus civic property. Administration will seek direction on how to use the reserve funds, including using the proposed reserve to address Council priorities. Administration will also propose that the reserve be used to fund the costs incurred to bring surplus civic property to market and future small scale real estate investment purchases needed to enhance the value or marketability of surplus holdings. Administration will also recommend policy updates to *Policy C516B - Land Enterprise Dividend Policy* at this time.

To ensure alignment with Council’s strategic plan and The City Plan, Administration will present updates to Policy C511 (that align with the enterprise performance management indicators) to City Council and begin annual reporting on the outcomes of the Enterprise Land Development Program in Q4 2019.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Land sales create new revenue that supports City program delivery. The City of Edmonton has a resilient financial position.	ELD annual dividend payment.	N/A	2019 -\$0 budget / \$977,000 actual 2020 - \$497,000 2021 - \$759,000 2022 - \$544,000
Land sales create new tax proceeds that support City program delivery.	Number of ELD development sites sold.	TBD	2019: 75 residential lots sold and 5 commercial lots sold 2020: 75 residential lots sold and 2 industrial lots sold 2021:75 residential lots sold and 4 industrial lots sold 2022:75 residential lots sold and 5 industrial lots sold.

Attachments

1. Historic Governance and Management Strategy for City Land Assets
2. City of Edmonton Land Management Guidelines
3. Asset Categories: Transactional, Operational, Linear / Remnant Holdings & Potential Repurpose or Sale
4. Asset Category: City Development Projects (Blatchford, Exhibition, ELD, Rossdale, Station Pointe, The Quarters)
5. Enterprise Land Development Capital Funding
6. Current net value of all city of Edmonton land within Enterprise Land Development and Land for Future Municipal Purposes (PRIVATE)

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- K. Armstrong, Deputy City Manager, Employee Services
- R. Smyth, Deputy City Manager, Citizen Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development

Historic Governance and Management Strategy for City Land Assets

For the past 15 years, Administration has managed the real estate program in accordance with the 2003 Land Management Strategy. Administration is currently revisiting and recommending governance changes to align and better respond to changing City Council goals.

Historically, the overarching strategy for the management of the City's land assets was based upon achieving short term objectives and has been driven by program needs, Council direction, and supporting business case analysis. In 2018, Administration completed the Land Governance Review to shift the focus of land holdings from business area resources to corporate assets in alignment with the principles of Council's strategic plan. Past approaches to land management challenged the ability of business areas to allocate sufficient resources to review secured land holdings and confirm that the lands were still needed by the business area and lacked a corporate perspective to decision making.

The Land Governance Review is intended to provide corporate oversight to real estate utilization while maintaining accountability at the program delivery level; ensuring that "inactive" land inventory is subject to a corporation-wide review and the intended use of parcels can be adjusted to address shifting priorities or opportunities.

The Land Governance Review will encourage transparency and effective management of the City's land development activities, which will be facilitated by splitting the land development activities the City undertakes through Enterprise Land Development (ELD) from those that the City conducts for municipal programming.

City of Edmonton Land Management Guidelines

1.00	The Land Management Guidelines (Guidelines) developed by Administration in 2018 will replace the Land Management Strategy approved by Administration in 2003.
1.01	Executive Leadership Team (ELT) and Council are not bound by the 2018 Land Management Guidelines and may make exceptions to any principle set out in the Guidelines.
1.02	Decisions and dispute resolution will be guided by the overriding principle: “Land is a Corporate Asset”.
1.03	Enterprise Land Development (ELD) will be financially differentiated and independent from other civic operations and will be fully transparent and accountable to Council.
1.04	Business areas that borrowed from the Land Enterprise Retained Earnings to pay for the acquisition of real estate on an interim basis will repay what was borrowed to the reserve fund. Finance will maintain a record of the payback schedule.
1.05	Real Estate Branch will be engaged in all acquisition, sale, and leasing / licensing real estate activities on behalf of the Corporation, including: gifts involving interests in land and proposed below-market real estate transactions, and all intra-municipal land transfers.
1.06	To ensure accuracy of real estate costs, business areas are required to engage Real Estate Branch at the time the business area identifies a need for real estate, including land needs contemplated in the longer term future. Business areas will keep Real Estate engaged as they move forward through each stage of the transaction approval process, including, but not limited to, preparing the Capital Profile through to final approval by Council / Administration.
1.07	Reserve land will be designated as “Reserve” either through the subdivision process, a Council-approved bylaw, or upon acquisition using reserve funding (eg. PPRA, FILR).
1.08	With respect to the implications of surplus land sales and intra-municipal transfers on the City budget and operations, Exception Categories are defined as: Reserve Land (see 1.07), Grant funded property, property funded by Community Revitalization Levy, land subject to transfer to or from a Utility, and Enterprise Land.
2.00	Holding Real Estate and Declaring Property Surplus
2.01	In collaboration with business areas, the Real Estate Branch will prepare a Holdings Status report describing the status of the City’s land holdings for Administration’s review.
2.02	The Holdings Status Report will identify the reasons and timeframes for holding property as well as the costs of holding property for prioritization purposes. This information will guide decision making about retaining or disposing of City-owned real estate.
2.03	Program areas can claim properties that have been declared surplus to civic use provided the proposed use is supported by a justification report and that no reputational (or other) damage

Attachment #2

	<p>to the Corporation will arise. In preparing the justification report, the program area claiming the property will engage the Real Estate Branch in the process and include other options considered; explain why the site is required; provide a needs justification; and describe why the site is the best option relative to other options. At the request of a program area and with appropriate justification, a surplus property can also be held subject to reasonable term and conditions.</p> <p>The Holdings Status Report will maintain a record of all claimed and held properties.</p>
2.04	Program areas will maintain programming and operational control over land utilized by the business area to deliver approved City programs.
2.05	Surplus property will be clearly labeled in the land inventory database administered by the Real Estate Branch. Holdings Status Report will indicate the status of surplus property (relative to sale) and will note the new properties added to the surplus category since the last report.
2.06	Business areas will continue to be responsible for unrecovered maintenance and operational costs until the property is sold.
3.00	Intra-municipal Transfers
3.01	Intra-municipal transfers will only be made when in the best interests of the Corporation.
3.02	Intra-municipal transfers will be coordinated by the Real Estate Branch.
3.03	If no Exception Category (see 1.08) applies to the land in question, intra-municipal transfers will have no budgetary or financial implications on program areas that give and receive said transfers.
3.04	<p>If an Exception Category applies to an intra-municipal transfer:</p> <ul style="list-style-type: none"> ● Land funded by Grant: transfer in accordance with provisions of the grant ● Land transferring to or from a Utility: transfer is at market value ● Reserve Land (see 1.07): transfer is at market value ● Land funded by Community Revitalization Levy: transfer is at market value ● Enterprise Land: transfer is at market value
3.05	Enterprise Land Development land identified for a civic need will be transferred at market value
3.06	Business areas will reimburse any costs incurred to bring a surplus property to market if the business unit is successful in staking a claim to the surplus property.
4.00	Purchasing Real Estate
4.01	Land will be acquired by the Corporation only if it is adequately funded and required for a use approved by Council.
4.02	The Corporation will not purchase land if suitable City-owned land is available.

Attachment #2

4.03	The Corporation will not purchase land unless there is an approved funding source for the land to be acquired and the Real Estate Branch has confirmed value estimate and acquisition costs.
4.04	Funds for land acquisitions must be available before acquisition process is initiated subject to decision to the contrary by ELT.
5.00	Exchanges of Property With Outside Parties
5.01	Subject to Urban Development Institute (UDI) Principles and subject to a decision and alternate methodology agreed to by ELT, property exchanges will be considered as concurrent acquisitions and disposals of land.
6.00	Consolidation
6.01	Real Estate Branch will be engaged prior to consolidating holdings.
7.00	Sale or Lease of Surplus Property
7.01	All surplus civic use land will be designated “surplus” and identified for ultimate disposal.
7.02	Subject to approval by Council, sales or leases of property surplus to the Corporation <u>will</u> not be below market value or market rent.
7.03	Prior to disposing of a surplus property, the Real Estate Branch will undertake the improvements necessary to achieve maximum value in a manner that balances resource availability, risk exposure, and time. This approach may include delaying or advancing a property to sale, engaging in a lease, and / or incorporating interim uses. This principle will be applied only to surplus land that has been identified for sale and not to land that is being considered for surplus, nor in cases where a business unit is staking a claim to surplus land.
7.04	A Civic Property Reserve Account (CPRA) and two Capital Profiles will be created.
7.05	Net proceeds from the sale of surplus property will accrue to the CPRA and will fund the two Capital Profiles identified in 7.04. These Capital Profiles will be used to fund (a) improvements necessary to bring surplus civic property to market and (b) Real Estate Investment Purchases.
7.06	In the absence of direction by Council to the contrary, and subject to maintaining an adequate balance in the CPRA to fund year to year business operations, net proceeds of sale accruing to the CPRA will be allocated to the Working Capital Deficit. The Working Capital Deficit consists of funds to be paid back to Land Enterprise when according to past practice Land Enterprise Retained Earnings per permitted to be used as an interim funding source for strategic land acquisitions involving land identified for future civic purposes.
7.07	Net proceeds from the sale of surplus civic property (see 7.08) will accrue to the Civic Property Reserve Account (CPRA), subject to Exception Categories (see 1.08).

Attachment #2

7.08	Net proceeds of sale equals gross sale revenue less book costs less capital and operational costs incurred by the Real Estate Branch to achieve highest and best use and to bring the property to market. Book costs will not accrue back to the business area surplussing the property.
7.09	At the beginning of each year, the Real Estate Branch will present to senior management committee, an itemization of anticipated disbursements from the CPRA. At the end of each year, the Real Estate Branch will present to senior management committee an itemization of actual disbursements from the CPRA.
8.00	Roles and Dispute Resolution
8.01	<p>Council:</p> <ul style="list-style-type: none"> (1) Approves Policies, including Policy revision and repealment, based on recommendations by ELT; and (2) Resolves disputes for matters referred to Council by ELT.
8.02	<p>ELT or its designate:</p> <ul style="list-style-type: none"> (1) Approves the Land Management Guidelines 2018; (2) Decides upon revisions to the Land Management Guidelines 2018; (3) Decides which City Policies need to be revised or repealed by Council in order to comply with Land Management Guidelines 2018, and makes recommendations to Council about whether to revise or repeal these Policies; and (4) Acts as the dispute resolution body for matters referred to ELT by the Real Estate Branch or authorizes a committee to act as dispute resolution for matters referred by the Real Estate Branch.
8.03	<p>Real Estate Branch</p> <ul style="list-style-type: none"> (1) Recommends Land Management Guidelines 2018 to ELT for approval; (2) Recommends, from time to time, future revisions to the Land Management Guidelines 2018 to ELT for approval; (3) Recommends City Policies to be revised or repealed in order to comply with Land Management Guidelines 2018 to ELT for approval; (4) Decides claims to a surplus civic use property for an alternate civic program or service, imposes terms and conditions for a 'hold'; and acts as a dispute resolution body for intra-municipal transfers.

Asset Category: City Development Projects (Blatchford, Exhibition, ELD, Rossdale, Station Pointe, The Quarters)

The City Development Projects category is comprised of greenfield or infill development projects at various stages of development. Included in this asset class are Blatchford, Enterprise Land Development, Exhibition Lands, Rossdale, The Quarters, and Station Pointe holdings.

The identification of how these holdings are managed in alignment with Council’s strategic plan and how these land assets may be leveraged more strategically to achieve city goals is discussed in detail by project in the pages that follow.

Table of Contents

Blatchford	2
Exhibition Lands Transformation Initiative	6
Enterprise Land Development	10
The Quarters Downtown	20
Station Pointe	25
River Crossing	28

Blatchford

Introduction

Blatchford is 536 acres of land in central Edmonton being developed into a walkable, transit-oriented and sustainable community. The neighbourhood will consist of two primarily residential spaces on the west and east sides of the site, a town centre with significant retail and commercial opportunities, a major central park, and a community civic plaza. With homes for all stages of life, Blatchford will create a new sustainable urban lifestyle for approximately 30,000 residents.

City Council has directed Administration to act as the land developer of the site through the Blatchford Redevelopment Office and has directed the creation of the Blatchford Renewable Energy Utility to build and operate the District Energy Sharing System, which will provide environmentally-friendly heating, cooling and hot water to the buildings in the community.

As the land developer, the Blatchford Redevelopment Office is responsible for planning overall community design; installing infrastructure including sanitary and storm sewer, water mains, power and district energy utilities; construction of sidewalks and roads; selling fully serviced parcels of land to builders; administering the sales terms, including architectural and green building codes; and marketing the community to builders and future residents.

City Council Vision: Blatchford will be home to up to 30,000 Edmontonians living, working and learning in a sustainable community that uses 100% renewable energy, is carbon neutral, significantly reduces its ecological footprint, and empowers residents to pursue a range of sustainable lifestyle choices.

