

COMPLETING THE FIRST PLACE PROGRAM

Recommendation

That Community and Public Services Committee recommend to City Council:

That the Dechene, La Perle, Dunluce and Sifton Park surplus school sites be removed from the First Place Program.

Requested Action	Council decision required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Urban Places		
City Plan Values	LIVE.		
City Plan Big City Move(s)	Inclusive and compassionate	Relationship to Council's Strategic Priorities	Community safety and well-being
Corporate Business Plan	Servicing Edmontonians		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> First Place Program 		
Related Council Discussions	<ul style="list-style-type: none"> October 28, 2019, Financial and Corporate Services report CR_7362 First Place Program Evaluation February 1, 2021, and February 8, 2021, Financial and Corporate Services report CR_8347 Surplus School Site 		

Executive Summary

- The First Place Program was created in 2006 to redevelop 21 surplus school sites into residential developments with the intention of selling units to first time home buyers.
- Of the 21 sites, 16 have been developed and one site was formally removed from the program in 2021 with Council approval.

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- Administration is seeking City Council approval to remove the remaining four sites from the program, in order to retain two of the sites for open space and develop the other two sites for affordable housing.
- The 16 developed sites created 904 units for first-time home buyers and \$22.2 million in revenue that will be shared between the surplusing school board and the City's affordable housing reserve.
- Once the final deferred land payments are received, removal of these sites allows the program to end in 2030.

REPORT

The First Place Program (“the program”) was approved in 2006 by the City of Edmonton as a collaboration with the Edmonton Public School Board (EPSB) and the Edmonton Catholic School District (ECSD) to meet housing needs. The program included 21 vacant school building sites declared surplus by the two boards (Attachment 1). The objective of the program was to develop sites for first-time home buyers who met the program eligibility criteria.

Following an open selection process, two builders, Rohit and Landmark, were selected to work with the City to develop the sites. Both builders were required to construct homes that exceeded building code requirements and carry out a community engagement process that saw residents engaged on the design and fit of new homes in the existing community. The City sold the sites to the builders at full market value; however, payment of the land was passed along to the home buyer and deferred for a five year period. Once the five years have passed, the home buyers pay for the cost of land and, only once all land payments are received, the net revenue from the land payments are shared between the applicable school board and the affordable housing reserve at the City.

The five year deferral period meant first time home buyers were able to be approved for a lower initial mortgage amount, making home ownership more attainable. The final site was developed in Michaels Park with the final unit sold in 2025.

Of the initial 21 sites:

- 16 sites have been successfully developed in alignment with the program;
- One site was removed from the program with City Council approval at the February 8, 2021 discussion of the Financial and Corporate Services report, CR_8347 Surplus School Site;
- Two sites are proposed to be retained for open space; and
- Two sites are proposed to be developed for affordable housing.

Administration is seeking approval to remove the two sites proposed for open space and the two sites proposed for affordable housing from the program.

Sites Retained for Open Space

The Dechene and La Perle sites are the two sites to be retained for open space (Attachment 2). The Dechene site is located on a former temporary pond which was backfilled in a manner that makes the soils unsuitable for development without a substantial amount of rework; essentially making the site undevelopable. In La Perle's case, there are three surplus school sites in the

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neighbourhood. One site is being developed for affordable housing, one site was developed as market housing in 2007 and one site was identified for the First Place Program. In response to the 2007 housing development on one of the surplus school sites, located east of the First Place site, the City made a commitment to the La Perle community to not develop this First Place surplus school site.

As both the Dechene and La Perle sites are no longer planned for further development, Administration is seeking the formal removal of the sites from the program in order to formalize the sites as open space. If the recommendation is approved, Administration will bring forward reports outlining rezoning of the sites to Parks and Services Zone (PS) and to reapply municipal reserve designation, as applicable, for consideration at a future City Council Public Hearing Meeting.

Sites for Affordable Housing Development

The Dunluce and Sifton Park Sites are the final two developable sites remaining in the program (Attachment 3). The program's builders determined that development is not financially viable for either site under the program's restrictions, due to the following concerns:

- Development costs related to sewer extensions and earthworks
- The financial eligibility requirements combined with the unit price cap
- Fewer lending institutions willing to participate in land deferrals
- Changing market conditions

With neither builder able to advance these sites as part of the program, Administration completed a circulation throughout the corporation to determine if there was a municipal use for these sites. Affordable housing is the only identified use for the Dunluce site. For the Sifton Park site, the circulation identified two potential uses: open space and affordable housing. In alignment with the 2018 Land Management Guidelines, Administration reviewed the potential uses and determined the site would be best used for affordable housing, taking into consideration the current residential zoning, neighbourhood nonmarket housing ratio and open space supply.

If this report's recommendation is approved, these sites will be removed from the First Place Program and publicly listed for sale in alignment with City Policy C583A - Developing Surplus School Sites. If any proposed disposition is outside of delegated authority, Administration will return to Executive Committee to seek approval for the disposition of the sites.

First Place Program Outcomes

Removing these final four sites from the program will mean that Administration has completed development of all the First Place sites. The program will continue until all of the five year deferral periods have ended in 2030. Some of the notable outcomes of the program include:

- 16 sites were developed between 2007 and 2024.
- A total of 904 units have been created and sold to first time home buyers.

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- Once the final deferred land payments are received in 2030, \$22.2 million will have been generated in net revenue and shared between the school boards and the City's affordable housing reserve.

