

## SALE OF LAND BELOW MARKET VALUE AND GRANT FUNDING

### Ogilvie Ridge

#### RECOMMENDATION

That Executive Committee recommend to City Council:

1. That the agreement for the sale of land in Ogilvie Ridge between the City of Edmonton and The City of Edmonton Non-Profit Housing Corporation, at below market value, as set out in Attachment 1 of the September 28, 2022, Financial and Corporate Services report FCS01275, be approved, and that the agreement be in form and content acceptable to the City Manager.
2. That a transfer of \$1.25 million from capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development, to the Social Development Branch 2022 Operating Expenditure Budget be approved, for the purpose of providing funding to The City of Edmonton Non-Profit Housing Corporation for servicing costs on a multi-year basis, as set out in Attachment 4 of the September 28, 2022, Financial and Corporate Services report FCS01275.
3. That the funding affordable housing agreement for Ogilvie Ridge, between the City of Edmonton and The City of Edmonton Non-Profit Housing Corporation, as set out in Attachment 3 of the September 28, 2022, Financial and Corporate Services report FCS01275, be approved, and that the agreement be in form and content acceptable to the City Manager.
4. That Attachment 5 of the September 28, 2022, Financial and Corporate Services report FCS01275 remain private pursuant to sections 24 (advice from officials) and 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

<b>Requested Council Action</b>		Decision
<b>ConnectEdmonton's Guiding Principle</b>		<b>ConnectEdmonton Strategic Goals</b>
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.		<b>Urban Places</b>

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<b>City Plan Values</b>	LIVE			
<b>City Plan Big City Move(s)</b>	Inclusive and compassionate		<b>Relationship to Council's Strategic Priorities</b>	15-minute districts
<b>Corporate Business Plan</b>	Serving Edmontonians			
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>Guidelines for Development of the 2009 Surplus School Sites (C583)</li> <li>Climate Resilience Policy (C627)</li> <li>Public Engagement Policy (C593A)</li> <li>Policy to Govern the Use of Funds from the Sale of Surplus School Sites (C468A)</li> <li>Updated Affordable Housing Investment Plan (2019-2022)</li> </ul>			
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>CR_8069 Ogilvie Ridge Building Housing Choice Site Location Review</li> </ul>			

### Executive Summary

- Administration is requesting that Committee provide a recommendation to City Council for approval of budget and agreement motions to enable a below market sale and funding of one affordable housing site.
- The Ogilvie Ridge Surplus School Site falls under the Building Housing Choices program.
- The sale will result in a development in which 50 per cent of the units will be new affordable housing units - addressing a portion of the City's goal of 2,500 affordable housing units as identified in the City's Updated Affordable Housing Investment Plan (2019-2022).
- The buyer, HomeEd, the City of Edmonton Non-Profit Housing Corporation, is requesting funding up to \$4,711,051, of which \$1,250,000 will be for servicing lands to a development-ready state and \$3,461,051 will be for capital construction costs associated with the affordable housing component of the development.

### REPORT

The Ogilvie Ridge Surplus School Site falls under the Building Housing Choices program. The Building Housing Choices program is one of the key initiatives in the Affordable Housing Investment Plan. The program was created to repurpose surplus school sites into mixed market (affordable and market housing) developments.

The City listed the property through a public competitive offering process between October 12, 2021 and January 21, 2022. The property listing stated that the City was open to all offers and willing to negotiate up to \$1,250,000 in funding for eligible items related to servicing the site to a development-ready state, subject to Executive Committee or City Council approval. The City received two complete proposals and one incomplete proposal by the submission deadline. In April 2022, The City of Edmonton Non-Profit Housing Corporation ("HomeEd") was selected as the preferred applicant.

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### **HomeEd's Proposal**

HomeEd is a proven non-profit housing provider that manages nearly 1,000 units of affordable housing in Edmonton. They develop, operate and advocate for quality affordable housing that serves low to moderate income Edmontonians. The proposed development contributes to the City of Edmonton's goal of supporting the creation of 2,500 new or renovated units of affordable housing and is in alignment with City Policy C583 - Guidelines for Development of the 2009 Surplus School Sites.

HomeEd proposes a net zero equivalent, medium density development, with up to 100 units, which would require rezoning the property to a RA7 zone (Low Rise Apartment Zone). The site plan is included as Attachment 2. Half of the units will be affordable units provided at near market rent to eligible households and the other half will be provided at market rates. The project is focused on providing affordable units to women and children fleeing domestic violence, which aligns with the target priorities of the National Housing Strategy. The design of the proposed development may be refined in response to future developer-led community consultation.

### **Below Market Sale and Funding**

As part of their proposal, HomeEd has requested a nominal purchase price of \$10 for the subject property and up to \$1,250,000 in funding for servicing the lands to a development-ready state. In addition, HomeEd is seeking funding of \$3,461,051 for capital construction costs associated solely with the affordable housing component of the development. The total requested funding amounts to \$4,711,051.

A land and funding contribution to HomeEd will enable long term affordable housing for low to moderate income Edmontonians. It aligns with The City Plan's City Building Outcome that Edmontonians have the ability to live locally, with access to diverse and affordable housing options in communities that support their daily needs.

