

### Policy C511 Recommended Amendments and Rationale

Note: Administration is recommending significant amendments to Policy C511. As a result, the content and numbering of existing policy principles may not directly match the proposed policy objectives. Because of the number of changes to content and Policy C511's layout, the differences between the previous and proposed policy are presented in this table, in lieu of a redline version.

Proposed changes with their rationale are indicated below:

Proposed	Existing	Rationale
<b>Statement</b>		
The City of Edmonton, through its involvement in land development activities, is able to develop residential, mixed-use, commercial and industrial lands to align with The City Plan, ConnectEdmonton and the Community Energy Transition Strategy. The City's land development activities are financially self-sustaining and provide an alternate revenue stream to the City through annual dividend payments. The purpose of this policy is to provide clear guidelines for achieving the City's land development objectives, such as:	<p><u>Policy C511:</u></p> <p>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.</p> <p>2. Ensuring an ongoing supply of lot availability to the general public and independent small builders will continue through the</p>	<ul style="list-style-type: none"> <li>• The EY report found that there was a general lack of clarity in the existing policy, confusion around the policy's mandate, and that the policy needs to consider more than just financial objectives.</li> <li>• To address these recommendations, the proposed policy statement:             <ul style="list-style-type: none"> <li>◦ incorporates Policy C516B into Policy C511 and provides greater clarity around the policy's mandate.</li> <li>◦ affirms the Land Enterprise Program's focus on balancing specific City strategies with the financial self-sustaining requirement of the program.</li> <li>◦ Removes outdated plans, terms and organization names.</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>• generating revenue and paying a dividend to the corporation;</li> <li>• creating environmentally sustainable, diverse and inclusive residential communities;</li> <li>• balancing fiscal sustainability with city-building objectives;</li> <li>• providing a diversity of housing choices for all Edmontonians; and</li> <li>• attracting and supporting business and investment.</li> </ul>	<p>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.</p> <p>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.</p> <p>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.</p> <p>5. The City intends to maintain its strong relationships with</p>	
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	<p>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.</p> <p>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.</p> <p><u>Policy C516B:</u> Outline a Dividend Payment by the Land Enterprise that will allow it to fund the planned land activities on a self-sustaining basis and provide a return on the City's investment.</p>	
<b>Program Objectives</b>		
<p>1. Residential and mixed-use land development activities will:</p> <p>a. Create a diverse mix of market rate housing</p>	<p><u>Policy C511:</u> 3. Land development activities carried out by Administration (acquisition, servicing, marketing,</p>	<ul style="list-style-type: none"> <li>• The existing policy focuses on financial return as the primary driver for land development activities. The changes to this objective outline the other considerations to</li> </ul>

<p>types and encourage inclusive communities; and</p> <p>b. Support achieving the City's affordable housing targets in alignment with Policy C601 Affordable Housing Investment Guidelines and Policy C437A City Land Assets for Non-Profit Affordable Housing</p>	<p>and disposal) will be based primarily upon financial return on investment.</p> <p>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).</p>	<p>investing in residential land development activities aligned with the City Plan. This is aligned with EY's recommendation to consider more than financial objectives and include considerations for ConnectEdmonton.</p> <ul style="list-style-type: none"> <li>• It ensures residential land development activities will result in a range of housing types for diverse households.</li> <li>• The existing principle 6 has caused confusion in the past since the City cannot sell land below market value per the <i>Municipal Government Act</i> and City Bylaw 16620 - City Administration Bylaw.</li> <li>• Removing the existing principle 6 and replacing it with objective 1's focus on supporting neighborhood affordable housing targets is in line with the EY report recommendations.</li> <li>• Changing the affordable housing objective in the policy gives Administration more flexibility to adapt to changing core housing needs, and to be more effective and creative in achieving broader affordable housing goals.</li> </ul>
<p>2. Industrial land development activities will strive to ensure a continual supply of serviced industrial land that moves forward the priorities of the City Plan.</p>	<p><u>Policy C511:</u></p> <p>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).</p> <p>3. Land development activities</p>	<ul style="list-style-type: none"> <li>• Attracting new businesses to Edmonton and supporting the growth of existing ones is a key component to a diverse and vibrant local economy.</li> <li>• This objective directs the program to ensure there is a continual supply of serviced industrial land available.</li> <li>• The previous policy was unclear as to what constitutes a three year supply.</li> <li>• The policy amendments also shift focus from maintaining a prescriptive inventory of</li> </ul>