Property Description

Property	Description	Size (ac)	Status
Blachford Total Area	Parent Parcel Lot 2, Block 6A, Plan 9220135	536	Beginning stages of development
Mixed Use Site	Lot 2, Block 3, Plan 1822441	1.71	Listed for sale
Townhouses	Comprised of multiple (4) lots Lots 2-5, Block 4, Plan 1822441	2.27	Listed for sale
Townhouses	Comprised of multiple 20 lots Lots 1-20, Block 1, Plan 1822441	1.28	Pending
Townhouses	Comprised of multiple 32 lots Lots 1-16 & 18-33, Block 2, Plan 1822441	2.10	Lots 1 - 16, 18-24 Pending Lots 25-33 Under negotiation
Mixed Use Site	Lot 17, Block 2, Plan 1822441	0.67	Listed for sale

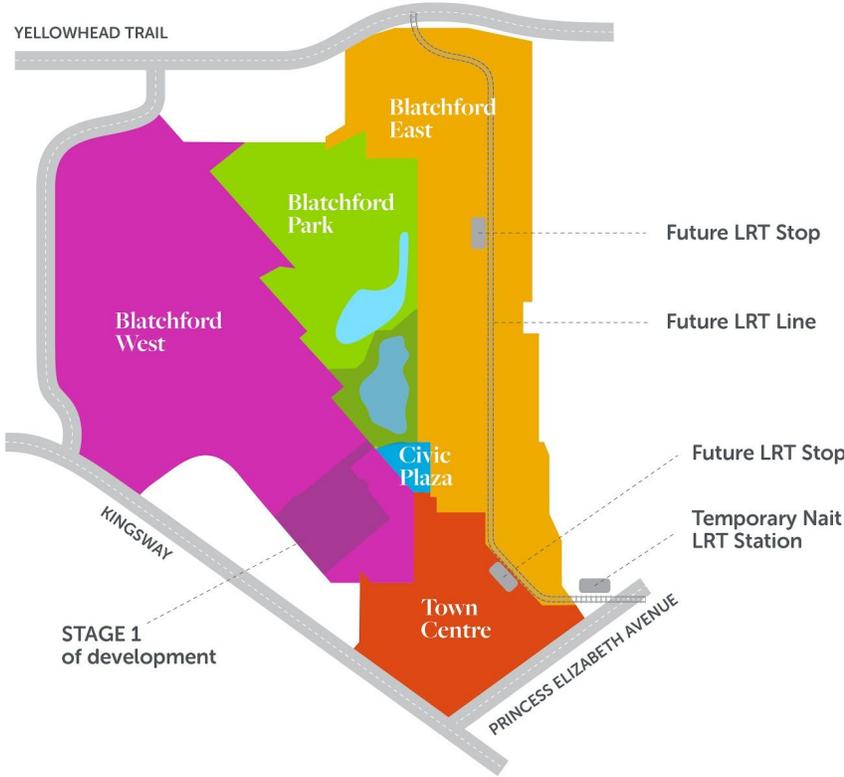


Figure 1

Where We Were

After extensive discussions, public consultation, expert analysis and planning work, the City Centre Airport closed on November 30, 2013. Transforming the land from a functioning airport to a residential community involved a significant number of steps, planning documents and approvals. Since the airport closure, the Blatchford Redevelopment Office has completed a substantial amount of work to prepare the land for development, including site preparation, demolition of existing buildings, drainage and transportation planning, zoning, designing and constructing underground utility systems, and surface construction work.

City Council approved the business case and funding for the community in 2014. With this clear direction from City Council, the Blatchford Redevelopment Office's work to implement their vision is well underway.

Where We Are

Like any large private land development project, the Blatchford Redevelopment Office will develop the community in stages in order to be responsive to market and economic changes. The land development process for the first stage of residential development, Blatchford West - Stage One, is almost complete. Land sales to the homebuilding industry for the first 12 parcels of land in the community are underway with five of the 12 lots currently pending, one lot in negotiation, and proposals to purchase the remaining six lots currently under review. In addition to these residential lots, 13.27 hectares of land on the east side of the site has been sold to NAIT to support their campus expansion.

Sequencing for future stages is determined by engineering servicing requirements with the exact timing and sizing of stages remaining flexible to allow the development office to respond to market conditions. Given the significant size of the site, it is anticipated Blatchford will take approximately 25 years to achieve full build out.

As the community develops and as new sustainability and/or land use planning opportunities present themselves, the Blatchford Redevelopment Office will continue to update City Council and seek direction as required.

Where We Are Going

In order to achieve Council's vision for the community, it is recommended that the Blatchford Redevelopment Office remain as the land developer until project completion. As the land developer, the Blatchford Redevelopment Office can maintain control over the planning and design of the community and can make decisions and allocate resources to achieve the community's environmental and

social goals. The private land development industry would not typically design a sustainable community at this scale due to higher profit margin expectations.

Truly sustainable developments are ambitious and require commitment, creativity and innovation. Achieving Council's vision for Blatchford will not only benefit Blatchford's residents, but also inform the development of future communities and establish the City of Edmonton as a leader in community-led renewable energy and sustainable design.

Blatchford will deliver on several City of Edmonton plans and priorities, and contributes to Edmonton's strategic plan and will transformationally impact two goals :

- Urban Places:
 - Blatchford will increase density, promote infill, take advantage of existing infrastructure, help nearby mature neighbourhoods remain strong and vibrant, and be a model for future developments.
 - Blatchford will offer area residents convenient LRT and transit service, and promote other alternatives such as walking and cycling. Blatchford's transportation hierarchy is based on: people, bikes, transit, and then private vehicles.
- Climate Resilience:
 - Blatchford will be sustainable and resilient by reducing the ecological footprint of the community and its residents.
 - Blatchford will encourage residents to live active, healthy lifestyles, in a community that is safe and offers many recreational opportunities.

Blatchford will also help Edmonton diversify by promoting the growth of a vibrant, livable city, and by providing a dynamic environment that encourages innovation. It will help to drive forward new business opportunities in all areas of sustainability associated with this project.

A piece of raw land this size located minutes from the downtown core is a once-in-a lifetime city-building opportunity. This community will give Edmonton the chance to demonstrate extraordinary leadership and commitment to sustainability.

Exhibition Lands Transformation Initiative

Introduction

The Exhibition Lands Transformation Initiative involves a number of parallel streams of work including the preparation of a flexible Area Redevelopment Plan to guide future land use decisions. The area redevelopment plan process includes extensive community and stakeholder communications and engagement. The parallel streams of work include site transition planning and activities as the remaining areas of land are transferred to the City on March 31, 2019.

The Exhibition Lands, adjacent to Edmonton's transforming downtown, is the city's second largest infill site representing an unprecedented opportunity for redevelopment and city-building on a major scale - a site for innovation, revitalization and transit-oriented development supported by regional road networks and green space amenities. This is a rare chance for Edmonton to tap into the knowledge, connections and capacity of local organizations with global connections.

Recent City Council direction includes CR_5234 - for the Administration to pursue an expanded approach to deliver a flexible Area Redevelopment Plan to guide transformation of the Edmonton Exhibition Lands.



Figure 2

Property Description

The study area for the Planning Framework includes City-owned land contemplated for sale and redevelopment through the planning process of approximately 46 hectares, or 114 acres, relative to a gross titled area (City owned) of 160 acres, more or less.

Alignment with Council's Strategic Plan

The Planning Framework will align with the Council's strategic plan to promote a Healthy City, create vibrant Urban Places through complete mixed use communities, to drive innovation and Regional Prosperity, and transition to a Climate Resilient community.

Exhibition Lands Guiding Principles

The following Guiding Principles are established to support decision making, underpin the engagement process and shape the development concept:

- **Support neighbourhood, city, and regional economic development**
The vision looks to identify opportunities to support economic growth in the short and long term. A diverse mix of opportunities are made available to both existing and new communities. The plan explores opportunities to leverage unique economic characteristics so this area complements, rather than competes with, city and regional economic development strategies.
- **Foster compact urban development**
Exhibition Lands supports City strategies to concentrate new development around priority nodes like LRT stations and main street corridors in the existing urban area. This transit-oriented development can accommodate a wide range of land uses that benefit from proximity to high quality public transit and relate to the existing neighbourhood; integrating transportation, land use, and development by incorporating a complementary mix of land uses that support people living, working, and playing in a more compact urban environment.
- **Ensure responsible return on public investment**
Where public investment is required to support development at Exhibition Lands, a focus on quadruple bottom line evaluation of financial, economic, social, and environmental costs and benefits will be the foundation of the investment decision. The plan respects all existing legal commitments the City has made and determines the preferred balance of private and municipal investment to achieve strong business and public outcomes in the long term.
- **Celebrate local history, heritage and cultures**
The Exhibition Lands are situated in a culturally diverse area of the city. The plan invites interesting and innovative ways to tell the stories of the past, celebrate the diverse stories of the present and support an inclusive, multicultural future for all residents and visitors. Opportunities to incorporate Indigenous knowledge and stories are identified and developed.
- **Advance the sustainability and resilience of our environment**
Provision of expanded ecological connections to the river valley and broader parks and open space network is essential to ensuring long-term environmental health while also supporting natural mitigation approaches to the impacts of climate change. The plan supports city-wide environmental goals including, but not limited to: energy conservation, water and waste management, and food sustainability.

- **Support all transportation choices**

A comprehensive approach to transportation planning will be applied to ensure people who walk, cycle, wheel, ride transit, and drive all have safe, reliable, high-quality and connected travel options to and through the area. Connectivity to destinations within the Exhibition Lands as well as to other major nearby destinations, such as adjacent neighbourhoods, the river valley and ravines, is improved for all people.

- **Incorporate viable and creative ideas for redevelopment to leverage the site's scale, location, and assets**

The plan incorporates elements that have a strong business case to support implementation in a reasonable timeframe. Analysis of ideas includes consideration for how innovative and creative concepts relate to the existing neighbourhoods and new development and business activity in the area. For buildings and amenities that will stay in the area over the long term, the plan provides direction to integrate new development in ways that realize existing opportunities while remaining open to potential future changes.

- **Contribute to social, physical, and mental well-being for residents and all Edmontonians**

The vision will bring new energy and activity to this area. Planning will support vibrant, safe, accessible, and inclusive communities for existing and new residents and visitors. Edmontonians of all ages and abilities have an opportunity to fully participate in the life of their city and neighbourhoods.

Preferred Working Concept

The preferred working concept, will provide the basis for the Planning Framework. The next stages of the project include additional business case analysis of the preferred working concept and definition of policies which accompany the development concept in the framework. Ultimately, the Planning Framework for Exhibition Lands will provide a proactive land asset management approach to transform the site in both the short and long term, and achieve City Council's strategic goals.

Governance and Management Strategy

The implementation strategy and governance model for the initiative has not been determined. This will be informed by the approval of the Area Redevelopment Plan by City Council.

Where We Are Going

Following a recommendation at Urban Planning Committee, the project team will

refine the preferred working concept and perform detailed business case analysis, and write the policy framework. The project team will share the Area Redevelopment Plan broadly through one last round of public engagement, and advance the Plan to City Council for approval in Q2/Q3 2019.

Development and completion of an implementation strategy for transition of the site is planned for 2019. Site transition activities will increase along with further staged surrender of lands and buildings in 2019.

Enterprise Land Development

Introduction

Enterprise Land Development (“ELD”) is a self funded enterprise program that acquires raw land and invests in planning, engineering and site servicing to bring the lots to sale. ELD’s activities are conducted in accordance with policy C511 - *Land Development Policy*,¹ the Industrial Land Strategy and City Council’s 2019 - 2028 strategic plan. Revenue from lot sales funds future land acquisitions and development and provides an annual dividend to the City to offset tax levy requirements, pursuant to policy C516B - *Land Enterprise Dividend Policy*.

Property Description

ELD holds approximately 970 acres of land (see the table below and Figure 3).²

Industrial Commercial Investment Land	Acres (445)	Stage of Development / Development Timeline
Ellerslie N	90	Considered for development in the 2023-2026 budget cycle.
Ellerslie S	30	Considered for development in the 2023-2026 budget cycle.
Gateway	5	Currently subject to a pending confidential sales agreement. Council approved the sale in response to CR_6484, presented at the November 13, 2018 Executive Committee meeting.
Goodridge	53	Portions of Stage 1 are in the final stages of construction and include the new Northwest Edmonton Police Campus and the Co-located Dispatch Emergency Operations Center. Stage 2 will be listed for sale in 2020. The remaining 30 acres of Industrial-Commercial Investment land will be developed in future budget cycles.
Pylypow	20	Considered for development in the 2023 - 2026

¹ Policy C511 is included at the end of the ELD section of the attachment (see page 18).

² Pursuant to Policy C511, the ELD holds an inventory of land that will allow it to maintain revenue from development activities over a ten year period.

		budget cycle.
Rampart	211	Various stages of development, ranging from unserviced raw land through to developed and sold serviced lots. Further details of the development stages are summarized in Attachment 5, Enterprise Land Development Capital Funding.
Roper	7.6	A single lot that will be listed for sale in 2019.
Southeast	28	Developed into a 14 lot subdivision. Administration anticipates sales of these lots will commence in 2022.
Residential Land	Acres (527)	Stage of Development / Development Timeline
Aster	53	Timeline for development is 5-10 years. The phasing and staging will depend on the market conditions at the time of development.
Goodridge	387	Administration anticipates that there will be a number of future stages of development, however this is highly dependent on market conditions. Full build out of the entire area is not expected to occur until 2045 or later.
Hollick Kenyon	1	Six single detached lots in Hollick Kenyon, which are currently being offered for sale. These lots were originally held for use as affordable housing. Current list price, as of September 16, 2018, totals \$1,051,200.00 for the six lots.
Laurel 22	53	Completed as one stage and consists of a 304 residential lot subdivision. Administration plans to sell approximately 75 residential lots per year over the next four years.
Schonsee	33	Administration anticipates this will be developed in five stages. These stages will be smaller than other areas due to the land configurations and servicing connections. Two stages on the west side of the program's holdings will be developed

in the next budget cycle.