The following table breaks down the share of sites, units and revenue allocated to each organization:

Organization	Sites Developed	Units Created	Revenue to Date (millions)	Revenue Remaining (millions)	Revenue Total (millions)
EPSB	9	501	\$5.1	\$1.4	\$6.5
ECSD	7	403	\$2.8	\$1.8	\$4.6
Affordable Housing Reserve	n/a	n/a	\$7.9	\$3.1	\$11.1
Total	16	904	\$15.9	\$6.3	\$22.2

When created, the program had four primary objectives:

- Objective 1 - Develop 1,000 units on the sites
- Objective 2 - Provide opportunities to first time home buyers
- Objective 3 - Share net land sale proceeds
- Objective 4 - Guidelines for public input

The 904 units developed falls below the target of 1,000 units in Objective 1. However, given that only 16 of the original 21 sites were able to be developed, Administration considers this a successful outcome. When comparing units-per-site, the program achieved a higher average density than would have been expected under the original outcome.

Objective 2 was achieved through the inclusion of an eligibility requirement that the program applicant must be a first-time home buyer in Alberta. Objective 3 was achieved through the cost sharing agreement that will result in \$11.1 million of net land sale proceeds being shared between the boards. Objective 4 was achieved by including a requirement for builders to host open houses and include the design committees in their processes.

Budget/Financial Implications

The First Place Program includes a revenue sharing agreement with the surplus school boards. Removing the sites from the First Place Program does not remove them from the revenue sharing agreement. However, with two of the remaining four sites being retained as open space and the other two being allocated to affordable housing, there may be no revenue to share from Dunluce and Sifton Park.

The affordable housing reserve and the school boards funded the costs of delivering this program by reducing the revenue disbursement. With development of the First Place sites concluded, there will be a corresponding reduction in operating and capital costs to deliver the program. The budgets for the cost reductions, revenues, offsetting payments and transfers will be adjusted in the operating and capital budgets.

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Between now and 2030, the last of the developed sites (Kirkness, Belle Rive and the two Michaels Park sites) will receive their final land deferral payments, resulting in an additional \$3.1 million allocated to the affordable housing reserve, \$1.4 million paid to EPSB and \$1.8 million paid to ECSD.

Community Insight

Community leagues were notified by email of the proposed changes to the program and the opportunity to share their views with the committee when this report was published. Residents within 120 metres of each site were provided with the same information by letter, in keeping with the standard non-regulatory communications practice regarding City-owned properties intended for affordable housing development. No other targeted communication has been carried out related to the program or these specific four sites in recent years.

In 2006, the City obtained a Planning Exemption Regulation from the Province to develop the First Place Sites without the need to hold a public hearing for the rezoning or reserve removal. In alignment with the exemption requirements, the City and builders have held open houses and public engagement and design committees to ensure the communities were involved and aware of the development. The design committees included community members, the builders and City representatives, providing opportunities for the community to contribute to the final layout and built form of the developments.

As part of the sale agreement for Dunluce and Sifton Park, the City will require the future developer of these sites to give the public the opportunity to comment on the specifics of the planned development in alignment with the Planning Exemption Regulation.

The October 28, 2019 Financial and Corporate Services report, CR_7362 First Place Program Evaluation, provided an update on the performance of the program and feedback from a variety of interested parties including home buyers, residents, builders and design engagement participants. Some of the notable insights gathered were:

- The program helped draw younger individuals, couples and families into mature neighbourhoods.
- The vast majority of the people in the program were happy with it, would recommend it to others and felt it met or exceeded their expectations.
- More than half of the participants indicated they would not have been able to afford their first house had it not been for the program.
- The majority of existing community residents who participated in the design engagement process reported being satisfied or very satisfied with the process and that the new homes fit well into the community.
- School boards and other interested parties also provided positive feedback.
- Development partners indicated they did have some challenges implementing the program due to some of the restrictive parameters.

GBA+

The First Place Program helped many Edmontonians own their first home who otherwise might not have been able to due to various financial barriers. The completion of the program means

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that other Edmontonians facing similar barriers will not have the same assistance to purchase their first home. Similar programs, such as the federal government's Canadian Mortgage and Housing Corporation's First-Time Home Buyers Incentive Program, have also ended.

To address the national housing crisis and the Housing Emergency declared by City Council, the City has shifted its focus from market housing aimed at first time home buyers to developing affordable housing on surplus school sites. Offering the Dunluce and Sifton Park sites for affordable housing purposes will contribute to the supply of safe, stable and suitable housing to those in core housing need.

Retaining two sites as safe, accessible park space in Dechene and La Perle will allow for their continued use as outdoor recreation and informal community gathering spaces for people of all ages, incomes and demographics in those and surrounding neighbourhoods.

Environment and Climate Review

- Redevelopment of City-owned surplus lands in existing neighbourhoods helps reduce urban sprawl which has a net positive impact on sustainability.
- For the two sites proposed for affordable housing, the land is currently zoned for residential development so the recommendation of this report does not substantially alter the end state of the land post-development.
- Future residential development will have environmental impacts related to construction and removal of green space/trees/vegetation, but that is outside the scope of this report and will be considered as part of the development projects.
- Widening the scope of what can be built on the two sites proposed for affordable housing may mean that the land is developed sooner than it would have been had it remained in the program.
- Formally changing two of the sites from potential residential development to open space will support climate resilience by ensuring the retention of green space, including potential for additional planting of trees, shrubs and other vegetation.

Attachments

1. List of First Place Program Sites
2. Dechene and La Perle Sites
3. Dunluce and Sifton Park Sites