	<p>carried out by Administration (acquisition, servicing, marketing, and disposal) will be based primarily upon financial return on investment.</p> <p>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.</p>	<p>land and revenues to allowing Administration the flexibility to determine the amount of land and revenues required to carry out land development activities aligned with the City Plan and as the economic context evolves. This is aligned with EY's recommendation to consider more than financial objectives and include considerations for ConnectEdmonton.</p>
<p>3. Land development activities will strategically align with, and balance, the following City objectives:</p> <ul style="list-style-type: none"> <li>a. Environmental sustainability and climate resilience;</li> <li>b. Financial sustainability;</li> <li>c. Innovative land development practices; and</li> <li>d. Supporting other City building projects that may be adjacent to land development projects where practically and financially possible.</li> </ul>	<p><u>Policy C511:</u></p> <p>3. Land development activities carried out by Administration (acquisition, servicing, marketing, and disposal) will be based primarily upon financial return on investment.</p> <p>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).</p>	<ul style="list-style-type: none"> <li>• The revised objective ensures the multiple objectives are balanced across the full range of land development projects (residential, mixed-use, commercial, industrial). This is aligned with EY's recommendation to consider more than financial objectives and include considerations for ConnectEdmonton.</li> <li>• The Land Enterprise Program will create lots for sale that have the infrastructure to meet current and future energy targets; upon sale of the lots, energy efficient requirements will be imposed on builders.</li> <li>• The land development projects are also well suited to pilot new products and land development practices. The City is a trusted partner for organizations looking for new ways to do business and is often approached by groups seeking opportunities.</li> <li>• Frequently, municipal projects are adjacent to existing or potential land development projects. Where possible, the Program will</li> </ul>

		seek to leverage land development activities to provide servicing to adjacent city building projects.
<p>4. Land Enterprise will not acquire land in the developing area or future growth area. The following acquisitions are exceptions:</p> <ol style="list-style-type: none"> <li>Land that may not be financially viable for the private sector to develop;</li> <li>Opportunity purchases with other City departments where a portion of the site is required for municipal use and the remainder of the site can provide land development opportunities.</li> <li>Land adjacent to existing City holdings.</li> </ol>	<p><u>Policy C511:</u></p> <p>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).</p>	<ul style="list-style-type: none"> <li>The City Plan encourages the shift of growth and development in the city to the redeveloping area.</li> <li>In line with the City Plan and Council's strategic priorities, Administration is not seeking to expand its presence in greenfield residential development. Instead, shifting the Land Enterprise Program's focus to the redeveloping area through major redevelopment projects and infill projects.</li> <li>The addition of this revised objective is in line with the EY report's recommendation to not acquire land for the purposes of greenfield residential development.</li> <li>This objective still allows for instances where the City is the logical developer for a parcel of land in a developing area. This may include pockets of land where there is insufficient revenue to make the project profitable for private developers.</li> <li>Occasionally, privately owned land becomes available and a portion of the land is required for municipal use. The City may be interested in acquiring the land, but may have difficulty only acquiring the required portion. This objective allows for Land Enterprise to acquire portions of the site that may be used for land development purposes.</li> <li>Lastly, this objective allows for acquisition of lands adjacent to existing holdings. This will allow for land exchanges or acquisitions of adjacent lands that improve the</li> </ul>

