

SALE OF LAND IN HERITAGE VALLEY ABOVE DELEGATED AUTHORITY

Recommendation

1. That the sale of the land legally described as Plan 2420846 Block 3 Lot 10, as outlined in Attachment 1 of the April 2, 2025, Financial and Corporate Services report FCS02937, on the terms and conditions as outlined in Attachment 2 of the April 2, 2025, Financial and Corporate Services report FCS02937, be approved, and that the sale agreement be in form and content acceptable to the City Manager.
2. That Attachment 2 of the April 2, 2025, Financial and Corporate Services report FCS02937 remain private pursuant to sections 16 (disclosure harmful to business interests of third parties), 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

Requested Action	Decision required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Regional Prosperity The development of multi-family sites in Heritage Valley Town Center, with strategic connections to Anthony Henday Drive and surrounding municipalities, contributes to the region's prosperity and competitiveness.		
City Plan Values	THRIVE		
City Plan Big City Move(s)	A community of communities	Relationship to Council's Strategic Priorities	Economic Growth
Corporate Business Plan	Serving Edmontonians		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> • C512 - Environmental Policy • C511A - Land Development Policy 		

Sale of Land in Heritage Valley Above Delegated Authority

Related Council Discussions

- Bylaw 20323 - To amend the Heritage Valley Town Centre Neighbourhood Area Structure Plan
- Charter Bylaw 20324 - To allow for future LRT alignment and surrounding residential, commercial, public utility, public park, and mixed uses, Heritage Valley Town Centre

Executive Summary

- Administration marketed the sale of land during the summer of 2024. Subsequently, a sales agreement was negotiated to dispose of the parcel legally described as Plan 2420846 Block 3 Lot 10 to the buyer.
- Administration is seeking Executive Committee approval for the sale as the negotiated market value transaction is above Administration's delegated authority under Bylaw 16620, City Administration Bylaw.

REPORT

Background

The City of Edmonton acquired approximately 120 acres of land in the Heritage Valley Town Centre neighbourhood in 2009 and 2011. The land was primarily acquired to assemble land for the district park. Land Enterprise Retained Earnings (LERE) was used to fund the acquisition of the land, and the portion comprising the district park was repaid by the Funds in Lieu Reserve over several years.

Construction on the City-led land development project of Heritage Valley Town Centre Stage 6 began in 2022 and developed roughly 98 acres of the City-owned land. The project created 56 acres of district park land, 11 acres of public utility lots, 12 acres of roadway and LRT right-of-way, leaving 19 acres of saleable land that forms part of the transit-oriented development. The project also provided critical services and road access that allowed for the development of the Heritage Valley District Park and the Father Michael McCaffery Catholic High School, which opened in 2024.

This project will result in a financial loss at the time of sale, however, recoveries that will flow back to the project from future developments in the area will result in the loss being reduced over time. The loss is the result of high development costs relative to sale proceeds. The high development costs for this project were caused by several factors including:

- Long stretches of roadway that have saleable land on only one side of the road or no adjacent saleable land at all;
- Staging construction in a way that prioritized servicing for the Father Michael McCaffery Catholic High School over cost reductions;
- Stringent timelines to meet the high school construction and opening milestones that resulted in prioritization of schedule over potential cost savings;
- Front ending costs for arterial roadways, stormwater management facilities and offsite pipes (all of which are partially recoverable from future development);

Sale of Land in Heritage Valley Above Delegated Authority

- Increased costs for obtaining access agreements from adjacent landowners; and
- High costs associated with pipeline crossings.

Access to Heritage Valley District Park, nearby schools and LRT Station will be a significant benefit for all neighbourhood residents, now and in the future. The completion of this development was made possible by the profit margins of other projects within the LERE portfolio.

The 19 acres of saleable land consisted of five lots ranging in size from 1.4 acres to 8.2 acres. Four of the lots are being sold at market value and one lot is being allocated for affordable housing uses. This project was fully funded by LERE and revenue from the sale of the four lots will be used to offset the development costs.

