

## SURPLUS SCHOOL SITES POLICY REVIEW AND RECOMMENDATIONS

### Recommendation

That Executive Committee recommend to City Council:

That the amendments to Policy C583 - Guidelines for Development of the 2009 Surplus School Sites, as outlined in Attachment 1 of the December 6, 2023, Community Services report CS01758, be approved.

<b>Requested Action</b>	Council decision required		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Healthy City</b>		
<b>City Plan Values</b>	BELONG. LIVE. THRIVE. ACCESS.		
<b>City Plan Big City Move(s)</b>	Inclusive and compassionate	<b>Relationship to Council's Strategic Priorities</b>	Community safety and well-being
<b>Corporate Business Plan</b>	Serving Edmontonians		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• Policy C583 - Guidelines for Development of the 2009 Surplus School Sites</li> <li>• Updated Affordable Housing Strategy</li> <li>• Policy C468A - Policy to Govern the Use of Funds from the Sale of Surplus School Sites</li> <li>• City Plan Policy 2.2.2.1- Streamline provision of affordable housing in all neighbourhoods through continual regulatory and procedural review and improvement.</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• October 15, 2012, 2012SC0939 Removal of Reserve Designation - Surplus School Building Sites</li> <li>• May 23, 2017, C-CR 4043, Review of Definition of Ancillary Uses in Policy C583 from a Community Perspective</li> <li>• January 21, 2020, CR 6705rev, Keheewin Municipal Reserve Removal</li> <li>• February 10, 2020, CR 7695, Sale of Land Below Market Value</li> <li>• February 1, 2021, CR 8347, Surplus School Sites</li> <li>• June 27, 2022, CS01188 Affordable Housing Investment Plan - Update</li> </ul>		

### Executive Summary

- There is a need for more affordable housing in Edmonton. There are more than 46,000 households in Core Housing Need<sup>1</sup> and less than 15,000 non-market housing units available.
- Surplus school sites provide an opportunity to help address the current and prospective need for affordable housing.
- Administration has undertaken a policy review to ensure these sites can be developed for affordable housing.
- Policy C583 - Guidelines for Development of the 2009 Surplus School Sites was established in 2015 to regulate and facilitate the development of 17 sites declared surplus by Edmonton public school boards. The policy no longer aligns with broader provincial and municipal policy frameworks that govern affordable housing development and has created barriers to timely development.
- Twelve of the initial 17 sites are yet to be developed and have an estimated land value of \$29 million based on appraisals from 2016. These sites are an important strategic asset to advance the City's Affordable Housing Strategy and the target of 16 per cent affordable housing in all neighbourhoods.
- The proposed policy amendment (Attachment 1) addresses contradictions with the *Municipal Government Act* and other bylaws and policies, provides more flexibility to ensure affordable housing can be built on the sites and provides Administration with strategic direction regarding the development of these sites.
- The City has applied for federal funding under the Housing Accelerator Fund (HAF) to develop 500 affordable housing units on these sites. If approved, funding requirements stipulate that building permits be issued within three years of receiving funding. If the policy is not amended, development of these sites will not be able to proceed within the three year timeframe required by HAF.

### REPORT

The recently completed 2023 City of Edmonton Affordable Housing Needs Assessment underscores the significant need for affordable housing in Edmonton. More than 46,000 households (one in eight) in Edmonton are experiencing Core Housing Need. More than 56,000 households are anticipated to be in Core Housing Need by 2031. Core housing need refers to when a household spends 30 per cent or more of before-tax income on housing, or the housing is overcrowded or in need of major repairs. There are approximately 15,000 non-market housing units in Edmonton, which is a level of supply that does not meet the current or growing demand.

Surplus school sites provide an opportunity to use City assets to address the affordable housing supply gap for households in Core Housing Need. Administration conducted a policy review of

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<sup>1</sup> City of Edmonton 2023 Housing Needs Assessment

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C583: Guidelines for the Development of the 2009 Surplus School Sites to ensure the effective usage of these land assets for affordable housing.

In 2015, Council approved Policy C583: Guidelines for the Development of the 2009 Surplus School Sites to guide the development of 17 school sites declared surplus by Edmonton school boards in 2009. The purpose of the policy was to establish guidelines for residential development on these sites to “maximize economic viability, public benefits, responsiveness to local conditions and connections to the community.” Policy C583 requires that the surplus school sites be developed as medium-density and potentially mixed-use housing forms, with a mix of non-market and market housing, including providing between 50 per cent and 75 per cent of each site be non-market housing for a period of 50 years.

