Attachment 4

City of Edmonton

Options for Disposing of City-Owned Greenfield Residential Development Lands

UPDATE REPORT

February 11, 2020

Contents

1 Introduction

Attachment 4

Introduction

Background

- On April 2, 2019, Edmonton City Council ("Council") adopted a motion for City Administration to return with a report evaluating a "list of options for, and the impact of disposing City of Edmonton ("City")-owned residential development lands held within Enterprise Land Development ("ELD"), excepting Laurel 10 and Laurel 22, with the proceeds from such sale(s) being directed to City building programs within ELD, excepting development of greenfield lands for residential purposes".
- In support of this motion, the City issued RFPS #2019-07, the purpose of which was to retain a consultant to provide Council with a report identifying and evaluating the financial implications of selling off City-owned greenfield residential development lands and using the proceeds from those transactions for various "city building" projects. Identified disposal options to be considered include (with it also noted that the specific options considered could vary depending on the specific development):
  - Investing in, developing and selling residential development land held by ELD as currently planned by the ELD program;
  - Selling residential development land held by ELD as quickly as possible (i.e., without further investments being made by ELD and without ELD undertaking any additional work relating to the development of the property);
  - Using a phased-approach to selling residential development land held by ELD over time as permitted by the current market;
  - Selling off portions of residential development land held by ELD reflecting the current market and investing in further development of other portions of residential development land held by ELD; and
  - Investing in, developing and selling residential development land held by ELD on a shorter time frame than is currently planned by the ELD program.
- In May, 2019, the City of Edmonton (the "City") retained PricewaterhouseCoopers LLP ("PwC") to undertake the scope of work outlined in RFPS #2019-07.

Scope of Work

- In being awarded RFPS #2019-07, PwC outlined the following scope of work within its proposal:

1. Kick-off meeting:
   - met with ELD to obtain insights into and background information describing ELD and its various residential development projects;
   - discussed the background, purpose and expected outcomes of the study; and
   - conducted site visits to each greenfield residential development project.
2. Background information review:
   - undertook a review of information provided by ELD, including background information detailing each of ELD's greenfield residential developments, financial proformas / development budgets, etc.
3. Market research:
   - undertook area reconnaissance to identify and understand pertinent residential development trends, values, and metrics; and
   - evaluated market research findings against ELD budget and development proforma assumptions to identify key points of differentiation.
4. Financial analysis:
   - reviewed the development budgets and cash flow models for each of ELD's greenfield residential land development projects and made adjustments to assumptions, timing, etc. based on the findings of the market research phase;
   - revised development proformas for each project and analyzed the potential proceeds available to ELD / the City from each project; and
   - identified the municipal property tax implications resulting from each project.

Attachment 4

Introduction

Scope of Work (continued)

5. Disposition model analysis:
    - identified, discussed and agreed to specific disposition options for each greenfield residential development with ELD;
    - identified key assumptions relating to each agreed-to disposal option;
    - modelled each alternative disposal option for each greenfield residential development project, identifying net proceeds, costs, benefits, timing and other implications (including municipal taxes) associated with each disposal option;
    - discussed the development proforma and resultant findings / associated impacts with ELD officials and made adjustments, as necessary; and
    - finalized the development proforma and associated impacts.

- The foregoing culminated in the identification of a recommended disposition option(s) for each of ELD's greenfield residential land development projects.
- PwC issued its report on October 7, 2019 and presented its findings to the City's Executive Committee of Council on November 18, 2019.

February 6, 2020 update report

- Following the November 18, 2019 Executive Committee of Council meeting, ELD requested that PwC update its October 7, 2019 report to reflect the following:
    - update the "Market Overview" section to reflect current information pertaining to Edmonton's economic outlook and residential development (through November 2019);
    - update the "Disposition Option Analysis" section to reflect potential timing and cost changes to various land development assumptions; and
    - update the "Impact Assessment" section to reflect the updated results from the "Disposition Option Analysis".
- The reader should note that no adjustments were made to the timing or values associated with the "Quick Sale" scenario.

Use of the report

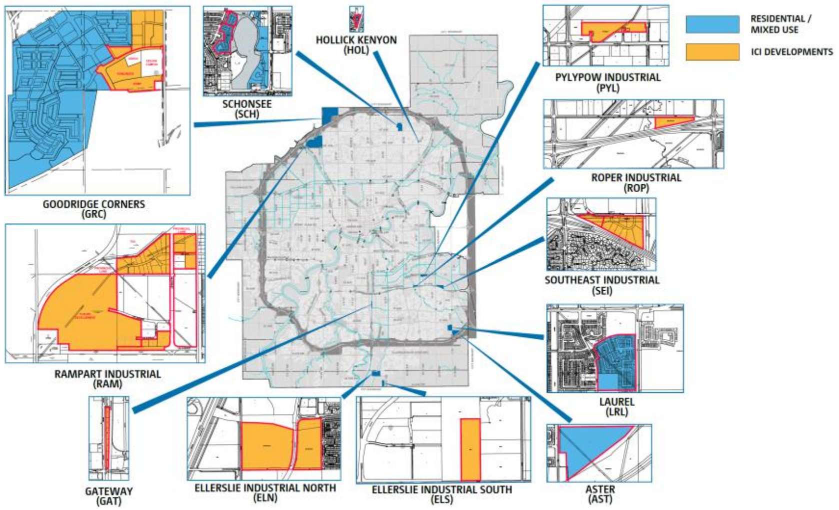
- The report prepared by PwC in support of RFPS #2019-07 has been prepared for the exclusive use of the City of Edmonton and its Enterprise Land Development division.
- PwC owes no duty of care to any other party or any party gaining access to PwC's report. PwC accepts no responsibility for any claims, losses, liabilities and damages, including, without limitation, any claims, losses, liabilities and damages in negligence or negligent misrepresentation, arising from any unauthorized or improper use of the report.

2 About ELD

About ELD

About Enterprise Land Development

- Enterprise Land Development ("ELD") is a self-funded enterprise program of the City of Edmonton (the "City") that acquires raw land and invests in the planning, engineering and the servicing of those lands in order to create and bring residential building lots to the market for eventual sale to private citizens and home builders. ELD is also engaged in the planning, engineering, servicing and sale of industrial building lots.
- ELD's activities have been conducted in accordance with City of Edmonton Policy C511 – Land Development Policy, the Industrial Land Strategy, and City Council's 2019 – 2028 Strategic Plan.
- Revenues generated by ELD from lot sales are used to fund future land acquisitions and the planning, development and servicing of those lands. Surplus revenues provide an annual dividend to the City, equal to 25% of its net income from land development activities, to offset tax levy requirements (pursuant to Policy C516B – Land Enterprise Dividend Policy).
- ELD holds and is in the process of planning, developing and / or selling residential building lots on approximately 549 acres of residential land in five projects, including:
  - Aster (a suburban greenfield development in southeast Edmonton, measuring 53 acres and with an anticipated timeline for development of between five and ten years);
  - Goodridge (a 409 acre greenfield project located in northwestern Edmonton whose full build-out is not expected to occur until at least 2045);
  - Hollick Kenyon (a one acre site that contains six detached home lots and which are have been offered for sale);
  - Laurel 22 (a 53 acre site located in southeastern Edmonton and having an anticipated four–year timeline for the sale of the project's 304 residential lots); and
  - Schonsee (a 33 acre greenfield development located in north-central Edmonton where development is expected to occur over five distinct stages).
- In 2018, the City completed a Land Governance review that was based on a more systematic and efficient process for acquiring, developing, maintaining, improving and disposing of assets. As per the Financial and Corporate Services Report CR_5328 – Land Governance Strategy, the new land management framework requires, among other matters, that ELD be financially independent from other civic operations and be fully transparent.
- On April 2, 2019, Edmonton City Council adopted a motion for City Administration to return with a report prepared by an independent third party (the "Report") evaluating a "list of options for, and the impact of disposing of City-owned residential development lands within ELD (excepting Laurel 10 and Laurel 22), with the proceeds from such sale(s) being directed to City building programs within ELD, excepting development of greenfield lands for residential purposes".



Source: City of Edmonton

About ELD

About Enterprise Land Development (continued)

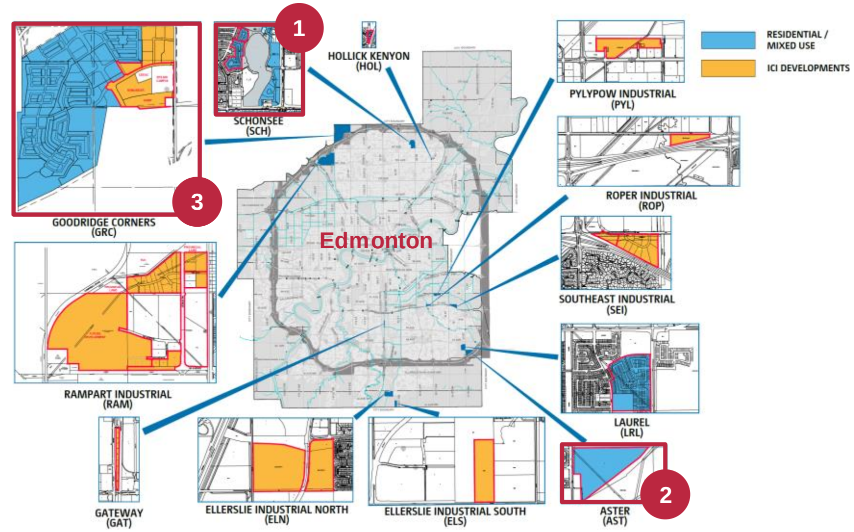
- Per RFPS #2019-07, the purpose of this Report was to provide Council with a clear understanding of the financial impacts of selling off City-owned residential development lands and using the proceeds from those transactions for various "city building" projects, including in particular its planned Rossdale and Exhibition Lands redevelopment projects.