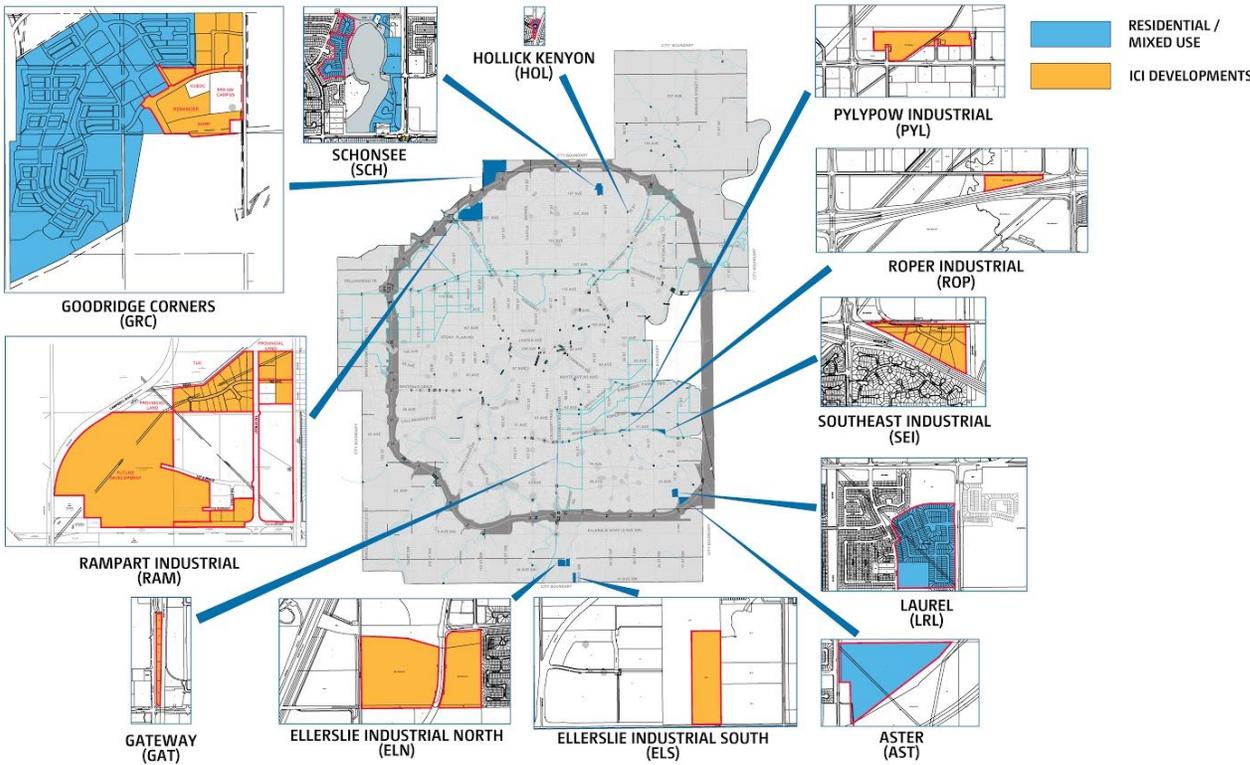


Figure 3

Where We Were:

The City’s land development program has existed in various forms for over 40 years. This is consistent with the practice of most larger Canadian municipalities, which participate in land development activities through a number of different governance models.

ELD is a means to execute Council’s vision and allows the City to lead by example through its land development projects; shaping the residential landscape throughout the City with residential development projects in neighbourhoods such as Millwoods, the Lake District, Hollick Kenyon, Jackson Heights, Miller, Belle Rive, Brintnell and Oxford.

ELD has serviced large areas of land in industrial neighbourhoods such as Davies, Roper, Whitemud, Pylypow, Ellerslie, and Rampart and has assisted other areas within the City by consolidating land, extending utilities, expanding the City’s road network and creating lots for civic use.

The program has benefited the City by providing an additional revenue stream and increasing the City's tax base, while supporting City-building initiatives, such as developing initial servicing into an area where it may otherwise be cost prohibitive. It also provides the City the opportunity to directly control municipal land development as landowner in addition to their regulatory role. Some examples of the program's contributions to the City include the following:

- Generating over \$50 million in dividends for the City over the past 10 years and, since 2005, providing the City with an average annual dividend of \$2.7 million.
- Generating over \$1.4 million in annual non-residential property taxes in the last three industrial-commercial-investment land development projects in Rampart Industrial and Place La Rue.
- Contributing approximately \$50 million in neighbourhood catalyzation outside of usual development activities since 2011, including:
 - Paying up-front costs to construct the Schonsee Wetland which benefited a total basin area of 340 acres;
 - Contributing to the construction of two SWMF, off-site storm and sanitary sewers and 167 Avenue from 127 Street to the TUC, to the benefit of the Palisades Owners Group (POG);
 - Overseeing construction of a portion of 51 Avenue, which assisted in the development of private sector industrial land and completed a Neighbourhood Design Report for a portion of the Ellerslie Basin; benefiting multiple landowners and allowing for development by the private sector; and
 - Entering into a joint venture agreement for the Laurel Green neighbourhood, allowing expedited development timelines and increasing housing choice and affordability.

Where We Are:

Pursuant to Policy C511, land development activities are governed and managed to ensure financial return on investment and social and community benefits in alignment with Council's priorities, contributing to various City building initiatives, such as:

- Promoting small businesses, housing affordability and housing choice by selling at least 50% of residential lots to individuals and small builders;
- Adhering to City density targets in all residential developments and, although not required by Policy, incorporating secondary suites opportunities to support residential densification;
- Requiring energy efficiency in residential and industrial built forms;
- Promoting regional prosperity by ensuring the availability of a three year supply of serviced industrial land providing opportunities for businesses to locate and invest in Edmonton without incurring delays and costs associated with servicing land; and

- Removing obstacles to develop or fund infrastructure in partnership with private industry, including extending servicing into an area that may otherwise be cost prohibitive.

Administration continually monitors the market share of lots ELD brings to market;³ over the last 5 years, ELD has held less than 5% of the market share of low density residential lot sales and under 3% of the market share of single-detached housing lot sales in the Edmonton market.

Pursuant to Policy C516B, the Land Enterprise pays 25% of actual net income from land development activity to the City annually. Following reviews by the City Auditor in 2006 and 2018, Administration recommended this percentage of net income because it balanced City Council's desire to share in the financial benefits of the City's land development activity with the need to move Land Enterprise to a self-sustaining financial position. The Auditor also advised that increasing the dividend payment to the City would in turn increase Land Enterprise's need to secure short term financing, which would place the Land Enterprise in a financially precarious position.

Administration regularly reviews and updates proformas that evaluate the estimated costs and projected revenues of developing land; while this sometimes results in the City selling unserviced raw land, it usually confirms that capital investment in land development provides significantly more return on investment to the City. In the case of Goodridge Corners, the net revenue generated through the ELD's development activities is projected to exceed the net revenue generated through raw unserviced land sales by a factor of 2.25. This financial analysis as well as other factors, such as nearby development activities, cost sharing opportunities and the City's need for infrastructure are used to determine when and how to develop land holdings.

ELD also balances investment in Industrial-Commercial-Investment land development activities with Residential/Mixed-Use land development activities, while monitoring market conditions. In the current market, the program relies on consistent profits generated from low density residential lot sales to support other development activities, such as industrial lot development, which typically achieve smaller returns on investment, take longer to sell and require a longer period before infrastructure recoveries are received.

Where We Are Going:

Administration is in the process of reviewing the program's activities and outcomes to ensure alignment with Council's goals. Enterprise Land Development supports a number of smaller strategic actions that contribute to

³ Pursuant to Policy C511, the Program must ensure residential lot development does not exceed 10% of the total single family lots developed in the Edmonton region.

Council's objectives and align with Big City Moves identified in the City Plan.

Regional Prosperity

Although not a primary impact, ELD's land development activities contribute to regional prosperity and the City Plan's Big City Move of catalyze and converge by ensuring a three year supply of serviced industrial land is available to support industry and businesses choosing to locate and invest in Edmonton.

Unlike private developers who may forgo an investment based on market conditions, the City can ensure that a continuous supply of serviced Industrial-Commercial Investment land is ready for investment at all times. This approach facilitates a more rapid recovery following years with slow rates of industrial land absorption and may include extending cost prohibitive servicing to catalyze additional private development when there is a risk that economic conditions may otherwise delay investments by adjacent land owners.

By selling 50% of residential lots to small builders and individual homes buyers, the program also supports and promotes local small businesses that may struggle to fund the number of projects required to be allowed to participate as a builder in a typical privately developed residential lot subdivision. These small builders contribute to overall market competitiveness, fulfill the demand for custom homes and can be a source of innovative new building practices.

Climate Resilience

Although not required in Policy C511 and not a primary impact to achieving Council's objectives, ELD's land development activities support climate resilience and the City Plan's Big City Move of greener as we grow in a few key ways:

- Buyers of commercial and industrial lots are required to achieve Leadership in Energy and Environmental Design (LEED) Certification in their built form.
- Buyers of residential lots are required to construct in accordance with Natural Resources Canada specifications and to achieve a minimum Energuide rating. Additionally, through the residential lot sales agreement, the buyers of the Laurel 10 residential development were required to include solar readiness when building their homes.

ELD is mindful of climate resilience when conducting land development activities. For example, recent land development activities in the Rampart Industrial neighbourhood reduced the development's carbon footprint compared to a traditional industrial development by including new methods for treating stormwater runoff and enhancing surrounding natural areas.

These activities are examples of the City's commitment to advancing its own energy transition efforts and leading by example in its own civic operations. By

setting low carbon standards in sales agreements for City-developed lots, the City influences private building practices and helps to build community capacity that advances all of Edmonton toward a low carbon future.

ELD's activities also contribute to the Community Energy Transition Strategy which outlines a goal to support transformational mixed-use development by recommending tactics to improve energy efficiency in new developments and actions to make on-site renewable energy systems the norm. One tactic proposes that the City of Edmonton set these standards and lead by example through initiatives such as:

- A. developing City-owned lands
- B. assembling land for resale
- C. partnering with the private sector on developments, and / or
- D. selling City-owned land at a discount to encourage prime projects

ELD enables these initiatives through its land development activities.

Healthy City and Urban Places

ELD's activities also align with City Council's goals related to a healthy city and urban places by promoting community wellness through complete communities, by supporting housing affordability and by promoting local small businesses.

ELD development activities have created opportunities for secondary suites at a time when they were less common. In addition, a multi-family site in Laurel Green was chosen as the location of the 2017 Habitat for Humanity Carter Work Project to commemorate Canada's 150th anniversary.

Through creative problem solving and providing expert development advice about vital municipal land development projects, including fire halls, transit centres, and integrated municipal operations sites, ELD supports city-building projects across the organization; assisting with activities such as securing a consolidated parcel for the construction of the Meadows Community Recreation Centre.

As supported by Policy C511, residential lots are developed with a target market price of at least 10% below the City average. This supports affordable lot choices and is achieved by developing smaller sized RSL, PRL and RF4 zoned parcels in complete residential communities. By selling at least 50% of their residential lots to small builders and individual homes buyers, ELD also ensures that the program supports and promotes local small businesses.

Council's Strategic Plan and Next Steps

While ELD's current activities align with Council's strategic plan, Administration recognizes that more can be done to ensure that the City's development activities support City Council's goals. Therefore, Administration is undertaking a

Attachment #4

review of Policy C511 and anticipates presenting proposed policy updates to City Council in Q4 2019.

Administration intends to begin annual reporting on the outcomes of its land development program and performance metrics in 2019.



CITY POLICY

POLICY NUMBER: C511

REFERENCE:

City Council 13 July 2004
C410 City Council 1985

ADOPTED BY:

City Council 13 July 2005

SUPERSEDES:

C410 – repealed 22 June 1999
Page 1 of 2

PREPARED BY: Asset Management and Public Works

DATE: 22 June 2004

TITLE: Land Development Policy

Policy Statement:

1. Administration will maintain an inventory of residential and industrial development land sufficient to enable the City to maintain existing revenues from its development activities over a ten-year Forecast period (the Long Range Financial Plan).
2. The Land Enterprise will be operated as a self-sustaining Enterprise.
3. Land development activities carried out by Administration (acquisition, servicing, marketing, and disposal) will be based primarily upon financial return on investment.
4. Strategic advantages to the City will be considered when acquiring and servicing land (i.e. optimizing use of existing infrastructure, facilitating Corporate initiatives, aiding orderly development, completing neighbourhoods, securing land for long term potential civic need, and adding value to existing City land holdings).
5. The development of industrial land will be carried out in accordance with the objectives of the Industrial Land Strategy, and in particular on the basis of ensuring a three year supply of serviced industrial land.
6. The primary target of residential lot development is intended for affordable housing (target market to reflect lot prices that are 10% or more below the average city of Edmonton lot prices as determined by CMHC statistics).
7. The City's development of residential lots will not exceed 10% of the total single family residential lot development in the Edmonton region.
8. A minimum of 50% of all Single Detached Residential Lots developed by the City be made available for sale to individuals and small builders.
9. Outcomes of the Land Development Policy will be reported annually through the budget process.

The purpose of this policy is to:

1. Through its land development program, the City will be able to actively promote initiatives in evolving areas of sustainability, revitalization, and urban form. The Fort Road Revitalization Plan is perhaps the most visible example of the use of bridge financing from the Land Enterprise to stimulate redevelopment. The success of the Fort Road Project could conceivably lead to additional redevelopment initiatives, including additional transit-oriented development proposals.
2. Ensuring an ongoing supply of lot availability to the general public and independent small builders will continue through the City's commitment to make 50% of all single family lots available to the public before being offered to the City's partners in the home building industry.
3. Providing opportunities for affordable and/or innovative housing remains a priority for the City. Ongoing dialogue with the Housing Services Section of Community Services, the Non-Profit Housing Corporation and numerous other Affordable Housing agencies is a part of everyday business. Over the past two years, the City has sold property for affordable housing developments for Wings, Habitat for Humanity, Communitas, Capital Region Housing Corporation, and Edmonton City Centre Church Corporation.
4. By remaining active in the residential development market, the City can continue to assist other developers in the timely provision of major infrastructure requirements. Roadway construction and drainage needs are generally the two most common cost burdens to servicing new communities.
5. The City intends to maintain its strong relationships with members of the Edmonton Region Homebuilders Association the Edmonton Real Estate Board. In addition, the City has fostered working relationships with the other municipalities in the Province and across the Country relative to the value that is brought to the community through continued participation in land development.
6. Finally, the City has historically achieved a positive cash balance through its residential land development activities. Continued proper fiscal management of the Land Enterprise will enable the City to continue to benefit from the proceeds realized through its land development activities

The Quarters Downtown

Introduction

The Quarters Downtown is a City-led initiative intended to be a catalyst for private sector investment and redevelopment of the east side of Edmonton’s downtown. The redevelopment of the Quarters Downtown is guided by the Quarters Downtown Area Redevelopment Plan, the Quarters Downtown Urban Design Plan, Direct Control Zoning + Overlay and a Community Revitalization Levy Area Plan that outlines the public infrastructure program necessary to encourage private sector investment. The Quarters Downtown Community Revitalization Levy Plan area (CRL area) is located in the Boyle Street community, which is immediately east of downtown, and is one of the oldest neighbourhoods in Edmonton.