With the City's support, HomeEd is able to leverage other funding opportunities and intends to apply for the Canada Mortgage and Housing Corporation's (CMHC) Co-investment fund. In addition, with the energy target of net zero equivalent building, HomeEd may also qualify for funding through Federation of Canadian Municipalities (FCM) Green Municipal Fund for new construction of sustainable affordable housing.

### **Next Steps**

- If the recommendation is approved, Administration will enter into a sale agreement and funding affordable housing agreement with HomeEd for the Ogilvie Ridge Surplus School Site in accordance with the terms and conditions outlined in Attachments 1 and 3;
- HomeEd, with the support of Administration, will carry out developer-led public engagement gathering feedback on the proposed design and good neighbour plan;
- HomeEd will bring forward a rezoning application for City Council's consideration; and

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- The City will subdivide the Ogilvie Ridge Surplus School Site from the remainder of Ogilvie Park and seek approval from City Council to remove the municipal reserve designation from the Ogilvie Ridge Surplus School Site.

### **Budget/Financial Implications**

The appraised market value of the Ogilvie Surplus School Site, assuming RA7 Zoning, is \$2,100,000. However, this does not account for the lack of service connections. The cost to service the site is estimated to be \$1,250,000. If the recommendations are approved, the City will forgo approximately \$850,000 (market value minus servicing costs) of sale revenue, which would have been credited to the Funds in Lieu Reserve Account in accordance with City Policy C468A - Policy to Govern the Use of Funds from the Sale of Surplus School Sites. Since 2015, City Council has approved a cumulative market value of \$27 million in below market value land sales to non-profit housing providers.

Funding of up to \$1,250,000 for servicing the lands to a development-ready state will be provided from capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development via a transfer to the Social Development branch operating expenditure budget, as set out in Attachment 4. If Council is supportive of the sale of land and related funding agreement, funding of up to \$3,461,051 for construction costs will be provided from the Affordable Housing Reserve, on a multi-year basis over 2023-2026. As per Bylaw 16620 City Administration Bylaw, Council approval is required for budget adjustments that exceed \$1,000,000 per adjustment to create a new project funded by reallocation of funds within and between the approved capital or operating budgets.

### **Legal Implications**

Bylaw 16620 enables the City Manager to approve agreements for dispositions of fee simple interests in land for fair market value or more that do not exceed \$5 million. Approval from City Council is required to dispose of fee simple interests in land for below market value. The disposition of land for below market value will not need to be advertised under Section 70 of the *Municipal Government Act*, since the land is to be used by a non-profit organization.

Bylaw 16620 enables the City Manager to approve affordable housing agreements that do not exceed \$1,000,000; however, approval from City Council is required for affordable housing agreements that exceed these delegated authority limits.

Additional advice from officials and legal implications are included in private Attachment 5.

## **COMMUNITY INSIGHT**

Although there were no specific engagement activities related to the sale of the land, Ogilvie Ridge was chosen to pilot a new public engagement process for affordable housing in spring 2021. The pilot process for Ogilvie Ridge involved multiple phases of engagement designed to improve the project concept.

Residents, businesses and organizations in Ogilvie Ridge were invited to share their input on the criteria that will be used to select a developer/operator to build and manage the housing development. This process helped Administration understand what is most important to the

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community and started important conversations that will carry on throughout the rest of the development process.

Community feedback was summarised in a What We Heard Report attached to the property listing. Administration incorporated some of the feedback received into the project criteria for the property listing. The criteria and feedback allowed prospective developers/operators to understand what is most important to the community.

### **GBA+**

Housing is a significant barrier for anyone who lacks personal references, employment or has limited resources, compelling them to stay in living arrangements that do not meet their needs for stable and secure housing. According to Statistic Canada, a household is considered to be in "core housing need" if its housing falls below at least one of the adequacy, affordability or suitability standards and it would have to spend 30 per cent or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three housing standards). While there is no Census or quantitative data for women and children fleeing domestic violence, engagement conducted for the June 27, 2022 Community Services report CS01089, Update on Housing Needs Assessment, indicated a gap for both transitional and long term affordable housing for this population.

Research has demonstrated that core housing need is disproportionately experienced by women and women-led families. According to the CMHC information in, "Core Housing Need Data", 28 per cent of female-led households are in core housing need and 27 per cent of female senior (65 or older) persons living alone (one-person households) are in core housing need, compared to 23 per cent for male households in the same situation<sup>1</sup>. CMHC also reports that women-led, lone-parent family households are in core housing need at almost twice (27 per cent) the rate of male-led, lone-parent households (16 per cent)<sup>2</sup>. The 2020 report, "Recovery For All " prepared for the Canadian Alliance to End Homelessness, states that female-led families or singles are in much greater need – 57 per cent of core housing need renter households are female led.

The proposed Ogilvie Ridge affordable housing development is focused on providing affordable units to women and children fleeing domestic violence, which aligns with the target priorities of the National Housing Strategy.

## **ATTACHMENTS**

1. Ogilvie Ridge - General Terms and Conditions of the Sale Agreement
2. Ogilvie Ridge - Site Plan
3. General Terms and Conditions of the Affordable Housing Agreement
4. Recommended Capital Budget Adjustment
5. PRIVATE - Advice from Officials and Privileged Information

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<sup>1</sup>[cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-research/core-housing-need/core-housing-need-data-by-the-numbers](https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-research/core-housing-need/core-housing-need-data-by-the-numbers)

<sup>2</sup><https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-research/core-housing-need/core-housing-need-data-by-the-numbers>