ELD's greenfield residential land development holdings

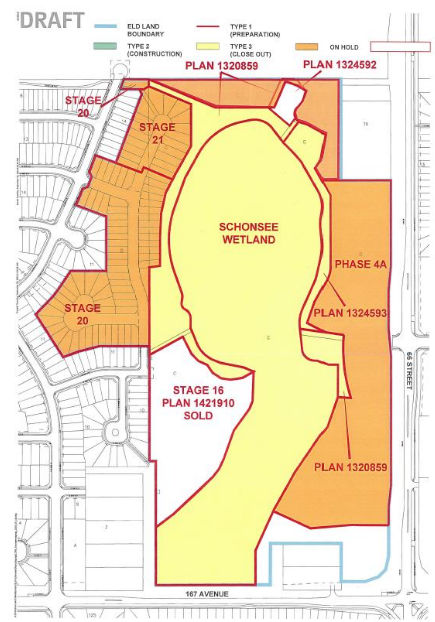
- Per RFPS #2019-07, the scope of work is focused on ELD's greenfield residential development land holdings, namely Schonsee, Aster and Goodridge Corners. Laurel, nearly fully developed and in the process of being marketed and sold, and Hollick Kenyon, given it has been transferred to Habitat for Humanity, have not been considered in this Report.

Schonsee

- Schonsee is a new neighbourhood located in north-central Edmonton. The neighbourhood is bounded by 167th Avenue to the south, 66th Street NW to the east and 82nd Street NW to the west.
- Schonsee comprises 33 acres of land surrounding the Schonsee Wetlands; the property is currently unserviced and undeveloped.
- The property is expected to feature low and medium density residential over five phases of development. Due to the configuration of property, the property's development phases are expected to be smaller than typical suburban development sizes.
- The property is contemplated to yield a total of 85 single family lots to be created in two stages (66 lots in Stage 20 and 19 lots in Stage 21) with these stages located between an existing residential area and Schonsee Wetland. To the east of the Schonsee Wetland, an additional low density area (to contain approximately 82 lots) and an area proposed for medium density uses (9.7 acres) are proposed; these lands are currently not zoned for development.



Source: City of Edmonton



Source: City of Edmonton

Attachment 4

About ELD

Schonsee (continued)

Schonsee Land Summary

	Zoning			
Stage	**Current**	**Future (1)**	**Acres (2)**	**Lots (3)**
Stage 20	RSL	LD	9.1	66
Stage 21	RSL	LD	2.9	19
Future Stages (LD) (1)	AG	LD	11.6	82
Future Stages (MD) (1)(4)	AG	MD	9.7	-
Total			**33.3**	**167**

(1) LD = low density residential, MD = medium density residential
(2) Approximate gross developable area
(3) Low / medium density residential lots
(4) Sold as zoned, serviced land and not developed into lots

Aster

- Aster is a new neighbourhood in the southeastern quadrant of Edmonton, bounded by Anthony Henday Drive to the south and east, 17th Street SE to the west, and the future 23rd Avenue corridor to the north.
- The City owns approximately 53 acres in the southern portion of the neighbourhood of Aster. The property is currently zoned AG (agriculture). The property includes several natural water features and wetlands, rendering its' gross developable area to be in the range of 48 acres.
- ELD's proposed development includes primarily low density single family residential lots, with two areas of row housing and a small section for medium density residential.
- The Neighbourhood Structure Plan ("NSP") envisions an integrated, pedestrian-friendly neighbourhood with allocations for natural green space and parks. Aster's Neighbourhood Area Structure Plan ("NASP") identifies the entire neighbourhood to be completely developed within 10 years.

Aster (continued)

- ELD's land holdings in the neighbourhood call for a total of 259 single family lots to be created over approximately 44.8 acres with an additional 2.8 acres dedicated to medium density uses; these land are currently not zoned.

Aster Land Summary

	Zoning			
Dwelling Type	**Current**	**Future (1)**	**Acres (2)**	**Lots (3)**
Single Family (4)	AG	LD/MD	44.8	259
Multi-Family	AG	LRA	2.8	-
Total			**47.6**	**259**

(1) LD = low density residential, MD = medium density residential, LRA = low rise apartment
(2) Approximate gross developable area
(3) Low / medium density residential lots
(4) Expected to be zoned 90.1% low density residential and 9.9% medium density residential, on a total front foot basis.

Source: City of Edmonton

Attachment 4

About ELD

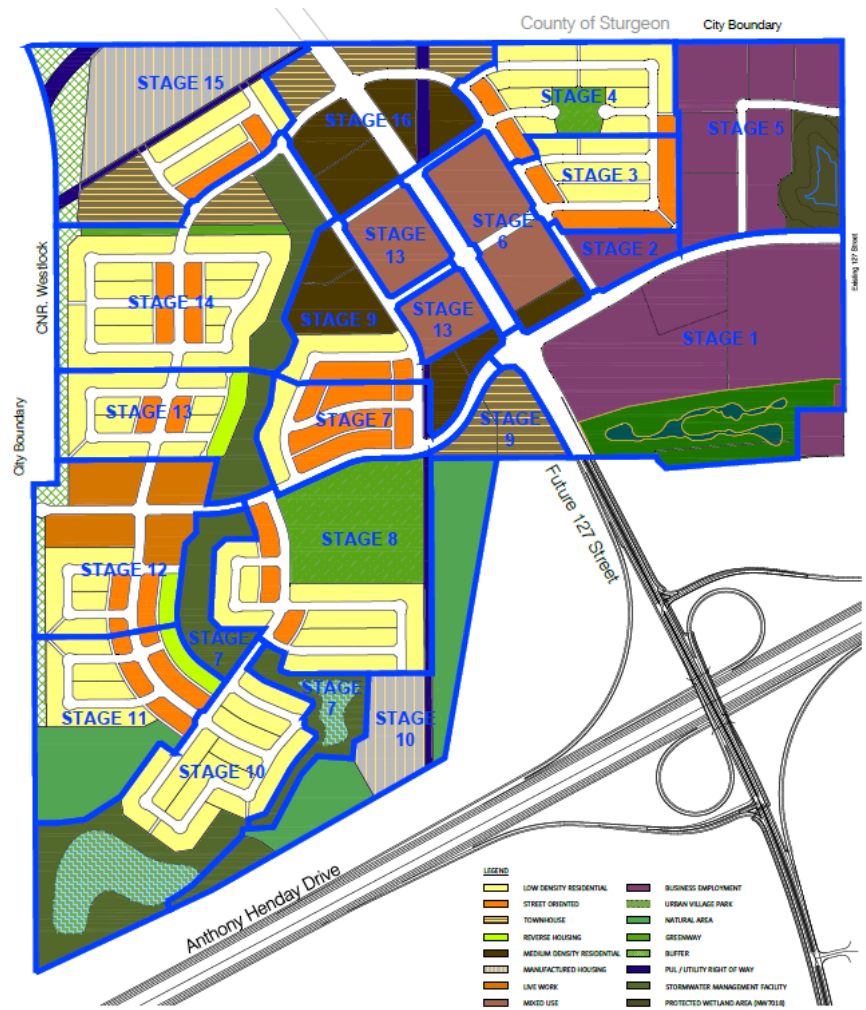
Goodridge Corners

- Goodridge is a planned development located north of Anthony Henday Drive, near the intersection of the Anthony Henday and 127th Street NW in northwestern Edmonton. The Goodridge site borders Sturgeon County to the north and the City of St. Albert to its west.
- The Goodridge site comprises of approximately 440 acres of which approximately 409 acres is associated with future stages. The land is currently zoned AG (agriculture).
- ELD's development concept for the property envisions a mixed-use community featuring a combination of low and medium density residential over 14 future stages (Stages 3 to 16). The neighbourhood is expected to yield 1,327 single family lots on 336.3 acres. In addition, 48.5 acres low rise apartment and 10.5 acres of mixed-use lands are also envisioned.

Goodridge Corners Land Summary

	Acres by Use[1]					
Stage	**LD[2]**	**MD[2]**	**LRA[2]**	**Mixed-Use**	**Total**	**Lots[3]**
Stage 3	13.6	-	-	-	13.6	95
Stage 4	18.6	-	-	-	18.6	120
Stage 5[4]	24.3	-	-	-	24.3	110
Stage 6	-	-	13.6	-	13.6	-
Stage 7	28.8	-	-	-	28.8	84
Stage 8	36.1	-	-	-	36.1	146
Stage 9	8.2	6.4	10.1	-	24.8	46
Stage 10[4]	54.6	6.4	-	-	61.0	116
Stage 11	24.0	-	-	-	24.0	105
Stage 12	14.7	-	-	10.5	25.2	76
Stage 13	20.2	-	10.8	-	31.0	112
Stage 14	37.2	2.5	-	-	39.8	195
Stage 15[4]	13.4	20.9	-	-	34.3	121
Stage 16	-	6.2	14.0	-	20.2	-
Total	**293.8**	**42.5**	**48.5**	**10.5**	**395.3**	**1,327**

(1) Approximate gross developable area (including areas to be allocated for roads, ponds, parks, etc.)
(2) LD = low density residential, MD = medium density residential, LRA = low-rise apartment
(3) Low / medium density residential lots
(4) Stages 5, 10, and 15 have been amended to low density residential uses per ELD instruction for the purpose of this analysis.