Property Description

The City holds approximately 8.3 acres of land in parts of the Quarters Downtown - see Figure 4 for locations.



Figure 4

Where We Were

Although the east part of the Boyle Street community has seen redevelopment with many multi-family buildings, the area immediately adjacent to the downtown core has not experienced the same degree of redevelopment. Much of the area is characterized by unimproved surface parking lots, crime, social issues, infrastructure inadequate for new development and environmental contamination from historic industrial uses. The Quarters Downtown Community Revitalization Levy Area Plan (“the Plan”) outlines the public infrastructure program needed to attract private investment, redevelopment and revitalization of the area which includes strategic land acquisition for public space development and resale.

Where We Are

The Quarters Downtown has seen significant interest and development since the adoption of the guiding statutory plans. The following is a list of major public and private initiatives/development completed or underway in the Quarters:

- City-led projects:
 - Boyle Renaissance Phase 1 and 2 - complete
 - The Armature, streetscape - complete
 - Valley Line LRT - underway
 - The Armature Block, lot consolidation and resale - pending sale
 - Ociciwan Contemporary Art Centre - underway
 - Community Arts Laboratory - underway

- Private Development
 - The Quarter Note Hotel - complete
 - Brighton Block - underway
 - The Hat @ Five Corners - underway
 - Edmonton People in Needs Shelter Society - complete

The table below outlines the description and status of the City-owned land shown in the Figure 4 map above.

Property	Description	Status
Property 1 10260 - 96 St	Single, vacant lot 0.08 acres	This property is needed as a land swap for Kinistinaw Park Phase 2.
Property 2 9641 - 102A Ave	Single lot with building 0.28 acres	Currently under City-led renovation and lease to the non-profit Quarters Arts Society. The building is the recipient of a Canada Heritage Grant for \$750,000.

Attachment #4

<p>Property 3 10216 - 96 St</p>	<p>5 vacant lots and a lane closure 0.47 acres</p>	<p>Land was purchased with Cornerstones funds. City Council has approved providing the site along with \$6.0 million for the Artist Quarters development. Arts Habitat acquired the Koermann Block to complete the land assembly.</p>
<p>Property 4 & 5 9633 & 9634 - 102 Ave</p>	<p>Single lots directly north and south of each other on 102 Ave 0.19 acres</p>	<p>To enhance pedestrian connections, the Quarters Downtown Urban Design Plan identified the need to break the grid between 96 and 97 Street from 101A avenue to 103A avenue. The need for these properties to break the grid will depend on the design and scale of adjacent developments.</p>
<p>Property 6 9604 -101A Ave</p>	<p>Single lot with building 0.08 acres</p>	<p>Currently under renovation and lease to the non-profit Ociciwan Contemporary Art Collective. The building is the recipient of a Canada Heritage Grant for \$750,000.</p>
<p>Property 7, 10415 - 96 street, 9511, 9519 - 105 Avenue, 9528/30/34 - 104 Ave</p>	<p>22 lots with three buildings 2.12 acres</p>	<p>The City intends to designate the original main building (Iron Works), built in 1909, as a Municipal Historic Resource. The building is currently listed on the Inventory of Historic Resources in Edmonton. Alberta Culture and Tourism has advised that the building has provincial significance.</p> <p>Administration will explore potential uses for the Iron Works building and will update the Boyle Renaissance Master Plan for Phase 3 in Q1 2019.</p>
<p>Property 8 10401 - 96 St</p>	<p>6 vacant lots (former site of the York Hotel - demolished in 2012) 0.75 acres</p>	<p>The property has been offered for sale for use as a multi-use development but to date the City has not entered into a sale agreement with respect to the property.</p> <p>There are two City-owned sites within the Quarters where the Graphic Arts building, currently located at 9523 Jasper avenue, could be moved. The north lot on the York site, fronting onto 96th street, is one of the potential new locations.</p>
<p>Property 9</p>	<p>12 lots with 2 buildings (3 buildings demolished)</p>	<p>This land was purchased with Cornerstones Funds. The Quarters Downtown Urban Design</p>

Attachment #4

<p>9550/54/56/60, 9549/53/55/59 - 103 Ave, 9550/54/56/60 - 102A Ave</p>	<p>to date with plans to demolish 2 more) 1.37 acres</p>	<p>Plan identified the properties east of Kinistinaw Park for mixed use development. The intention is to reorient the north-south lots so the buildings face west-east and front on to Kinistinaw Park.</p> <p>The lots will be offered for resale. Potential developments on the site could include a mix of market and affordable or market and attainable.</p> <p>The Reed House, located at 9549 103 avenue is currently listed on the Inventory of Historic Resources in Edmonton.</p>
<p>Property 10 10264 95 St</p>	<p>Single vacant lot 0.07 acres</p>	<p>The lot has been offered for sale and generated many inquiries. Current zoning for the site makes development on the single lot challenging.</p>
<p>Property 11 10203 - 96 St</p>	<p>8 vacant lots 0.61 acres</p>	<p>These lots were purchased for the purpose of assembling a large developable site for resale.</p> <p>The lots were offered for sale in 2018 and there is a deal pending.</p>
<p>Property 12 9516/24/30 Jasper Ave</p>	<p>5 vacant lots - the buildings were demolished 0.43 acres</p>	<p>These lots were purchased for the Valley Line Southeast LRT.</p> <p>When the LRT construction no longer requires these, the lots will be offered for resale.</p>
<p>Property 13 10148 - 95 Street, 9523/31/39 Jasper Ave</p>	<p>8 lots - 7 vacant and 1 with the Graphic Arts building 1.20 acres</p>	<p>These lots were purchased for the Valley Line Southeast LRT.</p> <p>Plans are underway to move the Graphic Arts building to one of two City-owned lots in The Quarters Downtown.</p> <p>When the LRT construction no longer requires these, the lots will be offered for resale.</p>
<p>Property 14 9351 103A Ave</p>	<p>Single vacant lot 0.09 acres</p>	<p>This is one of two potential locations for the Graphic Arts building.</p>
<p>Property 15</p>	<p>5 lots - 4 vacant and 1 with a building</p>	<p>Properties purchased with Cornerstones funding to assemble a potential site for mixed</p>

9431 - 101A Ave, 10123/27/29/31 - 95 St	0.55 acres	use market/affordable development. This is a prime location for a high density market development and strategy for the disposition of the property is in development.
---	------------	---

Where We Are Going

Implementation of the Quarters Downtown, according to the statutory plans, will continue through to the Community Revitalization Levy Bylaw termination and on an ongoing basis through zoning and remaining statutory plans. The redevelopment program for The Quarters Downtown aligns with Council’s strategic plan by promoting compact urban form that has a mixture of uses, a diverse population, employment and recreation opportunities, and reduces the dependence on private vehicles. In addition, these developments will contribute to a healthy lifestyle where residents will be able to take advantage of public spaces for active and passive recreation and the adjacent river valley for hiking or biking.

Station Pointe

Introduction

Planning policy for the Fort Road Station Pointe area aims to create a mixed use, vibrant urban village that increases density and promotes a compact urban form within walking distance to the Belvedere LRT Station. A master plan, urban design plan, direct control zoning of Areas A - E and a community revitalization levy are all in place.

Property Description

13 acres of land divided into five "Areas" A-E. The Areas have been developed as a subdivision with infrastructure of internal roads, streetscaping, railway sound wall, landscaping and utility servicing - see property map below for details.

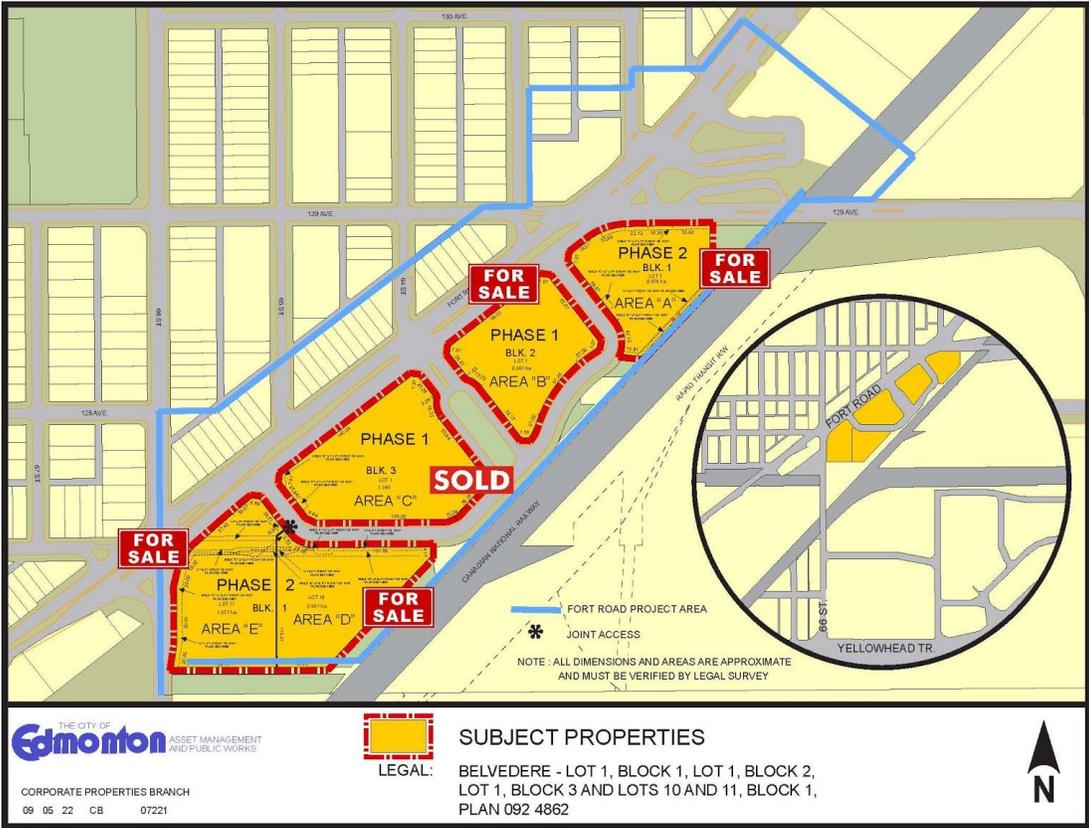


Figure 5

Where We Were

The Areas have been for sale since 2012, and development interest is slower than expected. To date, Administration has received eleven written offers; one of which resulted in a completed transaction and the subsequent commencement of

construction of Station Pointe Village in Area C. Areas B and D have previously been under contract. However, in both instances, the buyers eventually were not able to meet their conditions resulting in the termination of the sale agreements.

On June 18, 2018, Administration responded to a Council motion with Regional and Economic Development report CR_5614 Belvedere Community Revitalization Levy Opportunities. This report concluded that the most significant barrier to development in Station Pointe is that the zoning does not reflect current market conditions and that a third party market analysis should be completed to define a more marketable residential product type.

Where We Are

Administration received a draft Station Pointe Market Analysis Report completed by an independent consultant on December 14, 2018. The report examined demographic trends as well as demand for residential, commercial and retail markets from a micro and macro perspective. The conclusions presented in the report suggested that the local locational influences of heavy arterial traffic, adjacent railways and industrial development and dilapidated street-front retail across Fort Road outweighed the benefits of access to LRT, proximity to employment and proximity to regional retail. These factors, combined with the lack of parking and pedestrian traffic, imply that the achievable market price/rent level is lower for these Areas than in other locations within the City. The resulting implications of this are that lower density / wood framed developments which do not require underground parkades are the most feasible options for development.

At a high level, it was identified that retail uses in the area are currently oversupplied and the current population within the immediate market area would not support additional retail development. However with population growth from a phased sale of these parcels, the demand would grow making it more feasible for an increase in retail uses within the subject lands. It was also concluded that the local market area is missing townhomes and stacked apartment housing which would offer additional choice to renters and low-middle income buyers who make up the majority of the local demographic.

All of these items lead to the final recommendation of the report to rezone the Areas to a lower density product with less commercial requirements and more flexibility for permitted uses. The information provided in the report has reaffirmed Administration's position on what is required to help increase development interest for these Areas.

Where We Are Going

Administration will engage the community and stakeholders presenting the Market Analysis Report findings. Continuing to develop Station Pointe as a

residential subdivision, aligns with Council's goals of Healthy City, Urban Places and Climate Resilience.

- Healthy City - when developed Station Pointe will offer affordable housing types in both the rental and ownership markets, making more housing choices available to more Edmontonians.
- Urban Places - residential housing stock will be built where none existed before and increased population will add to the vibrancy of the Belvedere neighbourhood.
- Climate Resilience - by continuing to support residential development close to the Belvedere LRT Station, residents will be given the opportunity and convenience to choose transit as a mode of travel.

River Crossing

Introduction

River Crossing is an area of primarily City-owned land in the western portion of the Rossdale neighbourhood. Located at the physical centre of Edmonton, it is the only sizeable piece of developable land within the river valley. However, River Crossing is more than a land development project. By virtue of its layered history and cultural significance, it is an opportunity for high-profile, metropolitan-level placemaking.

Property Description

The River Crossing area is approximately 68.72 acres (27.81 ha) in size. Roughly 28.94 acres (11.71 ha) of these lands consist of road right-of-way or other holdings. The table below shows that the City is the primary landowner of the remainder, with approximately 32.69 acres (13.23 hectares) of land or 82.2% of the area.