		development potential or saleability of existing land holdings.
5. A minimum of 50% of greenfield, low density, residential lots will be sold directly to small builders and members of the public. This objective only applies to the types of development described in 1.a and does not apply to the types of development described in 12.b, 12.c, and 12.d.	<u>Policy C511:</u> 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.	<ul style="list-style-type: none"> <li>• Administration currently utilizes a public lot draw where half of the lots are made available to builders and the other half are made available to members of the public. Demand for the City lots is extremely high and the direct sale is highly valued by members of the public and small builders.</li> <li>• The change from “single detached residential lots” to “greenfield, low density, residential lots” will expand the objective to include more housing types providing small builders with a greater opportunity to diversify their experience and grow their businesses.</li> </ul>
6. Residential lot sales will not exceed 10% of Edmonton’s total single-family residential lot development within a given year.	<u>Policy C511:</u> 7. The City’s development of residential lots will not exceed 10% of the total single family residential lot development in the Edmonton region.	<ul style="list-style-type: none"> <li>• The addition of “in a given year” provides clarification to this objective.</li> <li>• This objective provides assurance to the land development community that the City is not seeking to be a large-scale competitor or artificially influence the market.</li> <li>• Historically, in years when the City is actively bringing online serviced residential lots for sale, it has had a market share of approximately 3.2 percent.</li> </ul>
7. Explore partnerships with the private sector to creatively approach land development on City-owned lands, redeveloping areas and priority growth areas, provided it generates a financial return for the City.	Not in existing policy.	<ul style="list-style-type: none"> <li>• The City has existing land holdings that, while developable, cannot be prioritized over other projects in a timely manner. Some of these properties may provide an opportunity for creative ventures with the private sector to advance development.</li> <li>• The inclusion of this objective opens the door for Administration to look to work with</li> </ul>

		<p>the private sector on some of these properties.</p> <ul style="list-style-type: none"> <li>• This would allow the City to potentially leverage private sector experience, skills and financing.</li> </ul>
<b>Financial Objectives</b>		
<p>8. Land development activities will be funded solely by Land Enterprise Retained Earnings, including all capital and operating expenses. Tax levy will not be used to fund land development activities.</p> <p>9. Land Enterprise will operate as a self-sustaining enterprise with net income from operations directed to Land Enterprise Retained Earnings.</p>	<p><u>Policy C511:</u> 2. The Land Enterprise will be operated as a self-sustaining Enterprise.</p>	<ul style="list-style-type: none"> <li>• The EY report found that there needed to be increased clarity regarding the need for the Land Enterprise Program to be self-sustaining.</li> <li>• The previous principle is separated into two new objectives and expanded upon to better define how the program is funded on an ongoing basis.</li> <li>• The revised objectives more clearly communicate the importance of the self-sustaining and cyclical nature of the program.</li> </ul>
<p>10. Land Enterprise Retained Earnings shall only fund:</p> <ol style="list-style-type: none"> <li>a. Land Development Activities (as defined below);</li> <li>b. All expenses incurred in the delivery of the program;</li> <li>c. Land exchanges where sale revenue equals or exceeds the acquisition costs;</li> <li>d. Acquisition of existing titled roadways that are</li> </ol>	<p>Not in existing policy.</p>	<ul style="list-style-type: none"> <li>• The addition of this objective provides explicit boundaries around how the funding source (Land Enterprise Retained Earnings) should be accessed. This addresses the EY report recommendation that the policy should be explicit on the boundaries of the program.</li> <li>• In general, the funding source should not be used to fund land acquisitions for lands outside of the Land Enterprise Program, with the exception for the situations outlined in objective 4.</li> <li>• 10.a. reaffirms the funding source funds land development activities.</li> <li>• 3.b builds upon 5.a to note that all expenses,</li> </ul>



<p>erroneously privately-owned; and</p> <p>e. Provided the financial sustainability of Land Enterprise is not jeopardized,</p> <p>i. Land development opportunities that achieve City Plan objectives and, in particular, may remove barriers and advance development of nodes and corridors or other redeveloping areas; and</p> <p>ii. Servicing of lands for municipal use where they may be adjacent to, or in proximity of, ongoing land development work.</p>		<p>both internal and external to the program will be funded by Land Enterprise Retained Earnings.</p> <ul style="list-style-type: none"> <li>• 10.c. Currently, the funding source is used to fund land exchanges when sale revenues exceed an acquisition cost. The addition of this objective formalizes this practice in the revised policy.</li> <li>• 10.d. Throughout the city, there are portions of privately-owned lots that function as public road right-of-way. These situations are rare, are relatively low cost, and require relatively quick action to resolve. Capital Profile CM-17-5120 was approved for the 2023-2026 capital budget to allow for this work to progress.</li> <li>• 10.e.i Allows Administration to invest in non-traditional land development opportunities that achieve desired City outcomes. This objective allows for the exploration of these new ventures, provided they do not jeopardize the self-sustainable nature of the program.</li> <li>• 10.e.ii Occasionally, development land is located adjacent to land required for municipal purposes. When possible and practical, the program may incorporate the servicing of the municipal lands into the land development work.</li> </ul>
<p>11. Land Enterprise will pay an annual dividend to the City of Edmonton in the second quarter of each year based on 2.5% of the year-end balance of Land Enterprise Retained Earnings for the previous year.</p>	<p><u>Policy C516B:</u> The Land Enterprise will pay an annual dividend to the City of Edmonton based on the actual net income of the land development activity of the Land Enterprise.</p>	<ul style="list-style-type: none"> <li>• This change incorporates Policy C516B into Policy C511.</li> <li>• The current policy's calculation only generates a dividend in years with positive net income. Projects such as Exhibition Lands and River Crossing will result in several years without net income.</li> </ul>