Goodridge Land Use Plan
Source: City of Edmonton

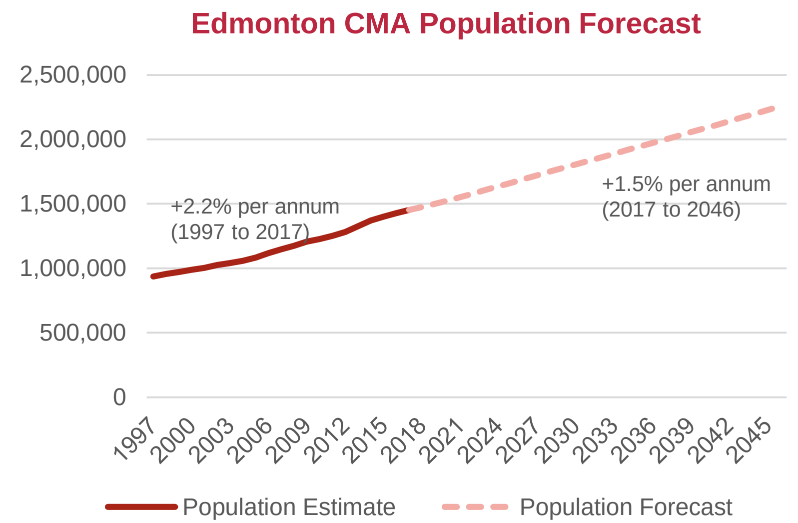
3 Market Overview

Attachment 4

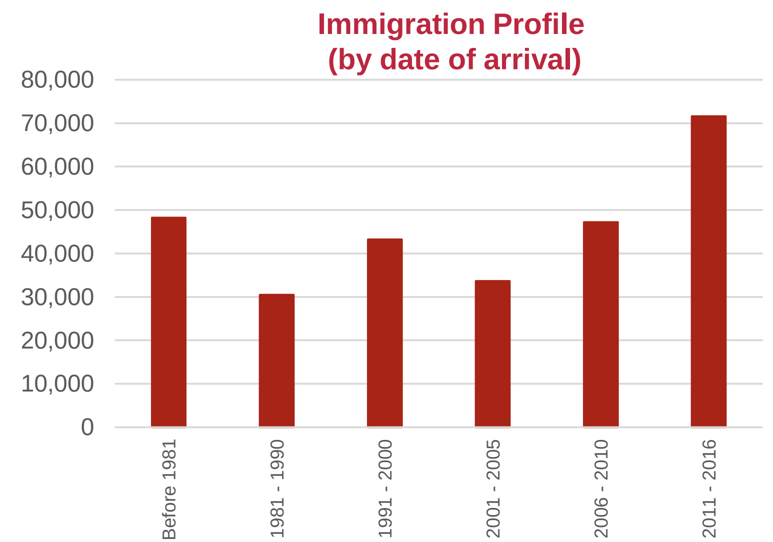
Market Overview

Demographic Profile

- With a 2016 Census population of 934,200, the City of Edmonton is the fifth largest city in Canada (behind Toronto, Montreal, Calgary, and Ottawa). With a total population of 1.321 million, the Edmonton Census Metropolitan Area ("CMA") is the sixth largest urban centre in Canada (behind Toronto, Montreal, Vancouver, Calgary and Ottawa-Gatineau).
- Between 2011 and 2016, Edmonton's population grew by approximately 15%, making it one of the fastest growing major cities in Canada. Edmonton's growth rate over this period was higher than both the national growth rate (5%) and the provincial growth rate (12%).
- Between 2017 and 2046, the Alberta Treasury Board and Finance projects that the population of the Edmonton CMA will reach 2.256 million; achieving an average annual growth rate of 1.53%.
- Edmonton's population growth was due, in part, to net immigration to the City. Per the 2016 Census, approximately 59% of Edmonton's net population growth between 2011 and 2016 (75,410 out of 127,282) was derived from new immigrants.
- Edmonton has experienced a significant increase in immigration with approximately 47,000 people immigrating to the City between 2006 and 2010, and approximately 71,500 people immigrating between 2011 and 2016. In context, 2001 to 2010 saw net immigration of 81,000 people.
- Population growth, propelled in large part by continued immigration to the Edmonton CMA, is expected to drive future housing demand.



Source: Alberta Treasury Board and Finance



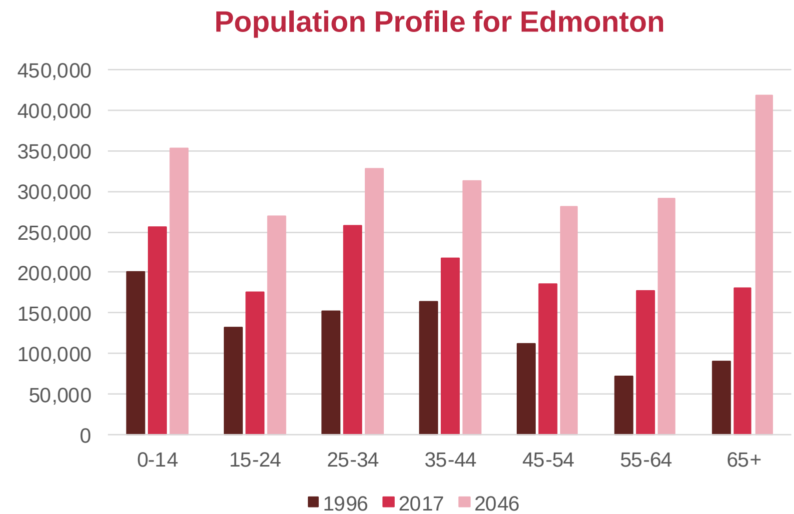
Source: Statistics Canada

Attachment 4

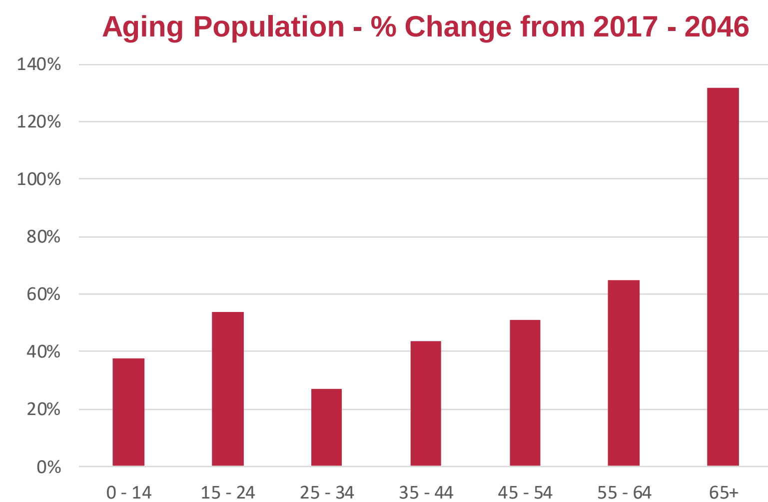
Market Overview

Demographic Profile (continued)

- Although Edmonton CMA's population is projected to grow across all age groups, particularly significant increases are expected in older age-groups. For example, the 65+ age group is forecast to increase 132% between 2017 and 2046, while the 55 to 64 age group is forecast to increase 65% over this same timeframe. The median age of Edmonton is expected to increase from roughly 33 in 2017 to approximately 40 by 2046.
- Alberta's labour force had the highest participation rate in Canada in 2017 at 72% compared to the national rate of 66%. Per Statistics Canada projections, the participation rate is expected to decrease marginally to 71% by 2036, with the corresponding national average decreasing to 62%.
- Median household incomes in Edmonton in 2015 were almost $91,000, slightly below the provincial median of $94,000; however, Edmonton saw a significantly higher median household income compared to the national median household income of $70,300.
- As of the 2016 census, Edmonton reported 360,825 occupied private dwellings, of which 50% were single detached homes. This is slightly below the provincial average where 62% of dwellings are reportedly single detached homes.
- While the continued aging of Edmonton's population will drive the demand for seniors' housing product, including retirement homes and long-term care facilities, population growth in all age cohorts, particularly in the younger age cohorts, is expected to drive demand for traditional single family homes.



Sources: Statistics Canada and Alberta Treasury Board and Finance



Sources: Alberta Treasury Board and Finance

Attachment 4

Market Overview

Economic Profile

- As a major player in the Albertan oil and gas industry, Edmonton experienced a 3.2% decrease in GDP in 2015 as a result of the decline in oil prices. This was followed by a 3.5% decrease in GDP in 2016. The economy rebounded in 2017, posting a 3.1% increase year-over-year.
- GDP growth of 1.9% was reported in 2018, with a slight contraction of -0.4% estimated for 2019 with oil production cuts continuing to hamper the energy sector. GDP is forecast to grow by 2.2% in 2020 as a result of improving overall economic conditions.
- Industries such as transportation/warehousing and wholesale trade are expected to struggle as employment is forecast to decrease 5.7% and 2.6%, respectively through 2019.
- General market sluggishness, particularly in the energy sector, is also expected to hamper the construction sector in the short term. Housing starts are expected to decrease to approximately 9,300 units in 2019, marking a second consecutive year of decreasing outputs.
- Edmonton's residential market continued to experience a supply glut, with YoY completed and unabsorbed units showing a 26% increase as of August 2019; an improving economy in 2020 is expected to jumpstart the residential construction market, with an estimated 10,600 starts expected to occur.
- Although the Edmonton economy has been significantly affected by decreased oil and gas activity, the City's economic recovery is projected to be broadly based and felt in a number of sectors, including retail trade, arts, entertainment, recreation and non-commercial (public) services.
- An improving economy in 2020 and beyond is expected to buoy the residential construction market, with an estimated 10,600 starts in 2020 (followed by starts in the range of 12,000 per year between 2021 and 2023).