Area	Description	City holdings (acres)	Private holdings (acres)	Total area (acres)
1	Unnamed park	0.35	-	0.35
2	Ortona Armoury site	2.47	-	2.47
3	Existing apartments	-	1.09	1.09
4	Mostly vacant	2.45	0.32	2.77
5	Partially vacant	0.69	2.05	2.74
6	Vacant / parking	4.10	-	4.10
7	Former school site	-	3.46	3.46
8	Mostly vacant	3.21	0.17	3.38
9	Vacant / parking	1.90	-	1.90
10	RE/MAX Field	5.51	-	5.51
11	Comm. league, Ross Flats Apts	1.46	-	1.46
12	Right-of-way	1.14	-	1.14

13	Power plant & river edge	9.41	-	9.41
	Totals	32.69 acres (13.23 ha) 82.2%	7.09 acres (2.87 ha) 17.8%	39.78 acres (16.10 ha) 100%



Figure 6

Where We Were

Indigenous peoples have used the North Saskatchewan River valley for thousands of years. In 1802, the river flat now known as Rossdale attained a particular regional focus when a fur trading fort was built there. Eventually this location became the seed from which Edmonton grew. Recreation, utility and residential development occurred in Rossdale beginning in the late 1800s. In the 1960s and 70s, West Rossdale was intended for a large freeway interchange

and park space. The 1986 Rossdale Area Redevelopment Plan permitted redevelopment in the Rossdale neighbourhood but designated West Rossdale as an area for special study.

In the late 1990s and early 2000s, controversy regarding a proposed expansion of the Rossdale Power Plant and a long-neglected cemetery / burial ground established in connection with the fort brought new attention to the area. After doing historical work and formally rededicating the cemetery / burial ground, the City completed the special study in 2011. Titled the West Rossdale Urban Design Plan, it called for the area to be redeveloped as a mixed-use, medium density urban village. Engineering work to effect this conversion began but different ideas about how the area should develop and concerns about preserving the now-decommissioned Rossdale Power Plant led the City to revisit the plans. In 2015 City Council approved a new vision for the area that called for it to become a cherished destination for Edmontonians and visitors alike because of its historical and cultural significance.

Where We Are

The River Crossing project, now underway, was initiated in 2016 with two expected deliverables. The first, a Heritage Interpretive Plan approved by Council in July 2017, resulted from extensive Indigenous and public engagement. It is a framework for building history and culture into the area's redevelopment. The second deliverable, the River Crossing Business Plan, is expected to be presented to Urban Planning Committee in Q2 2019 following public engagement and refinement in Q1 2019. The Business Plan will update land use and transportation plans, establish the business case for investment and include a realistic implementation strategy.

In 2017 the City sold land west of 105 Street to the Government of Alberta. At the direction of Executive Committee, 75% of the proceeds of this sale (\$9.7 million) were reserved in the Land Enterprise Retained Earnings for future needs in West Rossdale. Through capital profile 19-17-0601, approved as part of the 2019-22 budget, this money has now been committed to River Crossing.

River Crossing is strongly aligned with the Ways documents and Council's strategic plan. The Rossdale development will include affordable housing, increased housing options and density, new commercial areas, and connections to the river valley trails. All of this will increase vibrancy in the area, make the area a major attraction for citizens and visitors alike and support Council's strategic goals.

Where We Are Going

River Crossing will repair a prominent gap in Edmonton's urban fabric and create a long-awaited historical / cultural destination for Edmontonians and visitors alike.

The strategy for River Crossing will be outlined in the Business Plan now being developed but is expected to include the following:

- Explanation of the regional significance of River Crossing.
- Strategy regarding the city-building / place-making and land development aspects of the River Crossing project.
- Update of the land use, transportation and urban design plans for the area.
- Integration of River Crossing with other amenities in the central river valley area to create a city-wide and metropolitan destination.
- Market demand and absorption assumptions.
- Cost and revenue estimates and options for financing.
- Recommended public / private / non-profit partnerships.
- Development timelines and staging.
- Short, medium and long-term implementation activities.

The City will have to invest in new infrastructure (streets and sewers) and public spaces (new open space and the Touch the Water promenade) to achieve Council's vision for River Crossing. Neighbourhood renewal (scheduled for 2024), arterial renewal and land sales may, with Council approval, pay for some of the upgrades but an additional funding mechanism (a Community Revitalization Levy, development partnership or other long-term capital commitment) will be required. The City will also need to work diligently to program public places in the area and creatively pursue funding and partnerships to transform the Rossdale Power Plant into an exciting new people place. The \$9.7 million allocated in the 2019-22 capital budget will likely be used for infrastructure and open space design after the Business Plan is approved and for strategic renovations to the Rossdale Power Plant complex.

As these pieces come together, the City will pursue opportunities to get residential / mixed-use development started in locations determined through the Business Plan. The expected strategy is for the City to sell parcels of land to developers in a phased sequence or to pursue joint venture partnerships. Possibilities exist to connect developable City land to a long-term lease of RE/MAX Field. River Crossing financials and land disposition arrangements will be structured to ensure that key policy objectives for the project -- Indigenous reconciliation, heritage interpretation, affordable housing, and energy transition -- are advanced in the process.

Development will be low-midrise and mid-high rise. Development timeframes will depend on economic conditions. Development demand is expected to be stronger in River Crossing than in some other redevelopment areas because of its river valley location and unique amenities. Housing unit counts could range between 1,200 and 2,000 with absorption between 12 - 22 years once

redevelopment begins. Staging of public investments and development will be carefully coordinated.

Asset Categories: Transactional, Operational, Linear / Remnant Holdings & Potential Repurpose or Sale

Asset Category: Transactional

Transactional properties represent 7.9 percent, or approximately 1,711 acres, of City-owned land. These holdings are in the process of being transferred to other organizations, such as EPCOR or the Edmonton Community Development Company (ECDC). Once these land holdings are transferred, management and operational control of the land holdings becomes the responsibility of the organization receiving the land holding.

Prior to the transfer of the operational control of the drainage utility to EPCOR in September 2017, the City of Edmonton internally managed its drainage utility. Associated land holdings, including Stormwater Retention Ponds and Drainage Utility Lots, are now in the process of being transferred to EPCOR.

As a not-for-profit organization, ECDC partners with communities to develop land to encourage economic development, affordable housing, and enhance the social infrastructure of inner city neighborhoods. In 2016, Administration was directed by Executive Committee to transfer “\$10 million (+/- 10 percent) worth of City lands as valued at the lesser of fair market value or tax assessed value to the Edmonton Community Development Company” (Report CR_4177 Community Development Corporation - Business Case).

Administration is working with ECDC to finalize and execute sale agreements in alignment with Council’s direction. It is anticipated that by Q3 2019, 75 percent of the land that was approved to be sold to ECDC will be under contract.

Asset Category: Operational / Programmed

Operational / Programmed holdings represent 73.7 percent of city land or approximately 15,981 acres. These are properties that are required for current or future civic use, such as operations, services, and approved programs. Land holdings within this asset class are subcategorized as follows: River Valley / Natural Area; Programmed Park; Civic Facilities / Operations Yards; Developed Housing¹ and Undeveloped Housing (on hold for housing)².

Operational / Programmed Asset Category	% City Land	City Land (Acres)
River Valley / Natural Area	39.0%	8,464
Programmed Park	22.5%	4,873
Developed Housing	1.2%	265
Undeveloped Housing	0.4%	82
Civic Facilities / Operations Yards	10.6%	2,297
Total	73.7%	15,981

Assets within the River Valley / Natural Area, Programmed Park and Civic Facilities / Operations Yards subcategories represent the vast majority of land owned by the City.

Programmed Park includes current and future programmed park (in alignment with approved statutory plans). Examples of future programmed parks include district park assemblies in the neighborhoods of Glenridding Heights and Heritage Valley Town Centre. Recreational centres and community halls are also included in the Programmed Parks subcategory. The Programmed Park subcategory excludes land owned by the Edmonton Public, Catholic, and Francophone School Boards.

Civic Facilities / Operations Yards includes properties such as fire halls, police stations, service yards / operations facilities (e.g., Fire Rescue Services, Fleet, Waste, Transit, Transportation), dryponds, civic buildings, and major spectator facilities.

Holdings in the River Valley / Natural Area, Programmed Park, and Civic Facilities / Operations Yards subcategories are managed at the program / operational level, with programs and services approved through the City's budget

¹ 28 holdings under 5/85 program; 44 Affordable Housing holdings; 24 Seniors Housing holdings; 112 Social Housing holdings.

² First Place Program (33 acres +/-), Senior's Housing Program (20 acres +/-), Building Housing Choices (26 acres +/-), Cornerstones funded (2.5 acres +/-)

process. In alignment with Council's strategic plan, key considerations for the governance / management strategy of the assets within these subclasses to support programs working to achieve Council's goals include the following:

- Improving community wellness through personal safety and security for citizens
- Designing and maintaining public spaces and infrastructure to support personal wellness
- Protecting the City's river valley, natural environment, parks and open space for Edmonton to be a climate resilient City
- Improving citizen access to employment, education, and recreation services
- Ensuring that services are affordable, equitable and fair
- Ensuring the long term sustainability of public spaces and civic infrastructure
- Ensuring barrier-free access to space, facilities, and transportation
- Prioritizing environmental sustainability
- Encouraging public and active transportation
- Cooperating with regional partners to deliver services

Assets in Developed and Undeveloped Housing represent a small percentage of assets within the Asset Category. Undeveloped Housing includes the following city owned parcels of land held:

- First Place Program (33 acres +/-) designed to deliver market priced housing with a five-year deferral on the land portion of the mortgage to make housing more accessible to first time buyers
- Building Housing Choices (26 acres +/-) and Seniors Housing (20 acres +/-) programs integrating both market and affordable housing units
- Cornerstone funded land acquisitions (3 acres +/-) within The Quarters area identified for affordable housing³

Any current and future assets of this class will help the City of Edmonton's Affordable Housing Investment Plan, and achieve City Council's strategic plan of a healthy city which promotes equity for all Edmontonians and contributes to the creation of various housing choices.

In 2018, Council approved several recommendations that will enable Administration to take a proactive approach to contributing land for affordable housing projects and potentially acquiring land:

- City Policy C601 Affordable Housing Investment Guidelines to take effect January 1, 2019

³ Should it be determined that affordable housing will not be developed on these lands due to suitability conditions and market factors, the funds will be repayable to the Housing reserve to fund strategic land acquisitions elsewhere for affordable housing purposes

- The adoption of a 16 percent affordable housing target in all neighbourhoods
- The Five Priority Investment Areas of the Updated Affordable Housing Investment Plan for 2019-2022

In 2017, City Council approved Edmonton's Updated Plan to Prevent and End Homelessness prioritizing the development of 916 units of permanent supportive housing. Unfortunately, the undeveloped housing parcels within this asset category have been found unsuitable for permanent supportive housing development. Administration is in the process of evaluating and claiming lands within other asset categories in accordance with the Land Management Guidelines in the hopes of securing four permanent supportive housing parcels in Q1 of 2019. These four parcels are not currently reflected in the Housing inventory.

The Housing asset class is anticipated to grow in the future through interdepartmental land transfers and, potentially, by the acquisition of market land to build the target objective of 2,500 new affordable housing units as identified in Edmonton's Affordable Housing Investment Plan. The growth of the Housing asset class will support City Council's goal of increasing the geographic distribution of affordable housing across Edmonton, and meeting the long-term goal of 16 percent affordable housing in each neighbourhood.

Developed sites within Housing include long term land leases for affordable housing purposes, City-owned social housing and the Developer Sponsored Affordable Housing Program. Long term land leases are generally for the duration of the buildings' expected life spans. For City-owned social housing, the City leases land to the Province and Capital Region Housing Corporation builds and manages the projects.

Established in 2015, the Developer Sponsored Affordable Housing Program has been used to acquire 5 percent of dwellings at 85 percent of market value within market condominium projects in Direct Control Zones, in accordance with policy C582. The purchased units are managed by HomeEd and rented at affordable rates to low-income Edmontonians. In fulfillment of a recommendation from the Auditor's Housing and Homelessness report in June 2018, Administration is reviewing the policy and program with the assistance of an external consultant. The review will examine the impact of the policy and program on the City's affordable housing goals and City Council's strategic plan.

Under the Land Management framework, holdings within the Operational / Programmed Asset Category are subject to an annual review for potential reclassification to another asset class or identification of opportunities for better optimization of land use. Both reclassification and optimization are focussed

toward supporting Council's strategic goals and delivering excellent service to our community.

Asset Category: Linear / Remnant Holdings

Properties in this asset category represent 5.3 percent of city land or approximately 1,160 acres and consist of the City's remnant or linear holdings that typically are independently undevelopable due to size/configuration and are often encumbered by active utilities above and below ground. The vast majority of holdings within this asset class consist of utility lots, rail spurs and walkway lots. Other examples are remnant properties that were created through the subdivision / development process.

Similar to holdings in the Operational / Programmed asset category, many Linear / Remnant Holdings support civic operations, programs and services (e.g. rail spurs, utility lots, and walkway lots), and similarly would have the same governance / management strategy considerations.

Linear and remnant holdings not required for Corporate needs are prioritized for either lease or sale to adjoining property owners. This approach defrays holding/maintenance costs and generates sales revenue for the City.

All holdings are subject to the circulation process to confirm no further Corporate need for the properties, as described in Asset Category, Potential Repurpose or Sale. Through the circulation process, program areas are given the opportunity to claim property for programs that align with Council's strategic plan. Careful consideration is also required to ensure that strategic assets are not disposed prematurely given the difficulty and high cost of assembling this type of land for future programs and projects.

As with property in other asset classes, holdings within the Linear / Remnant Holdings asset category will be subject to annual review and reporting under the new Land Management Framework, highlighting opportunities for better land utilization and alignment with Council's strategic goals.