Land Sale

On August 13, 2024, Administration marketed the four multi-family sites for sale providing interested parties an opportunity to submit offers to purchase until September 16, 2024. The sale offering process resulted in a total of nine offers, of which seven were very competitive. The City responded to those seven applicants and provided an opportunity for them to update their offers due to the high demand. Six of the seven applicants submitted a new offer and all the offers were subsequently reviewed and evaluated. The selected buyer submitted the best offer as outlined in Attachment 2.

The sale price is considered market value and requires Executive Committee approval as it is above Administration's delegated authority of \$5 million.

The City's role in developing shovel-ready multi-family lands contributes to the growth of the City of Edmonton's available housing. Through the sale agreement, the buyer is required to build a development that uses 20 per cent less energy than a typical new multi-family development. The buyer is still in the preliminary planning stages and will likely develop the land in a phased manner. This is typical for this stage in the process, as the sale agreement has not been executed by the City yet. The buyer is required to start the development by July 2027 and complete the development by July 2030.

Budget/Financial Implications

Sale of the land will result in a net loss in Land Enterprise operations in the title transfer year. The loss on sale is recorded at the time of the transfer.

The City's land development activities, with the exception of Blatchford, are governed by City Policy C511A - Land Development, entirely self-funded through Land Enterprise Retained Earnings (LERE) and presented under the Land Enterprise branch for both operating and capital budgets. LERE is a constrained funding source that uses revenue from land sales to fund all operating and capital expenses. No tax levy funding is used in the delivery of this program. The portfolio of all projects carried out under Land Enterprise contains a range from highly profitable projects to those that achieve important City building outcomes, but result in financial losses to Land Enterprise. These losses are known in advance, planned for, and the impacts are mitigated to ensure the long-term financial viability of the program. Losses incurred by the program are funded by Land Enterprise Retained Earnings and do not impact tax levy operations. In alignment

Sale of Land in Heritage Valley Above Delegated Authority

with Policy C511A, an annual dividend is paid to the corporation that is used to offset operating expenses by the corporation.

In the case of Heritage Valley Town Centre Stage 6, both the land acquisition and land development costs were entirely funded through LERE. Expenses will be offset through revenue generated by land sales and recoveries that flow back to the program from future private developments in the area. Any remaining losses will be offset by other profitable land development projects and land sales.

Legal Implications

Section 35 of Bylaw 16620, City Administration Bylaw, enables the City Manager to approve agreements for disposition of a fee simple interest in land for fair market value or more, up to \$5 million. Approval is being sought as the proposed sale relates to the disposition of a fee simple interest in land exceeding \$5 million.

Community Insight

The sale land was listed through a public offering process. Given the sensitive and private nature of negotiations, Administration does not conduct engagement with the general public for individual sales.

GBA+

The availability of housing for all income levels is a barrier for many in the City of Edmonton. Bringing more multi-family sites to the market will lead to increased housing opportunities.

The sale land was publicly listed on the City of Edmonton's website, with detailed information surrounding the requirements and the offer process. In addition, the City placed two large signs on the subject property so that the general public was aware that the land was for sale. To facilitate understanding, Administration made itself available to answer general questions related to the sale listing in several languages. All submissions were accepted, and applicants' identity factors, language use and communication style were not considered.

This Heritage Valley land development project will provide a range of mobility options for residents of the community through the incorporation of streets and paths that accommodate pedestrians, cyclists, mass transit and vehicles. The LRT system will be central to the community should the Capital Line - South Phase 2 funding be approved in the future.

Environment and Climate Review

This report was reviewed for environmental and climate risks. Based on the review completed no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

Attachments

1. Heritage Valley Town Centre - Site Plan
2. PRIVATE - Heritage Valley Town Centre - Sales Agreement Terms and Conditions
3. Heritage Valley Town Centre - Context Map