Economic Indicators (Alberta)

	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP at basic prices (2012 $ millions)	313,004	327,379	335,106	332,444	339,237	350,391	357,792	365,329
YoY (%)	-4.1	4.6	2.3	-0.8	2.0	3.3	2.1	2.1
Total employment (000's)	2,265	2,289	2,331	2,351	2,378	2,425	2,475	2,520
YoY (%)	-1.6	1.0	1.9	0.8	1.1	2.0	2.1	1.8
Unemployment rate (%)	8.1	7.8	6.6	6.7	7.1	6.7	6.3	6.2
Household income per capita ($)	53,440	54,459	55,061	56,020	57,587	59,478	61,576	63,437
YoY (%)	-9.2	1.9	1.1	1.7	2.8	3.3	3.5	3.0
Population (000's)	4,189	4,239	4,300	4,372	4,443	4,516	4,590	4,666
YoY (%)	1.3	1.2	1.4	1.7	1.6	1.6	1.7	1.6
Single-family housing starts (000's)	11.4	14	11.7	9.8	11.7	13.0	12.4	11.8
YoY (%)	--	22.8	-16.4	-16.2	19.4	11.1	-4.6	-4.8
Multi-family housing starts (000's)	13.1	15.5	14.4	14.0	17.0	19.9	20.6	21.4
YoY (%)	--	18.3	-7.1	-2.8	21.4	17.1	3.5	3.9
Retail Sales ($ millions)	74,997	80,318	81,911	82,886	86,732	91,105	95,782	100,020
YoY (%)	-1.1	7.1	2.0	1.2	4.6	5.0	5.1	4.4
CPI (2002 = 1.000)	1.352	1.373	1.406	1.434	1.460	1.488	1.518	1.549
YoY (%)	1.1	1.5	2.5	1.9	1.9	1.9	2.0	2.0

Source: Conference Board of Canada

Economic Indicators (Edmonton CMA)

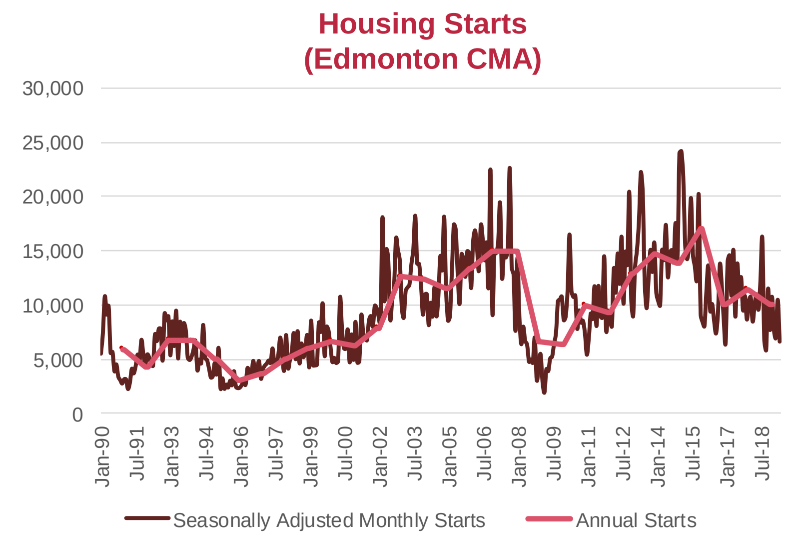
	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP at basic prices (2012 $ millions)	92,304	95,182	96,991	96,618	98,740	101,526	103,624	105,922
YoY (%)	-3.5	3.1	1.9	-0.4	2.2	2.8	2.1	2.2
Total employment (000's)	761	764	783	795	800	816	831	845
YoY (%)	0.0	0.4	2.5	1.5	0.6	2.0	1.8	1.7
Unemployment rate (%)	7.4	8.0	6.5	7.1	7.1	6.5	6.3	6.2
Household income per capita ($)	52,668	54,678	55,544	55,774	56,911	58,617	60,454	62,058
YoY (%)	-8.5	3.8	1.6	0.4	2.0	3.0	3.1	2.7
Population (000's)	1,364	1,391	1,421	1,448	1,473	1,499	1,525	1,552
YoY (%)	1.9	2.0	2.2	1.9	1.7	1.8	1.7	1.8
Total housing starts (000's)	10,036	11,435	10,038	9,335	10,567	12,146	12,239	12,338
YoY (%)	--	13.9	-12.2	-7.0	13.2	14.9	0.8	0.8
Retail Sales ($ millions)	26,098	28,693	29,604	30,125	31,540	32,986	34,667	36,243
YoY (%)	-1.1	9.9	3.2	1.8	4.7	4.6	5.1	4.5
CPI (2002 = 1.000)	1.349	1.371	1.408	1.435	1.462	1.49	1.519	1.550
YoY (%)	1.1	1.6	2.7	1.9	1.9	1.9	1.9	2.0

Source: Conference Board of Canada

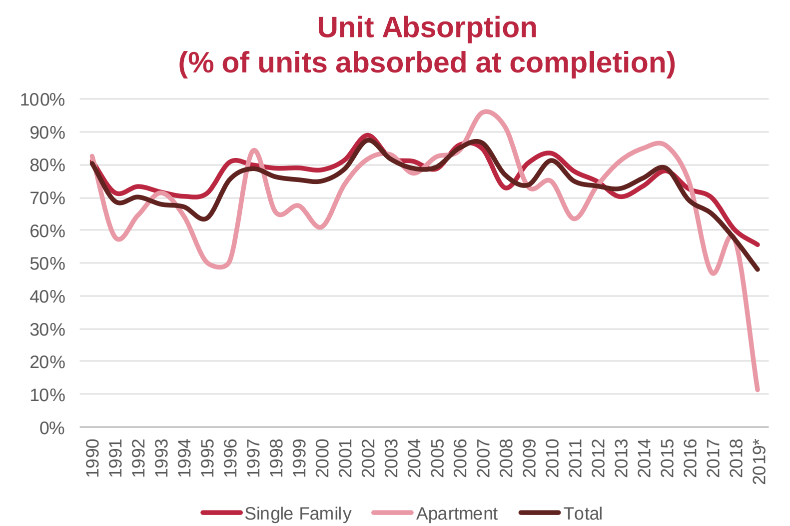
Market Overview

Residential Construction

- Total housing starts in the Edmonton CMA market totaled slightly over 10,000 units in 2018, a 10% decline over 2017. There were 9,978 total units constructed in 2019 as at November 30, projecting to end the year slightly above 2018 totals. Total housing starts have ranged between just above 6,200 units (2000) and 17,000 units (2015) between 2000 and 2018 and have averaged 11,400 units per year over this period.
- Total starts in Edmonton fell in both 2008 and 2016, aligning with overall economic downturns. However, as a whole, housing starts have trended upwards since 1990 as a result of an increasing population and a generally strong economy. Average annual starts have increased over the past three decades from an average of 5,300 starts annually from 1990 to 1999 to an average of over 12,000 from 2010 to 2019.
- While single family homes have historically dominated the new housing market in Edmonton, their proportion of total starts have declined since 1990. Approximately 80% of the housing starts in 1990 were single family, compared to approximately 65% in 2000. Since 2010, single family housing starts accounted for approximately 46% of total housing starts.
- Edmonton is currently experiencing elevated levels of completed and unabsorbed inventory, primarily single-detached units, with over 45% of completed units remaining unabsorbed as of November 2019. As a result of increasing inventory levels, housing starts are forecasted to remain flat through 2019 before increasing through 2020.
- Historically, housing units have been approximately 75% sold at the time of completion; however, this number has been decreasing since 2016, to just 57% in 2018 and 47.9% as of November 2019.
- While Edmonton is currently experiencing elevated levels of completed and unabsorbed inventory, housing starts are projected to increase through 2023 as a result of a recovering economy.