Asset Category: Potential Repurpose or Sale

The Potential Repurpose / Sale asset category comprises approximately 5.1 percent of city land or 1,109 acres and are properties identified through inventory scan, where Administration focuses on properties that either are most capable of being repurposed to another civic use, or declared surplus to municipal requirements and sold.

The process for repurposing or selling a property is initiated through a standardized circulation process. Program areas seeking to use a circulated property for an alternate civic use are required to support their claim in a justification report. Properties not required for civic purpose will be sold and net sale proceeds will accrue to a proposed new Reserve account, with funds available to Council for distribution to support Council's strategic goals.

The Potential Repurpose / Sale category consists of the following land holdings:

- Holdings that are no longer required for their original civic purpose
- Holdings that were acquired for a future municipal purpose that is no longer needed
- The surplus land component of holdings that were acquired for a civic purpose
- Holdings that are underutilized and capable of intensification

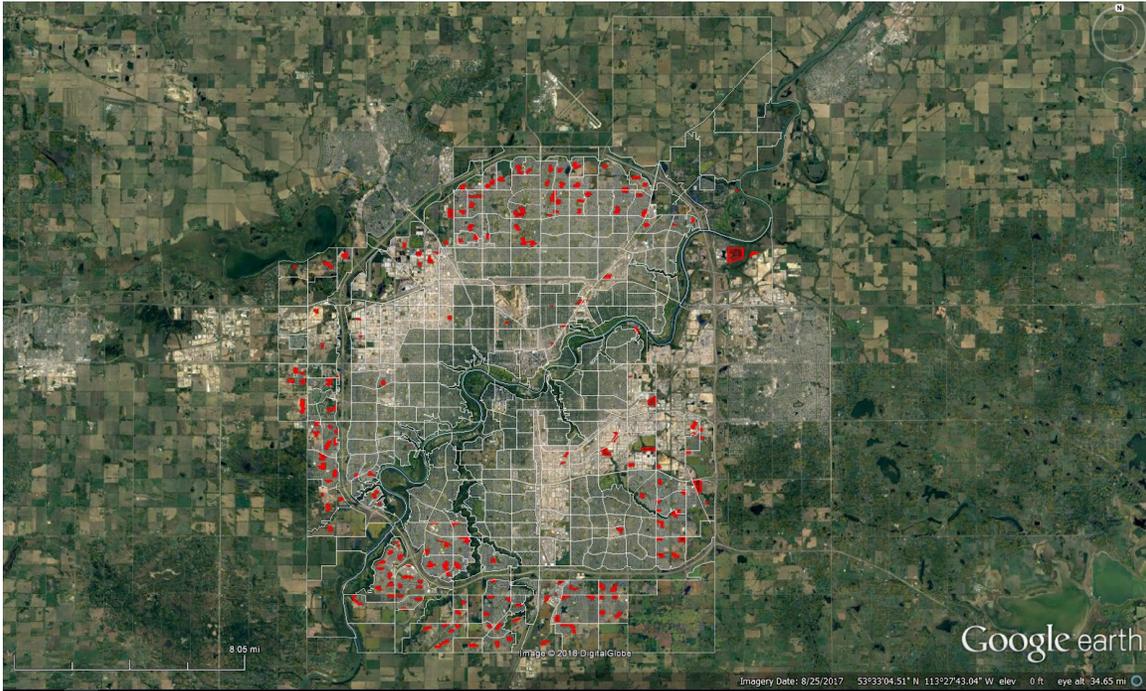
Program areas in need of land will be able to scan this asset class and submit a claim, even if it has not been declared surplus. Program areas submitting a claim to a property are required to provide justification based on the following criteria:

- Proposed use, including anticipated start date and duration
- Urgency
- Safety considerations
- Rezoning requirements and other planning considerations
- Proof of need for providing excellent service delivery or impact on Council's goals.
- Onsite / offsite improvements required
- Engagement Plan
- Alternatives considered, steps taken to analyze alternatives, and ranking of alternatives relative to claimed property
- Funding status for land acquisition to support program need
- Funding status for required hard and soft costs to accommodate use
- Steps that the program area will take if claim is successful, including milestones, risks, external contingencies, etc.

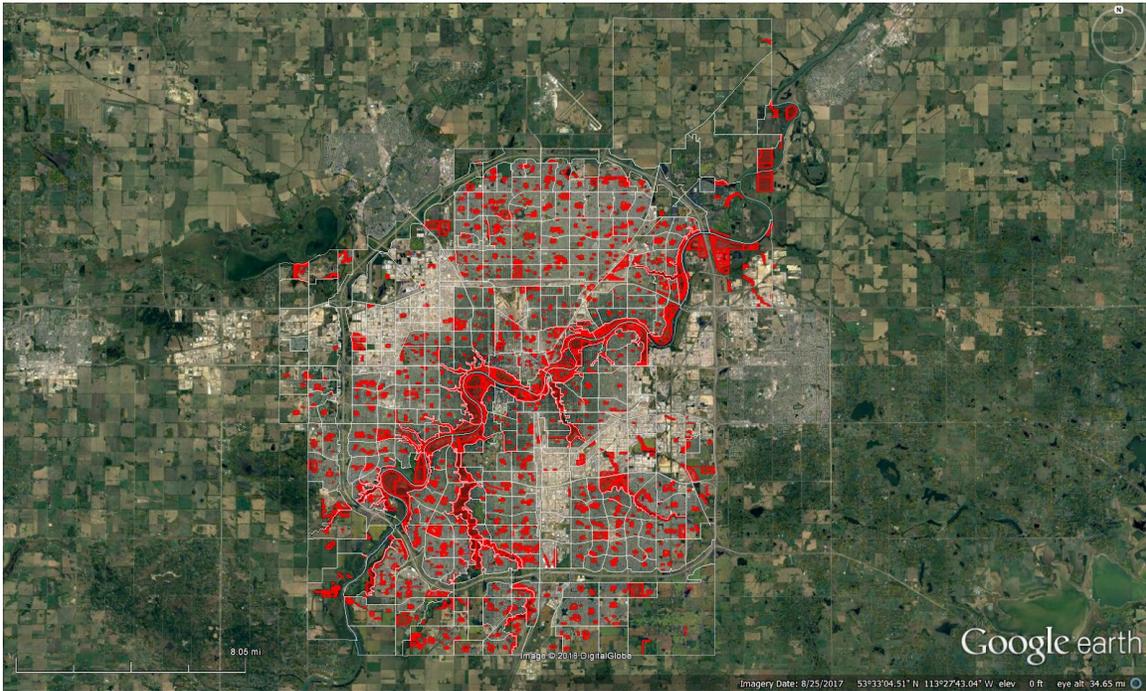
Attachment 2 outlines Administration's dispute resolution and competing claims process.

Selling a property begins with the same circulation process described above, with program areas having an opportunity to claim a property with adequate justification. Unclaimed properties will be prioritized for sale. Administration will return to Council through Committee in 2019 with a Council Policy and set of procedures to establish a new self-funded reserve dedicated to holding net proceeds from the sale of surplus civic property.

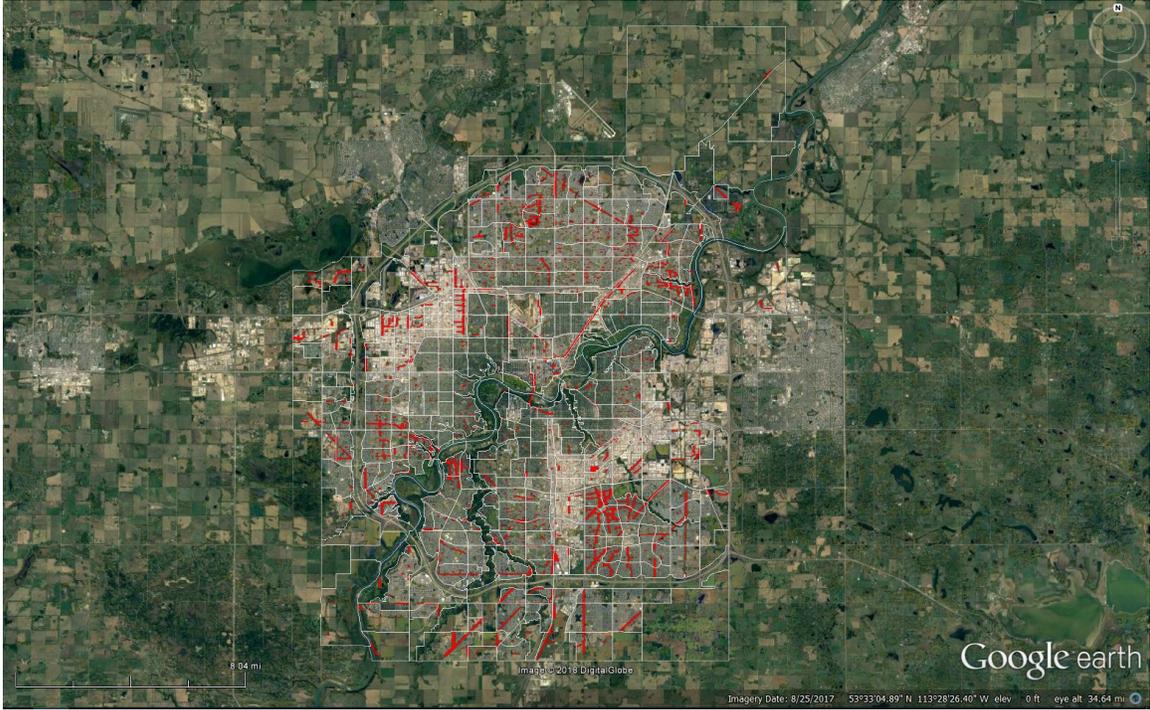
Asset Category: Transactional



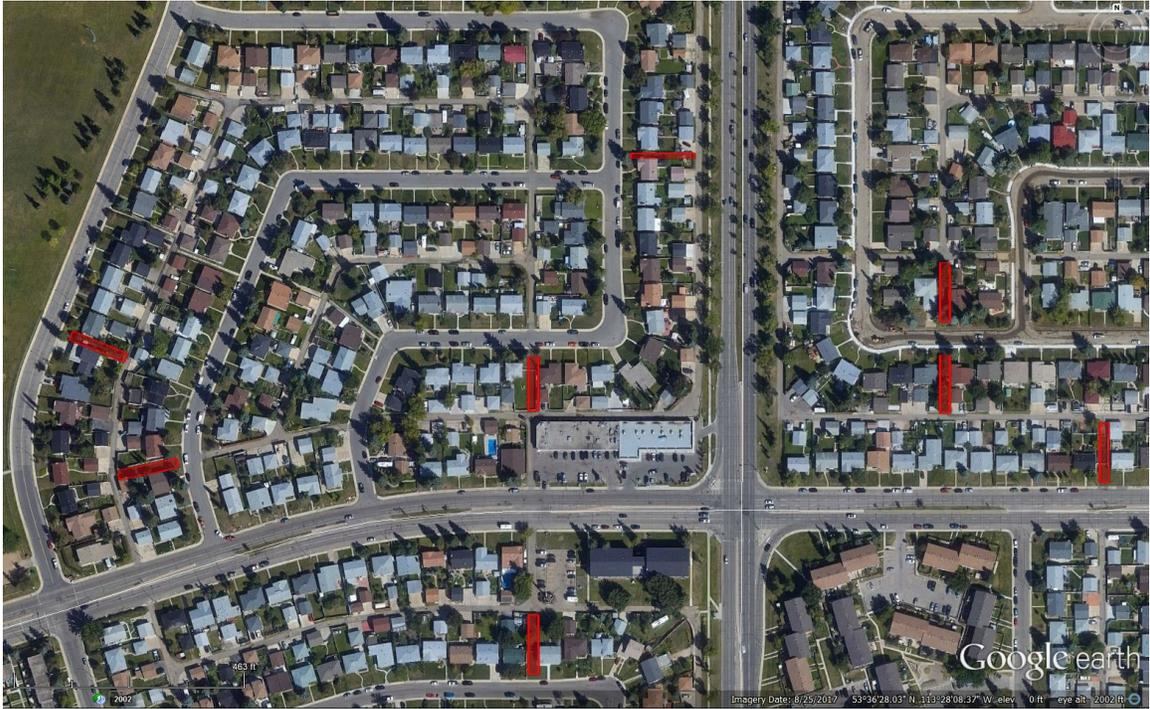
Asset Category: Operational / Programmed



Asset Category: Linear / Remnant Holdings



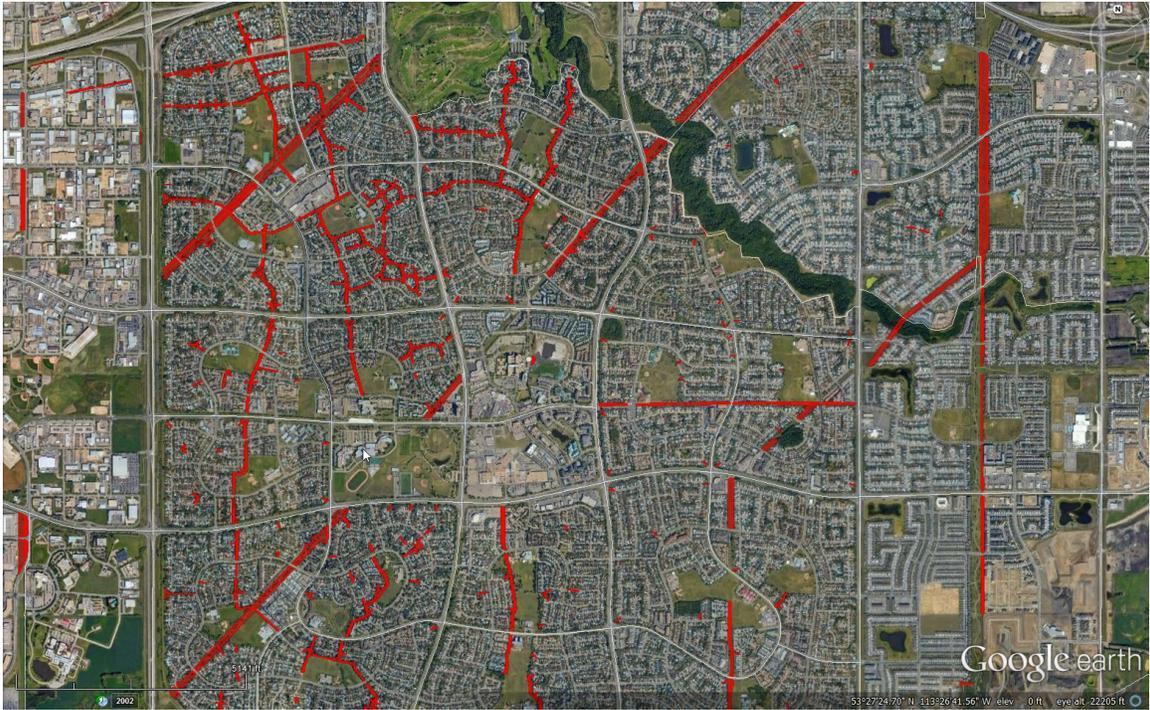
Example A - Leased Residential Utility Lots