Of the 17 sites:

- Two sites were removed from the inventory (one was moved into the First Place Program inventory and one was retained by a school for their use).
- One seniors housing site has been fully developed and is currently in operation.
- Eight sites were placed into the Building Housing Choices program, which provides mixed affordable and market housing opportunities. Two of the sites are currently under development and six remain undeveloped.
- Six sites were identified for development of seniors housing and rezoned; these remain undeveloped.

In 2017, two of the seniors’ sites were offered for seniors housing development but there were no applicants who were able to develop the sites without significant additional funding (due to stringent requirements of the policy). As a result, the two sites were not developed. The current status of each surplus school site governed by Policy C583 is in Attachment 2.

The land value of the 12 remaining undeveloped sites (six Building Housing Choices sites, and six seniors housing sites) was estimated in 2016 to be approximately \$29 million. These sites are an important strategic asset to advance the City’s Affordable Housing Strategy and aspirational targets of 16 per cent affordable housing in all neighbourhoods. Currently, all neighbourhoods where the remaining undeveloped 2009 surplus school sites are located are below the 16 per cent threshold (breakdown included in Attachment 3).

The First Place Program, which proposes an affordable entry into home ownership on 15 additional school sites that were surplus in 2006, is a distinct City program and is not covered by Policy C583. Two of the 15 First Place Program sites remain undeveloped.

### Policy Review

Policy C583 is no longer aligned with requirements established in the broader regulatory framework. These include:

- The *Municipal Government Act* (MGA): Policy C583 currently establishes requirements that housing must remain affordable for 50 years; the MGA currently allows a maximum term of 40 years.

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- The Zoning Bylaw: Policy C583 refers to definitions for row housing or low-rise apartments, which no longer exist as use classifications under the new Zoning Bylaw. These have been referred to as Multi-unit Housing since August 2019.
- The Edmonton Metropolitan Regional Board Growth Management Plan: Policy C583 sets out density as minimum 40 dwelling units per net residential hectare, which was based on the previous Edmonton Metropolitan Regional Board (named the Capital Regional Board at the time) Growth Management Plan minimum greenfield residential density. The updated plan, adopted in 2020, sets minimum density to 45 dwelling units per net residential hectares for the Edmonton sub-region<sup>2</sup>.

As such, a policy amendment is required to bring the policy back into alignment with its broader regulatory framework and incorporate lessons learned to ensure smooth development of future school sites moving forward.

Engagement was conducted with various areas within Administration, three external stakeholders who have been involved with the two sites currently being developed, and another municipal jurisdiction (City of Calgary) with experience in developing land for affordable housing. The results of this engagement are detailed in the What We Heard Report, Attachment 4.

Housing developers indicated that the affordability requirements of the current policy (stipulating that 50 to 75 per cent of units must be affordable) create significant challenges in ensuring overall financial feasibility of the development. In 2020, the City of Edmonton hired an independent consultant to undertake an analysis of the 12 surplus school sites. The consultant found that the affordability requirements stipulated in the policy could not be met for three of the sites without additional grant funding (La Perle, Blue Quill and Wedgewood Heights) and to meet affordability requirements for the remaining sites, development would be restricted to specific housing types. This analysis suggests that the current affordability requirements in Policy C583 are too restrictive when applied broadly across all sites. Flexibility for each site on the percentage of units and built form can enhance opportunities to bring density and affordable housing to individual sites that best fit the development opportunity and neighborhood.

Administration heard that all sites should be treated the same when it comes to age restrictions of tenants. For example, categorizing a site as seniors-only limits the potential for the site as seniors housing providers may not have the ability to conduct a timely development or do not have an appetite to develop on those lands. Additionally, seniors housing developers expressed that they may have interest in non-seniors sites and, likewise, non-market housing providers with no age restrictions expressed interest in seniors' only sites.

### Policy Changes

The proposed policy amendment:

- brings the policy into alignment with current legislation and the broader regulatory framework of the City;
- incorporates lessons learned from developments to date;
- incorporates lessons learned from the market studies of sites to date; and

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<sup>2</sup> [emrb.ca/growth-plan](http://emrb.ca/growth-plan)

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- updates the policy to current standards.

The proposed policy amendments are intended to facilitate smoother development of the remaining sites by removing the prescriptive components of the policy and creating additional flexibility to allow for decisions to be made on each site as a result of individual site analysis. This flexibility is aligned with the City's overall affordable housing policy framework and will allow the City to work with housing developers to develop the sites in a timely way while adapting to the external funding environment. The Policy Chart, in Attachment 5, provides an overview of the current and proposed policy and rationale for each of the proposed changes.

### **Path Forward to Develop the Surplus School Sites**

Since the original policy was introduced, the City has refined additional tools in the policy framework to guide the development of its affordable housing sites (Policy C473A - City Land Assets for Non-Profit Affordable Housing and CR\_5073, City Policy - City-Wide Affordable Housing Framework approved by Executive Committee August 13, 2018). This framework will remain in place to provide additional guidance for the development of surplus school sites.