Source: Canada Mortgage and Housing Corporation



Source: Canada Mortgage and Housing Corporation

Attachment 4

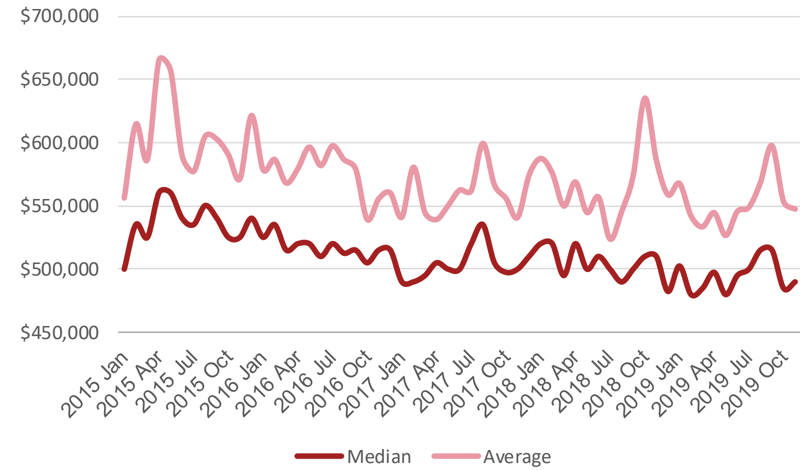
Market Overview

New Residential Home Prices

- The average price for newly absorbed single-detached homes in the Edmonton CMA has remained relatively unchanged over the past few months, hovering between $545,000 and $565,000 through 2019. New single family home prices are projected to average $555,000.
- Based on information published by CREA and the CMHC, it would appear that the average new single family home transacts at a 20% premium compared to resold homes.
- Based on the premium for new homes and published averages for resale single family and condominium properties, it would appear that the average new condominium unit price could approximate $285,000.
- As per the CMHC's housing market assessment for the Edmonton CMA released in Q4 2019, there was little evidence of price acceleration in the market as a result of elevated supply and continued introduction of new housing product to the market in the near term.
- The increased days on market for the average home in Edmonton is also indicative of the current "buyers' market" in the city, putting downwards pressure on housing prices.

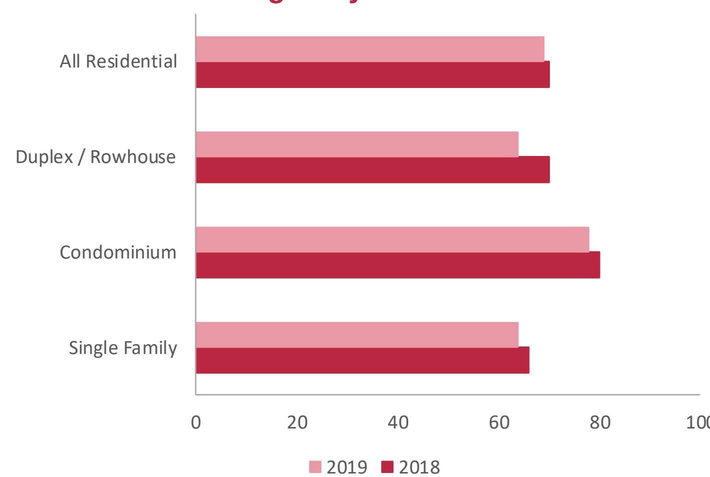
Based on the foregoing, the Edmonton housing market appears to have been experiencing a softening driven broadly by the energy sector. This has ultimately put downward pressure on disposable incomes, resulting in, among other things, decreased spending. The housing sector has also been affected, with elevated housing supply dampening average home price growth. Notwithstanding, a growing population base and a rebounding economy are expected to drive demand for a range of residential product in the medium to long-term.

Average New Single Family Home Prices (Edmonton CMA)



Source: Canada Mortgage and Housing Corporation

Average Days on Market



Source: REALTORS Association of Edmonton

4 Disposition Option Analysis

Attachment 4

Disposition Option Analysis

- PwC conducted disposition analyses for various disposition options for each development using ELD's development proformas. PwC subsequently benchmarked key inputs including estimated land values per acre and lot prices per front foot based on market comparables. ELD's inputs where found to be within the observed range of these comparables.

Schonsee

- As noted above, the Schonsee development project comprises approximately 33 acres within two distinct areas:
  - The Stage 20 and 21 lands located to the west of the Schonsee Wetland comprise approximately 12 acres and are intended to be developed to create 85 single family home lots (66 lots in Stage 20 and an additional 19 lots in Stage 21). These lands are currently zoned (RSL), allowing for single-family residential; and
  - Future development lands, totaling some 21 acres and located to the east of the Schonsee Wetland and fronting along 66th Street NW, are intended to be developed with 82 single family lots along with an approximate 9.6 acre block for medium density housing. These lands are currently zoned for agricultural uses and will need to undergo a process to have them rezoned to low and medium density residential.
- Per information provided by ELD, planning and servicing of the Stage 20 and 21 lands are to commence in 2021 and be substantially completed by the end of 2022. Following completion of site servicing, lot sales are projected to occur, with all lots sold by the end of 2023. Lots are expected to sell for approximately $4,650 per front foot (2019 equivalent).
- The Future Development Lands are to be planned and serviced in 2022 and 2023, with lot sales to be completed by the end of 2025. The medium density housing site is projected to be sold in 2024. Lot prices are again expected to approximate $4,650 per front foot, agricultural land is expected to sell for approximately $250,000 per acre, low density lands to sell for $300,000 per acre (zoned), and the medium density lands for $650,000 per acre zoned (and $900,000 zoned and serviced) (2019 equivalent).
- It is to be noted that portions of the lands contained within the development could be rezoned through a potential plan amendment; the resulting impact of which is not assumed to be material when considering the option of a Quick Sale.

Disposition Option Analysis

- Four disposition options for the Schonsee development project were considered in order to evaluate the financial implications associated with various options for disposing of this property:
  - ***Option 1 (Status Quo)*** - ELD continues to plan, develop, service and sell building and development lots as currently contemplated.
  - ***Option 2 (Quick Sale)*** - ELD sells the entirety of the Schonsee Lands, on an as-is basis, to a private third party, with no additional expenditures being made. The land is assumed to sell as currently zoned (Stages 20 and 21 as low density residential and the future development lands as agricultural).
  - ***Option 3 (Development and sale of the Stage 20 and 21 lands; Quick sale of Future Development Lands)*** – ELD continues to plan develop, service and sell the building lots associated with the Stage 20 and 21 lands, but sells the Future Development Lands on an as-is basis to a private third party.
  - ***Option 4 (Development and sale of the Stage 20 and 21 lands; sale of Future Development Lands upon their rezoning to low and medium density residential)*** – ELD continues to plan develop, service and sell the building lots associated with the Stage 20 and 21 lands, and sells the Future Development Lands to a private third party upon obtaining the rezoning of the lands to low and medium density residential.
- In evaluating the financial implications of each disposition option, PwC reviewed the development proforma prepared by ELD and made adjustments as considered appropriate to account for differences in

Attachment 4

Disposition Option Analysis

Schonsee (continued)

each option. In evaluating ELD's development proforma for Schonsee, PwC had regard to and assessed a number of ELD's assumptions, including land acquisition costs and site servicing costs.

- In addition, municipal taxes generated from each disposition option were calculated. In this regard, it was assumed that while the lands were under City / ELD ownership, the lands would not be subject to property taxes. Upon their sale to a private developer or individual, the lands would then give rise to municipal property tax obligations at the 2019 rates of 0.64737% (residential / farmland) for single family lots and 0.74448% (other residential / multi) for medium density lands applied to assessed values.
- In determining annual property tax obligations, PwC assumed that the assessed value would approximate 100% of the market value of the land / home. Farmable land value is assessed at $350 per acre, with the resulting assessed value being taxed at the City's municipal tax rate for residential / farmland of 0.64737%. Non-farmable land is assessed and taxed at market value.
- Property taxes have been assumed to increase by 2.0% annually from 2019.

Financial Implications of the Disposition Option Analysis

- Based on PwC's evaluation of the four above described disposition options, PwC concludes the following:
  - Option 1 (Status Quo) is projected to yield the greatest net proceeds to the City (after acknowledging upfront property acquisition costs as well as costs associated with planning, subdividing and servicing the lands) on both an undiscounted ($24.7 million) and discounted ($14.2 million) basis.
  - Option 2 (Quick Sale) is projected to yield the greatest net return percentage (an IRR of 23.2%). However, net proceeds available to the City (again, after acknowledging upfront property acquisition costs as well as costs associated with planning, subdividing and servicing the lands) through this disposition option would be lowest. Excluding these costs, the "quick sale" of Schonsee is projected to generate $9.3 million in gross disposable cash proceeds.
  - Option 4 (Development and sale of the Stage 20 and 21 lands; sale of Future Development Lands upon their rezoning to low / medium density residential) is projected to generate the second highest net proceeds (both on an undiscounted and discounted basis) and second highest return percentage (an IRR of 20.9%). Option 4 is also concluded to be superior to Option 3.