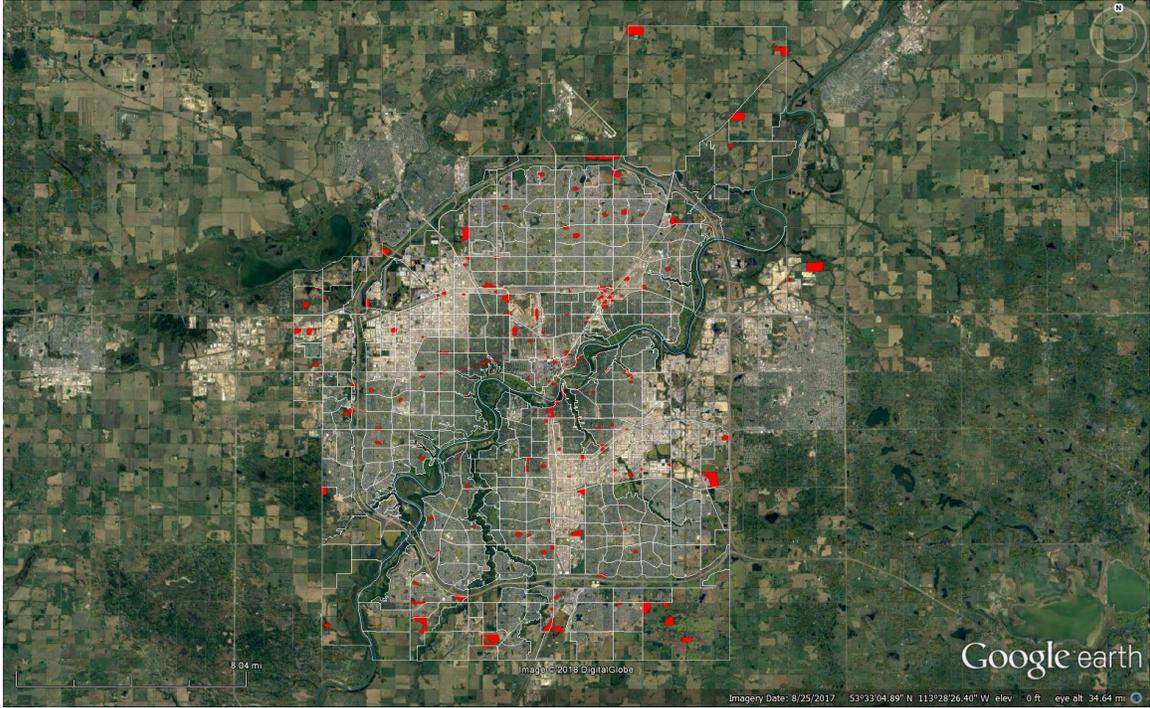
Example B - Rail Spurs



Example C - Walkways / Neighborhood Connectivity



Asset Category: Potential Repurpose or Sale



Enterprise Land Development Capital Funding

Administration is requesting that Council release the remainder of two capital profiles:

- CM-16-2010: Industrial-Commercial-Investment Land Development; and
- CM-16-2020: Residential/Mixed-Use Land Development.

Council approved \$4.83M of capital profile CM-16-2010 (Industrial-Commercial Investment Land Development) and \$11.1M of CM-16-2020 (Residential/Mixed-Use Land Development) on December 15, 2018 during City Council Budget Deliberations. Approval of the partial funding has enabled Administration to reduce risks to financial outcomes, minimize impacts to branch operations and will enable Enterprise land Development (“ELD” or the “program”) to complete the following projects:

- Goodridge Stage 1 and 2, including the business employment lands currently being developed as the Northwest Edmonton Police Service Campus and the Co-located Dispatch and Emergency Operations Centre sites;
- Construction completion to bring residential lots to market in Laurel 22 (the Meadows in Laurel); start residential lot sales in 2019, and complete required ongoing warranty work on the capital improvements;
- Required warranty work on capital improvements in Rampart Industrial;
- Payment of costs related to outstanding litigation in Southeast industrial; and
- Required warranty work on capital improvements in Laurel 10 (Laurel Green, which is already sold and built out).

The partial funding approved during budget deliberations does not fund all of the ELD’s outstanding contractual commitments, which total \$34M as of December 31, 2018¹ and does not fund all of it’s ongoing obligations, such as ongoing costs associated with environmental requirements as well as pumping and maintenance costs, and obligations required for regulatory compliance. However, this funding has allowed the program to maintain 2019 Operating Budget projections.

Administration is requesting that Council release \$34.8M, being the remainder of capital profile CM-16-2010 (Industrial-Commercial-Investment Land Development) and \$35.04M, being the remainder of capital profile CM-16-2020 (Residential/Mixed-Use Land Development). The capital profiles are funded from the ELD’s retained earnings and do not require funding from the municipal tax

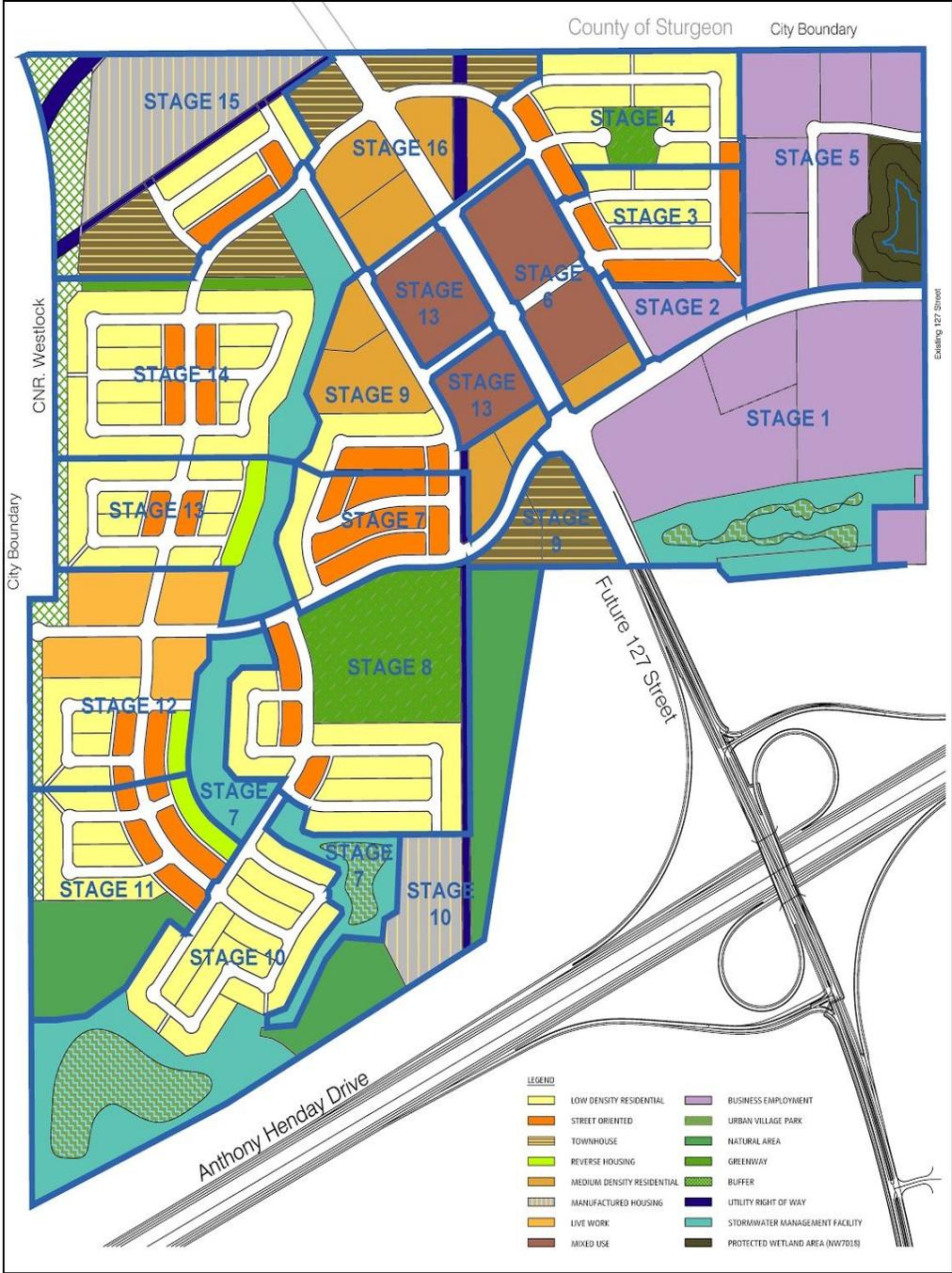
¹ Due to November and December invoices and expenditures, the outstanding contractual commitment is reduced from \$37M presented to City Council in the 2018 budget deliberations.

Once completed, this development project will have contributed to city building initiatives and expanded the City's tax base by:

- Providing 14.8 acres of serviced business employment land to EPS for the new Northwest Campus;
- Providing 4.4 acres of serviced business employment land to the Co-located Dispatch and Emergency Operations Center (CDEOC); and
- Developing an additional 14.2 acres of serviced business employment lands in Stage 1 and 4.2 acres in Stage 2.

Completing the servicing work in Goodridge Corners Stages 1 and 2 is an important first step in developing the east side of the Goodridge Corners neighbourhood. Stages 1 and 2 included significant front end servicing costs and servicing connections, from which future stages will benefit, particularly the remaining lands to the north of Stages 1 and 2 and east of the future 127 Street/Goodridge Corners Boulevard.

A possible future staging model³ for the Goodridge Corners Neighbourhood based on the existing Goodridge Corners Neighbourhood Area Structure Plans is shown in the below figure:



³ This identifies possible future staging, further refines prior staging models and is subject to change.

However, an amendment to the Goodridge Corners Neighbourhood Structure Plan is required before further development of land can occur. During the advancement of Stage 1, required changes to the shape and function of the SWMF as identified in the land use plan were identified, negotiated and constructed. Planning Coordination has advised that a land use plan amendment reflecting the updated SWMF lands must be approved before further land development activities can occur. Funding for the land use plan amendment was not included in the December 14, 2018 City Council Budget motion.

Administration will also propose additional land use plan amendments at this time. If the land use plan amendment is approved by City Council, Administration anticipates commencing residential mixed-use lot development for future stages during the 2019 - 2022 budget cycle. Funding for this work was not included in the December 14, 2018 City Council Budget motion. This work will continue into the next budget cycle.

While Administration does not have plans to develop the remaining 30 acres of future industrial commercial investment land in the 2019-2022 budget cycle, the overall projected profit margin⁴ for industrial commercial investment development land in Goodridge Corners is 40-50 percent, excluding Stage 1.

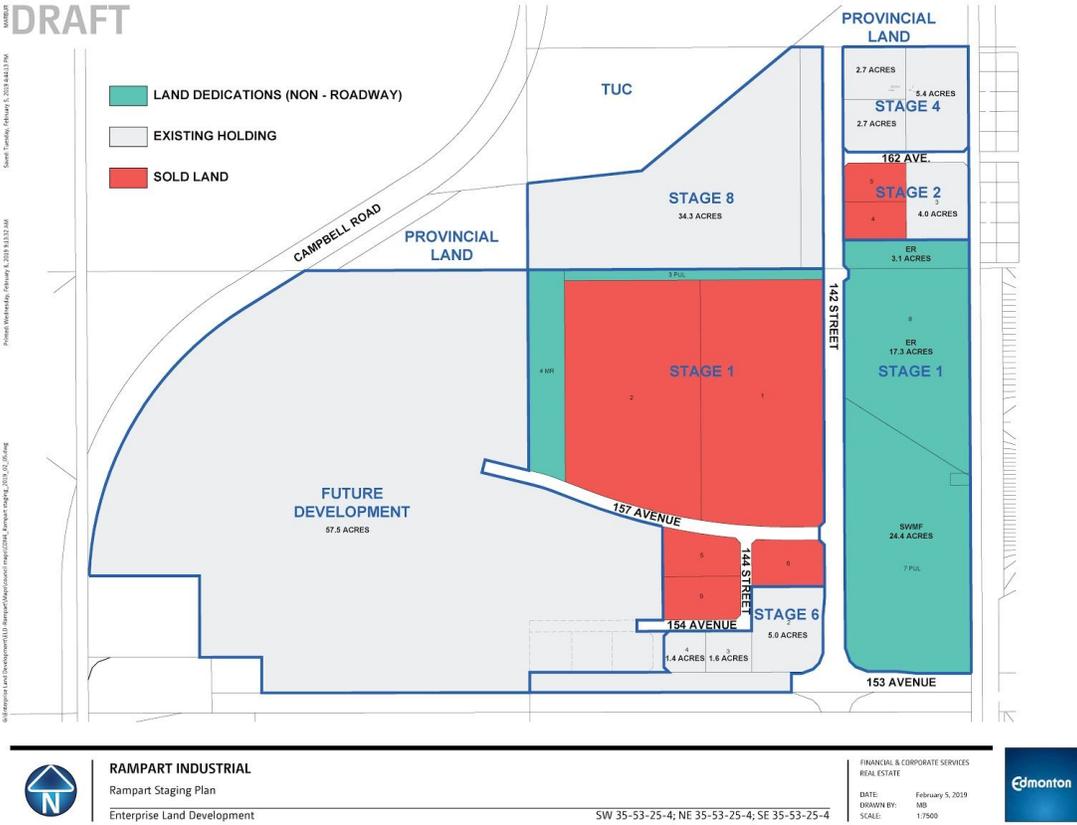
Rampart Industrial

Administration plans to complete warranty work in Rampart Industrial Stage 1, Stage 4 and Stage 6, as identified in the below figure. Funding for warranty work in Rampart Industrial Stage 1, Stage 4 and Stage 6 was approved in the December 14, 2018 City Council Budget motion. Funding for further work, as detailed below, in Rampart Industrial was not included in the December 14, 2018 City Council Budget Motion.