<p>a. A dividend will not be paid if there is less than \$30 million of Unappropriated Surplus Capital available in Land Enterprise Retained Earnings.</p>	<p>The Dividend will be based on 25% of actual net income of the land development activity of the Land.</p> <p>Enterprise and paid in the second quarter of the following year.</p>	<ul style="list-style-type: none"> <li>• The proposed revised calculation will allow for dividend payments in years with negative net income.</li> <li>• The proposed calculation has the potential to erode Land Enterprise Retained Earnings so a cash floor is needed to prevent this from happening.</li> </ul>
<b>Applicability</b>		
<p>12. This policy will apply to the following types of land development activities carried out by Land Enterprise to generate revenue:</p> <ul style="list-style-type: none"> <li>• Greenfield residential, mixed-use, commercial, and industrial land development projects;</li> <li>• Surplus residential, mixed-use, commercial, infill, and industrial land development projects;</li> <li>• City-owned Surplus School Sites that are not guided by another City Policy;</li> <li>• Transformative redevelopment projects.</li> </ul> <p>13. This policy does not apply to the following land development projects:</p> <ul style="list-style-type: none"> <li>• Blatchford;</li> <li>• Non-revenue generating land development projects; and</li> </ul>	<p>Not in existing policy.</p>	<ul style="list-style-type: none"> <li>• It can be ambiguous to the public which projects fall under this policy. The EY report recommends that the policy should be explicit in terms of our operations and what the Land Enterprise Program is permitted to do.</li> <li>• Adding this objective explicitly clarifies which development project types are included under this policy and updates the policy to include the Land Enterprise Program's existing land holdings.</li> <li>• Since the last policy update, two new development land categories are included in the Land Enterprise Program: <ul style="list-style-type: none"> <li>◦ Surplus school sites not governed by another policy; and</li> <li>◦ Transformative redevelopment projects which, currently, include the Edmonton Exhibition Land and River Crossing redevelopment projects</li> </ul> </li> <li>• Blatchford is excluded from this policy because it has its own constrained funding source to deliver its project.</li> <li>• Real Estate provides land development support to other business areas; those projects are excluded from this policy. (i.e.</li> </ul>

<ul style="list-style-type: none"> <li>Affordable housing development project</li> </ul>		<p>Fire Rescue Halls)</p> <ul style="list-style-type: none"> <li>Affordable housing development projects led by the City are typically guided by other City policies and are not undertaken for the purposes of revenue generation.</li> </ul>
<b>Definitions</b>		
Added definitions for Affordable Housing, Greenfield, Land Development Activities, Land Enterprise, and Land Enterprise Retained Earnings.	Not in existing policy.	<ul style="list-style-type: none"> <li>The addition of definitions provides clarity on unconventional terms that are used within the policy.</li> </ul>
<b>Deletions from Existing Policy</b>		
Deleted in revised Policy C511A.	<u>Policy C511:</u> 9. Outcomes of the Land Development Policy will be reported annually through the budget process.	<ul style="list-style-type: none"> <li>An annual report will be presented to Council, however the reporting requirement should not be included in the policy itself.</li> </ul>
Deleted in revised Policy C511A.	<u>Policy C516B</u> City Council will review this policy every three years or more often if material economic changes occur or at Council's discretion.	<ul style="list-style-type: none"> <li>The revised policy template has a section for "next schedule review" of the policy. A separate objective outlining the policy review schedule is no longer required.</li> </ul>