Option 1 (Status Quo)	**2020-2024**	**2025-2029**	**2030-2034**	**2035-2039**	**2040-2044**	**2045-2049**	**Total**
Gross Proceeds from Sales	32,950,000	7,830,000	$0	$0	$0	$0	$40,780,000
Net Income	**($13,910,000)**	**38,630,000**	**$0**	**$0**	**$0**	**$0**	**$24,720,000**
Option 2 (Quick Sale)							
Gross Proceeds from Sales	9,270,000	$0	$0	$0	$0	$0	$9,270,000
Net Income	**1,740,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,740,000**
Option 3 (Development and sale of the Stage 20 and 21 lands; Quick sale of future development lands)							
Gross Proceeds from Sales	20,980,000	$0	$0	$0	$0	$0	$20,980,000
Net Income	**900,000**	**9,470,000**	**$0**	**$0**	**$0**	**$0**	**$10,370,000**
Option 4 (Development and sale of the Stage 20 and 21 lands; sale of future development lands upon their rezoning to low / medium density residential)							
Gross Proceeds from Sales	25,820,000	$0	$0	$0	$0	$0	$25,820,000
Net Income	**2,460,000**	**9,470,000**	**$0**	**$0**	**$0**	**$0**	**$11,930,000**

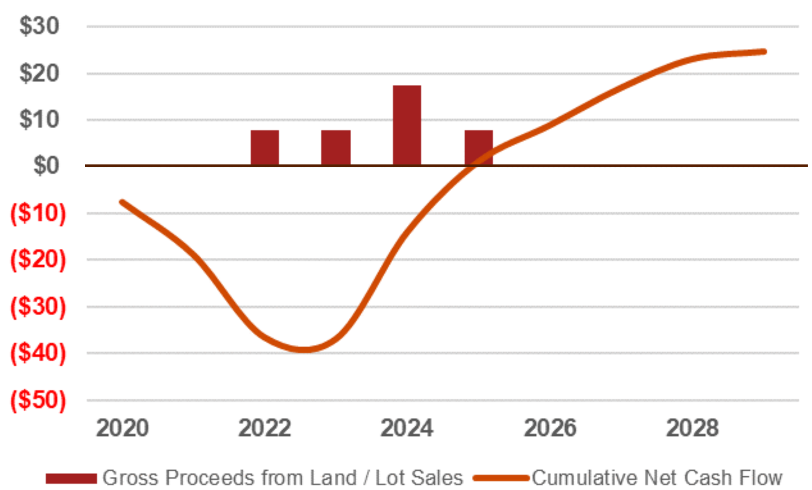
Attachment 4

Disposition Option Analysis

Schonsee (continued)

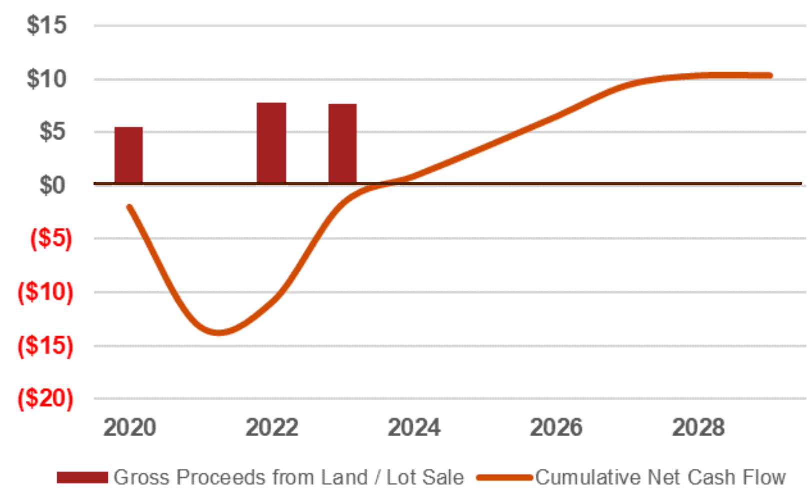
Option 1: Base Case

In millions



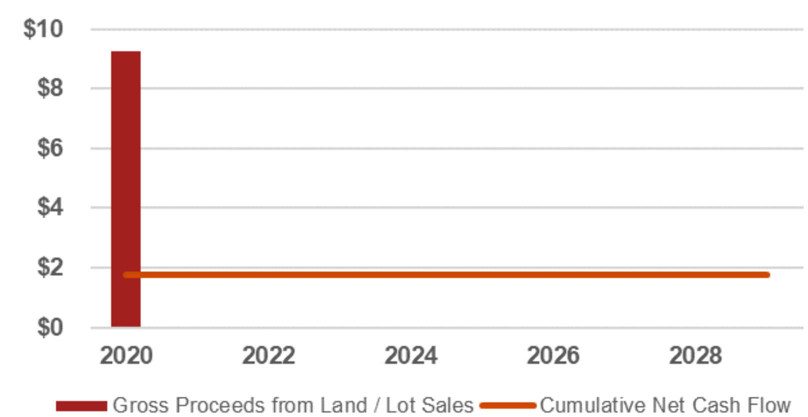
Option 3: Base Case

In millions



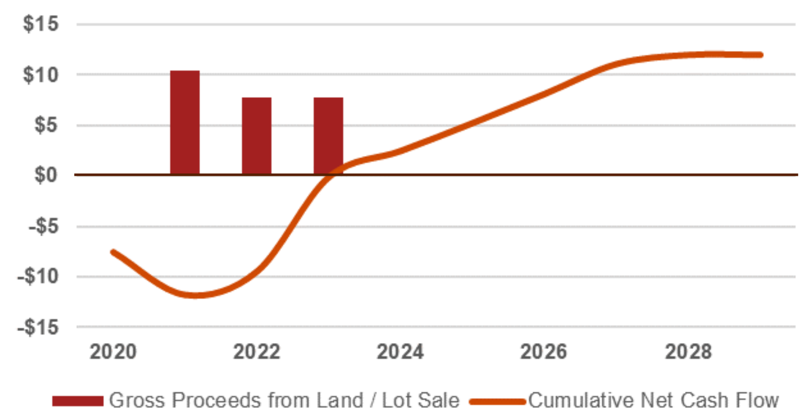
Option 2: Base Case

In millions



Option 4: Base Case

In millions



Attachment 4

Disposition Option Analysis

Schonsee (continued)

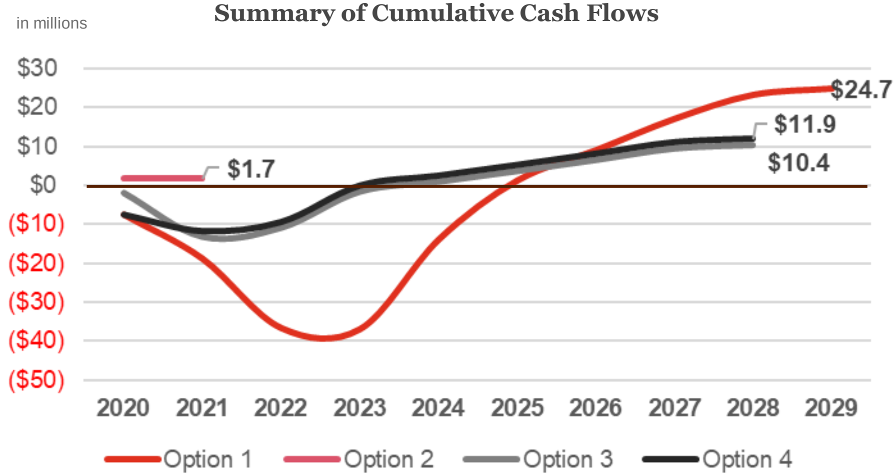
Summary of Financial Impacts

in millions

Option	Proceeds (Undiscounted)	Proceeds (Discounted)(1)	Disposable Cash Proceeds from Sale or Dev (Undiscounted)(4)	Disposable Cash Proceeds from Sale or Dev (Discounted)(1)(4)	IRR	Timeline(2)	Tax Revenue (Discounted)(1)(3)	Total Proceeds + Tax Revenue (Discounted)(1)(3)
1	$24.7M	$14.2M	$32.3M	$21.5M	13.6%	6 yrs	$12.99M	$27.2M
2	$1.7M	$1.4M	$9.3M	$8.9M	23.2%	1 yr	$13.00M	$14.4M
3	$10.4M	$7.2M	$17.9M	$6.9M	19.7%	4 yrs	$12.89M	$20.1M
4	$11.9M	$8.1M	$19.5M	$8.1M	20.9%	4 yrs	$12.89M	$21.0M

(1) Discounted at 4.0% annually
(2) From 2020 to sale of last lot or parcel of land (excludes forecasted City recoveries)
(3) Municipal taxes forecasted for a period of 30 years (2020 to 2049)
(4) Excludes historical land and other costs incurred to-date

Summary of Cumulative Cash Flows



Note: Timelines represented in this graph reflect forecasted City recoveries.

- Based on the foregoing, it would appear that Option 1 would provide the greatest financial benefit to the City, providing the highest net proceeds and the highest combination of proceeds and property tax revenue on a net present value basis.

Aster

- As noted above, the Aster development project comprises approximately 53 acres in the southern portion of the neighbourhood. These lands are currently zoned AG (agriculture).
- This analysis has considered a plan amendment scenario whereby stormwater management facilities and natural wetlands are combined into a naturalized constructed wetland. This scenario would yield approximately 39 acres intended to be rezoned to low density residential and developed to create 259 single family home lots. The remaining three acres are to be rezoned to accommodate low rise apartments.
- Per information provided by ELD, subdivision planning and servicing of the Aster lands are to commence in 2029 and be substantially completed by the end of 2032. Following completion of site servicing, lot sales are projected to occur, with all lots sold by the end of 2033. Agricultural land is expected to sell for approximately $200,000 per acre (2019 equivalent). Residential lots are expected to sell for approximately $4,650 per front foot (2019 equivalent). The low-rise apartment land is expected to sell as vacant land in 2031, after the completion of planning and servicing, for approximately $1.0 million per acre (2019 equivalent).
- It is similarly noted that portions of the lands contained within the development could be rezoned through a potential plan amendment; the resulting impact of which is not assumed to be material when considering the option of a Quick Sale.