The City of Edmonton has applied for federal funding through the Housing Accelerator Fund (HAF) to help develop the remaining surplus school sites. To access HAF funding, surplus school sites are required to be developed up to a building permit within a maximum three year period (starting when funding is initially awarded).

Amending the policy to allow flexibility in the percentage of affordable housing units per site, or potentially as a portfolio of sites, will allow more options to work with the non-profit and private sector to develop these sites in a timely manner. Should the amendment not be approved, it will not be possible to develop the remaining sites in the time period required to access HAF funding.

If the policy amendments are approved, City Council will continue to have a substantial role in the development of surplus school sites as it will evaluate and render decisions on rezonings, municipal reserve removals, land sales and investments for improvements of future development.

The MGA permits City Council the ability to change the footprint of a school site from a municipal, school, or municipal and school reserve to a community services reserve at a public hearing. Municipal, school and municipal and school reserves must be used for park, public recreation or school services, however, a use permitted under community services reserves is affordable housing. A site with a community services reserve may be sold, leased or otherwise disposed of provided Council has approved the removal of the designation through a public hearing. Proceeds from the sale of a site previously designated as community services reserve must be allocated to one of the permitted uses under that designation.

It is common for sites allocated by the City to housing providers to be sold for nominal consideration. This allows for the full value of the capital asset to benefit the housing development. Utilizing a community services reserve on the surplus school sites governed by this policy may allow for increased flexibility around the types of housing developed on these sites, potentially allowing for sites to be sold at market value with a mixed market element included. Revenue from the sales of these sites could then be allocated to further advancing affordable

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housing objectives as opposed to open space objectives. Exemptions to Policy C468A Policy to Govern the Use of Funds from the Sale of Surplus School Sites would need to be approved by Council for this type of use as this Policy currently directs proceeds from the sale of surplus school sites to be allocated to open space uses.

### **Community Insight**

In 2015, the City of Edmonton began piloting a new, multi-phase engagement process for City-supported affordable housing developments built on surplus school sites. An enhanced public engagement method was recommended for the development of these sites. The pilot process involved five progressively detailed phases of engagement designed to culminate in recommendations to Council as part of the required property rezoning. Feedback from each phase was compiled into What We Heard documents to help inform the next phase of engagement.

The engagement process was designed with the Keheewin and Ogilvie Ridge Community Advisory Committees and identified opportunities for them to act as communication conduits to the broader neighborhoods. Communications and engagement spanned five years, which was longer than originally anticipated. The lengthy, multi-phase engagement created confusion amongst neighbourhood residents about the status of the project - there were sometimes extensive delays between engagement, which led residents to perceive that the site would remain as open green space. This may have been a contributing factor to several highly energized and contentious public engagements, as residents did not want to experience changes to perceived open green space. It also created challenges for the developer of the site in meeting development timelines.

Administration will incorporate the lessons learned from the engagement process used with the pilot sites and adopt a streamlined engagement process. In alignment with Policy C437A - City Land Assets for Non-Profit Affordable Housing, Administration is committed to sharing information and answering questions to ensure community members have a comprehensive understanding of plans to develop the site for affordable housing in their neighbourhood. Once selected, affordable housing providers will provide additional engagement opportunities on each project.

### **GBA+**

The City of Edmonton aims to provide people from all backgrounds with the opportunity to live in a safe, comfortable home that they can afford. For many, a major barrier to this is cost. Those experiencing intersecting identity factors tend to experience additional barriers and discrimination. These groups can include Indigenous peoples; racialized people; LGBTQ2S+; recent immigrants and refugees; women and children fleeing domestic violence; female heads of household, and especially single mothers; young adults; seniors aged 65+; people with physical health or mobility challenges; people with developmental disabilities; people dealing with mental health and addictions issues; veterans; and people experiencing homelessness.

This project seeks to increase the supply of housing that is safe, affordable and adequate for those in need by removing barriers through supporting the development of affordable housing in Edmonton.

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The City is committed to working with housing developers to construct non-market affordable housing in every Edmonton neighbourhood that will meet the needs of diverse household types and sizes. Building affordable housing in every neighbourhood enables lower-income households to choose where they live. A diversity of housing types brings new residents to a range of neighbourhoods, increasing the sustainability of schools, businesses and community organizations, regardless of average income.

### **Attachments**

1. Council Policy C583A - Development of Surplus School Sites (Recommended Amended Version)
2. Current Status of Each Surplus School Site
3. Current Affordable Housing Ratios
4. What We Heard Report
5. Policy Chart: Policy C583