Administration will list Rampart Industrial Stage 8 as a large serviced industrial lot in Q2 of 2019. If Rampart Industrial Stage 8 does not sell as a large serviced industrial lot, Administration will develop the area into 21 smaller industrial serviced lots. Administration also intends to commence development on the future development area of Rampart in 2021 and 2022.

⁴ Notes:

1. All profit margins are estimated and influenced by external factors such as market conditions, levy rates, development costs and timelines.
2. All profit margins shown are final profit margins realized after all expenses, rebates, and recoveries have been received. This may differ from the profit margin identified at the time of lot sale since future recoveries cannot be accounted for at the time of lot sale.



Once completed and sold, Rampart Industrial Stage 1, 2, 4, 6 and 8 will have contributed at least 15 serviced industrial serviced lots and approximately 119 acres of serviced industrial land to the City’s tax base. Ongoing land development activity in the Rampart Industrial area also ensures a continuous supply of serviced industrial land is available for investment in the northwest quadrant of the City. Administration plans to complete future development in Rampart in future budget cycles further contributing to the City’s regional prosperity.

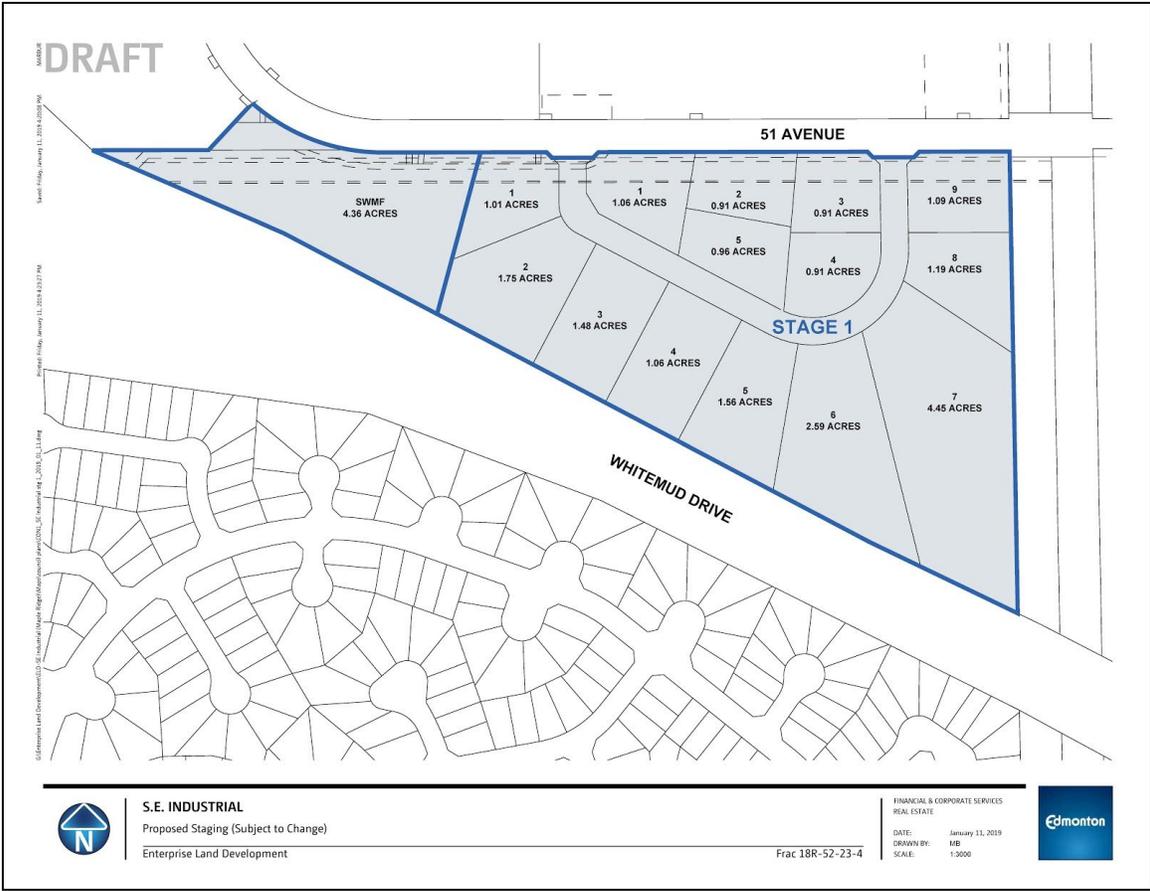
The development activities in Rampart Industrial support climate resilience in a few ways. Buyers of these lots are required to achieve Leadership in Energy and Environmental Design (LEED) Certification in their built form. Development activities have also reduced the development’s carbon footprint compared to a traditional industrial development by including enhanced methods for treating stormwater runoff and improving surrounding natural areas. For example, administration constructed a bioswale, amphibian crossing, and a naturalized stormwater management facility (NSWMF) in Stage 1. The NSWMF is intended to function as a natural wetland while protecting against flooding for up to the 100 year storm. Ongoing monitoring shows that the NSWMF provides equal or

greater ecological benefit when compared to the surrounding high value undisturbed wetlands.

The projected profit margin for Rampart Industrial is 20-30 percent.

Southeast Industrial

Administration plans to construct a SWMF to comply with an Alberta Environment obligation⁵ and complete the design and development of a 14 lot subdivision in Southeast Industrial in the 2019-2022 budget cycle, as identified in the below figure. Sales of these industrial lots are planned to commence in 2022. Funding for this work was not included in the December 14, 2018 City Council Budget motion.



Once completed and sold, ELD’s development in Southeast Industrial will have contributed 14 serviced industrial lots and approximately 21 acres of serviced industrial land to the City’s tax base. Continued investment in development

⁵ Complying with Alberta Environment’s requirements will be a mandatory obligation and will need to be reviewed if City Council does not fund continued development in SE Industrial.

activities in Southeast Industrial also ensures a supply of serviced industrial land is available for investment in the southeast quadrant of the City, when an existing ELD holding, an industrial lot in Roper Industrial, is sold.⁶ In future budget cycles, Administration plans to commence development activities on ELD's land holdings in Ellerslie Industrial.

This 14 lot subdivision is the second phase of ELD's development in Southeast Industrial. In the first phase, ELD constructed a portion of 51st Avenue and catalyzed private development. By constructing a portion of 51st Avenue, ELD created an opportunity for the development of approximately 22.5 acres of privately owned industrial land. Approximately 15.2 acres of this privately owned industrial land has since been developed.

The development activities in Southeast Industrial continue to support climate resilience by requiring buyers to achieve Leadership in Energy and Environmental Design (LEED) Certification in their built form. This development also includes the creation of a NSWMF, which will replace existing low value wetlands that will be disturbed as part of this development.

The projected profit margin for Southeast Industrial is 10-30 percent.

Residential / Mixed-Use Land Development (CM-16-2020)

The Residential / Mixed-Use Land Development capital profile (CM-16-2020) will fund ongoing capital investment in planning, engineering and site servicing to bring residential and mixed-use lands to market. Through capital profile CM-16-2010, the Program is planning to invest in capital infrastructure in residential-mixed-use lands in the neighbourhoods of Laurel, Schonsee and Goodridge Corners. The Program is also planning to advance a plan amendment in relation to a land holding in the Aster neighbourhood. The funding approved by City Council on December 14, 2018 only allows for construction completion and associated warranty work in Laurel 22. It does not fund development in Schonsee and Goodridge corners, as outlined below.

As detailed in Attachment 5, the Program relies on consistent profits generated from low density residential lot sales to support other development activities, such as industrial lot development, which typically achieve smaller returns on investment, take longer to sell and require a longer period before infrastructure recoveries are received.

⁶ Administration is finalizing and intends to sell a partially serviced 7 acre lot in Roper Industrial by 2020. This lot was developed during the prior budget cycle.

Laurel

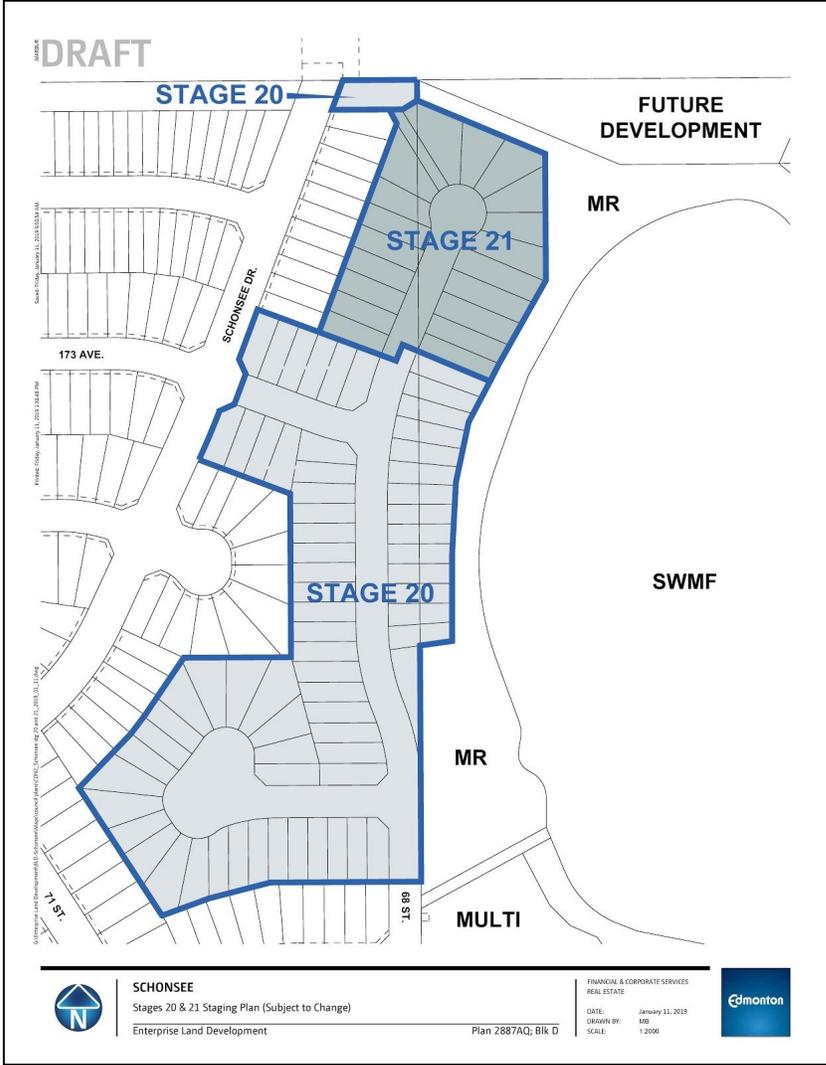
In the Laurel neighbourhood, Administration is planning to finish construction of a 304 residential lot subdivision, as identified in the below figure, in 2019. Lot sales of these residential lots will begin in 2019 and will continue through the 2019 - 2022 budget cycle. ELD anticipates listing approximately 75 lots (approximately half of Stage 22A) in 2019 and plans to sell approximately 75 lots annually in the 2019 - 2022 budget cycle. The warranty period on capital infrastructure will also continue through the 2019-2022 budget cycle.



The projected profit margin for this subdivision in Laurel is 25-35 percent.

Schonsee

In the Schonsee neighbourhood, Administration is planning to complete detailed design work, sign a servicing agreement and commence construction on two stages (Stage 20 and 21), totaling around 85 residential lots, as outlined in the below figure. Administration anticipates that lot sales will begin at the end of the budget cycle in 2022 and will continue into 2023. Administration intends to commence planning and preliminary engineering work for the future stages of residential development for ELD-owned land in Schonsee during the 2019-2022 budget cycle.



The Program has provided additional value through its land development activities in Schonsee by joining the 66 Street Basin Owners Group (BOG) and catalyzing private development in the area. The Program’s participation in the BOG helped fund \$20 million of infrastructure required to service large portions of the Pilot Sound and Lake District neighbourhoods. Without the Program’s

contribution, development would have proceeded at a much slower rate and would have relied on interim-servicing solutions.

The projected profit margin for ELD's residential land development in Schonsee is 20-30 percent for the stages developed in the 2019-2022 budget cycle. The projected profit margin for future stages, which are east of the stormwater management facility and planned to be developed in future budget cycles, is 25-40 percent.

Goodridge Corners

In the Goodridge Corners neighbourhood, Administration will advance a plan amendment and complete detailed planning, engineering and design work for the first stages of residential lot development in the 2019-2022 budget cycle. This work will complement the construction and warranty work to be completed on the industrial commercial lot development in stages 1 and 2 of the Goodridge Corners neighbourhood. A possible future staging plan for Goodridge Corners was shown above. The projected profit margin for the residential-mixed use lot development in Goodridge Corners is 40-50 percent. Full build out is not expected to occur until 2045 or later.