Attachment 4

Disposition Option Analysis

Aster (continued)

Disposition Option Analysis

- Four disposition options for the Aster development project were considered in order to evaluate the financial implications associated with various options for disposing of this property:
  - ***Option 1 (Status Quo)*** - ELD continues to plan, develop, service and sell building and development lots as currently contemplated.
  - ***Option 2 (Accelerated Absorption)*** - ELD continues to plan, develop and service building and development lots as currently contemplated, with sales occurring on an accelerated basis.
  - ***Option 3 (Quick Sale)*** - ELD sells the entirety of the Aster lands, on an as-is basis, to a private third party, with no additional expenditures being made. The land is assumed to sell based on its current zoning.
  - ***Option 4 (Development and sale of 50% of single family land plus the low-rise apartment land; Quick sale of remaining land)*** – ELD continues to plan develop, service and sell the building lots associated with 50% of the future-low density land as well as selling the low-rise apartment land; the remaining low density residential-intended land is sold on an as-is basis to a private third party.
- In evaluating the financial implications of each disposition option, PwC reviewed the development proforma prepared by ELD and made adjustments as considered appropriate to account for differences in each option. In evaluating ELD's development proforma for Aster, PwC had regard to and assessed a number of ELD's assumptions, including land acquisition costs and site servicing costs.
- In addition, municipal taxes generated from each disposition option were calculated. In this regard, it was assumed that while the lands were under City / ELD ownership, the lands would not be subject to property taxes. Upon their sale to a private developer or individual, the lands would then give rise to municipal property tax obligations at the 2019 rates of 0.64737% (residential / farmland) for single family lots and 0.74448% (other residential / multi) for medium density lands applied to assessed values.
- In determining annual property tax obligations, PwC assumed that the assessed value would approximate 100% of the market value of the land / home. Farmable land value is assessed at $350 per acre, with the resulting assessed value being taxed at the City's municipal tax rate for residential / farmland of 0.64737%. Non-farmable land is assessed and taxed at market value.
- Property taxes have been assumed to increase by 2.0% annually from 2019.

Financial Implications of the Disposition Option Analysis

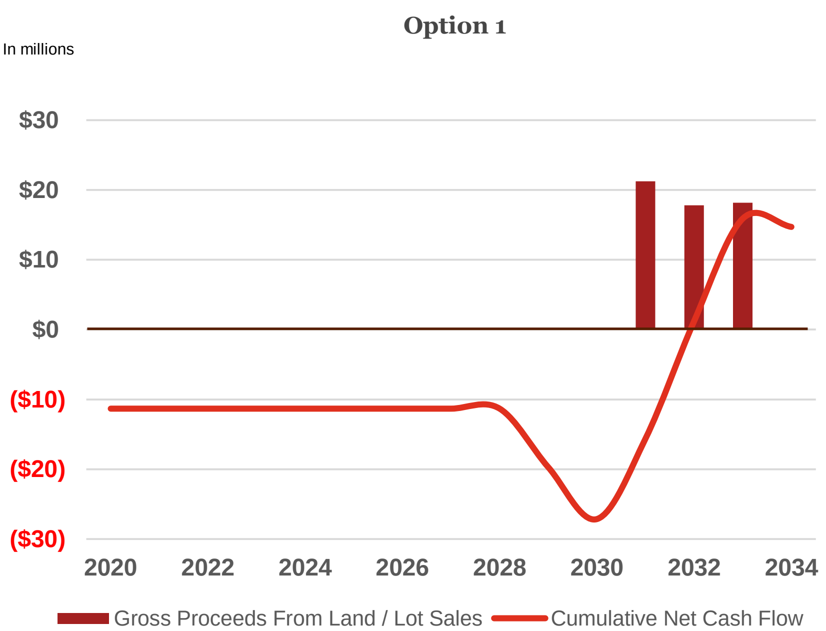
- Based on PwC's evaluation of the four above described Disposition Options, PwC concludes the following:
  - Option 1 (Status Quo) is projected to yield the greatest net proceeds to the City (after acknowledging upfront property acquisition costs as well as costs associated with planning, subdividing and servicing the lands) on an undiscounted basis ($14.7 million).
  - Options 2 (Accelerated Absorption) is projected to generate the greatest net proceeds to the City (again, after acknowledging upfront property acquisition costs as well as costs associated with planning, subdividing and servicing the lands) on a discounted basis ($4.2 million).
  - Option 3 (Quick Sale) is projected to yield negative net proceeds on a discounted basis after acknowledging expenditures made to date by ELD. Excluding these costs, the "quick sale" of Aster is projected to generate $11.2 million in gross disposable cash proceeds.
- Based on the foregoing, Option 2 would be recommended as it is projected to yield the highest net proceeds (on a present value basis) and allow ELD to generate almost as much total proceeds (undiscounted) within a time period that is one year shorter than Option 1.

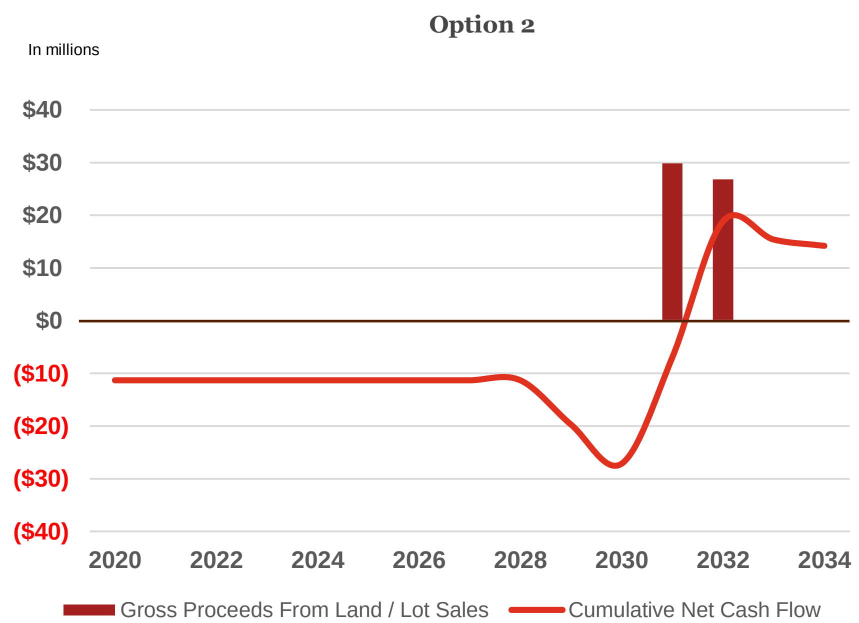
Attachment 4

Disposition Option Analysis

Aster (continued)

Option 1 (Status Quo)	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
Gross Proceeds from Sales	$0	$0	$57,210,000	$0	$0	$0	$57,210,000
Net Income	**($11,330,000)**	**($8,400,000)**	**$34,460,000**	**$0**	**$0**	**$0**	**$14,730,000**
Option 2 (Accelerated Absorption)							**Total**
Gross Proceeds from Sales	$0	$0	$56,690,000	$0	$0	$0	$56,690,000
Net Income	**($11,330,000)**	**($8,400,000)**	**$33,930,000**	**$0**	**$0**	**$0**	**$14,200,000**
Option 3 (Quick Sale)							
Gross Proceeds from Sales	$11,210,000	$0	$0	$0	$0	$0	$11,210,000
Net Income	**($120,000)**	**$0**	**$0**	**$0**	**$0**	**$0**	**($120,000)**
Option 4 (Development and sale of 50% of single family land plus the low-rise apartment land; Quick sale of remaining land)							
Gross Proceeds from Sales	$4,060,000	$0	$30,230,000	$0	$0	$0	$34,290,000
Net Income	**($7,270,000)**	**($5,940,000)**	**$18,350,000**	**$0**	**$0**	**$0**	**$5,140,000**



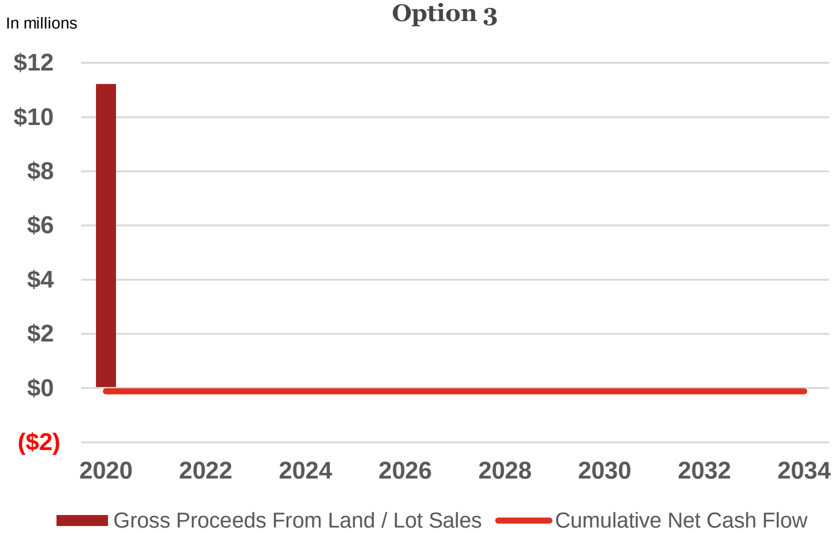


Attachment 4

Disposition Option Analysis

Aster (continued)

Option 3



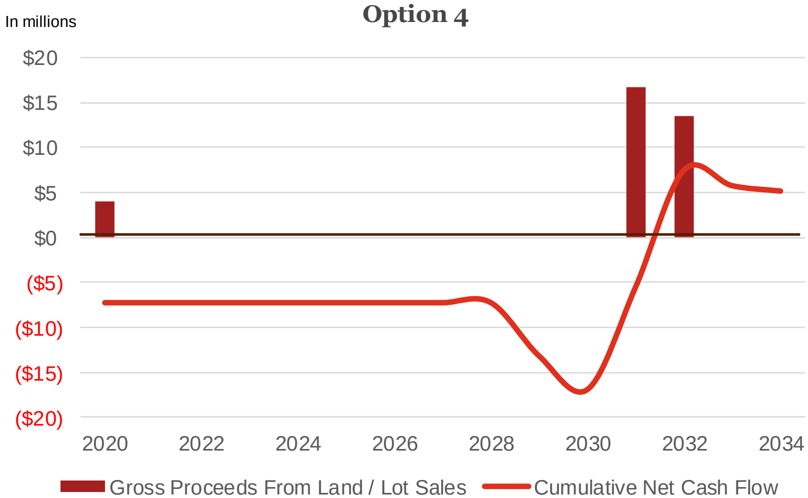
Summary of Financial Impacts

in millions

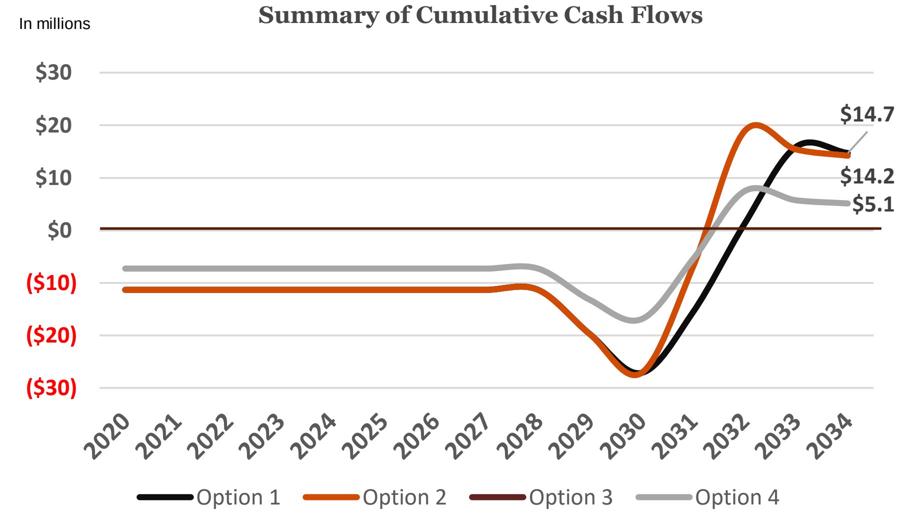
Option	Proceeds (Undiscounted)	Proceeds (Discounted)(1)	Disposable Cash Proceeds from Sale or Dev (Undiscounted)(4)	Disposable Cash Proceeds from Sale or Dev (Discounted)(1)(4)	IRR	Timeline(2)	Tax Revenue (Discounted)(1)(3)	Total Proceeds + Tax Revenue (Discounted)(1)(3)
1	$14.7M	$3.9M	$26.1M	$15.2M	6.2%	14 yrs	$12.19M	$16.1M
2	$14.2M	$4.2M	$25.5M	$15.6M	6.6%	13 yrs	$12.49M	$16.7M
3	($0.1M)	($0.6M)	$11.2M	$10.8M	-	1 yr	$12.54M	$11.9M
4	$5.1M	$0.2M	$16.5M	$11.5M	4.2%	13 yrs	$12.51M	$12.7M

(1) Discounted at 4.0% annually
(2) From 2020 to sale of last lot or parcel of land (excludes forecasted City recoveries)
(3) Municipal taxes forecasted for a period of 30 years (2020 to 2049)
(4) Excludes historical land and other costs incurred to-date

Option 4



Summary of Cumulative Cash Flows



Note: the timelines presented in this graph reflect forecasted City recoveries

Attachment 4

Disposition Option Analysis

Goodridge Corners

- As noted above, the Goodridge Corners project comprises approximately 409 acres slated for development over 14 stages (Stages 3 to 16).
- This analysis has considered a plan amendment scenario whereby initially planned business employment and manufactured housing areas are now considered to be low density residential. As a result, the Goodridge lands are intended to be rezoned and developed into a mixed-use residential neighbourhood that will be comprised of approximately 319 acres of gross developable low density residential-zoned land (yielding 1,328 single family lots), 48.5 acres of low-rise apartment-zoned land and 10.5 acres of other mixed-use lands. The entire Goodridge community is currently zoned AG (agriculture).
- Per information provided by ELD, planning and servicing of the Goodridge Lands are to commence in 2021 and be substantially completed by the end of 2048. Following completion of site servicing for each stage, sales of single family lots and rezoned land are projected to occur, with all lots / land having been sold by the end of 2048.
- Single family lots are expected to sell for approximately $4,650 per front foot (2019 equivalent). Agricultural land is expected to sell for $150,000 per acre. Medium density residential, low-rise apartment and mixed-use land are expected to sell upon servicing for approximately $650,000 per acre zoned (and $900,000 zoned and serviced), $1.0 million and $1.275 million per acre (2019 equivalent), respectively.
- It is again noted that portions of the lands contained within the development could be rezoned through a potential plan amendment; the resulting impact of which is not assumed to be material when considering the option of a Quick Sale.

Disposition Option Analysis

- Four disposition options for the Goodridge Corners development project were considered:
  - ***Option 1 (Status Quo)*** - ELD continues to plan, develop, service and sell building and development lots as currently contemplated.
  - ***Option 2 (Accelerated Absorption)*** - ELD continues to plan, develop and service building and development lots as currently contemplated, with sales occurring on an accelerated basis.
  - ***Option 3 (Quick Sale)*** – ELD sells the entirety of the Goodridge Lands, on an as-is basis, to a private third party, with no additional expenditures being made. The land is assumed to sell as agricultural, as it is currently zoned.
  - ***Option 4 (Development and sale of Stages 3, 4, and 5; Quick sale of remaining land)*** – ELD continues to plan develop, service and sell the building lots associated with Stages 3, 4, and 5, and sells the remaining land, on an as-is basis, to a private third party, with no additional expenditures made. The land is assumed to sell as agricultural, as it is currently zoned.
- In evaluating the financial implications of each disposition option, PwC reviewed the development proforma prepared by ELD and made adjustments as considered appropriate to account for differences in each option. In evaluating ELD's development proforma for the Goodridge lands, PwC had regard to and assessed a number of ELD's assumptions, including land acquisition costs and site servicing costs.
- In addition, municipal taxes generated from each disposition option were calculated. In this regard, it was assumed that while the lands were under City / ELD ownership, the lands would not be subject to property taxes. Upon their sale to a private developer or individual, the lands would then give rise to municipal property tax obligations at the 2019 rates of 0.64737% (residential / farmland) for single family lots and 0.74448% (other residential / multi) for medium density lands applied to assessed values.

Attachment 4

Disposition Option Analysis

Goodridge Corners (continued)

- In determining annual property tax obligations, PwC assumed that the assessed value would approximate 100% of the market value of the land / home. Farmable land value is assessed at $350 per acre, with the resulting assessed value being taxed at the City's municipal tax rate for residential / farmland of 0.64737%. Non-farmable land is assessed and taxed at market value.
- Property taxes have been assumed to increase by 2.0% annually from 2019.

Financial Implications of the Disposition Option Analysis

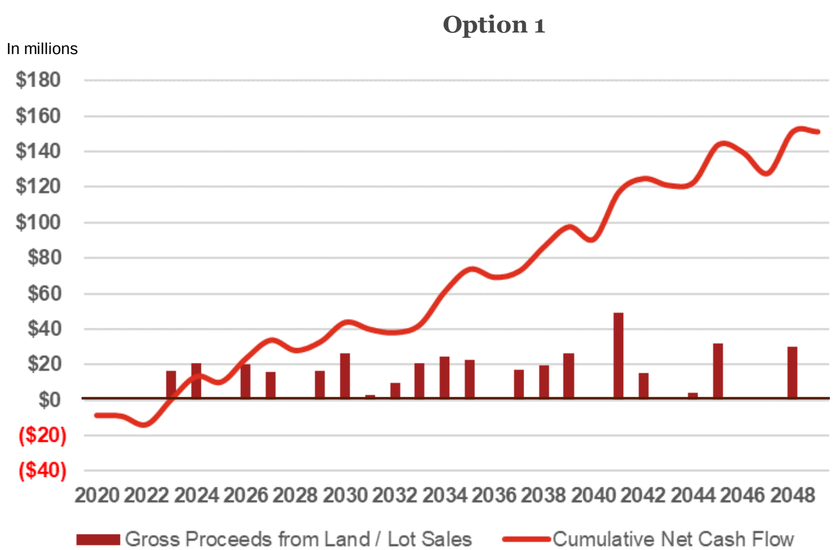
- Based on PwC's evaluation of the four above described disposition options, PwC concludes the following:
  - Option 1 (Status Quo) is projected to yield the greatest net proceeds to the City (after acknowledging upfront property acquisition costs as well as costs associated with planning, subdividing and servicing the lands) on an undiscounted basis ($151.2 million).
  - Option 2 (Accelerated Absorption) is projected to yield the greatest net proceeds and tax revenue to the City on a discounted basis ($82.2 million and $62.1 million, respectively) both individually and on aggregate.
  - Option 3 (Quick Sale) is projected to yield the greatest total return percentage (an IRR of 157.3%). However, net proceeds available to the City through this disposition option would be lowest (at $47.1 million on an undiscounted basis / $43.5 million on a discounted basis). Excluding these costs, the "quick sale" of Goodridge is projected to generate $64.4 million in gross disposable cash proceeds.
- Based on the foregoing, Option 2 would be recommended given it is projected to provide the highest combination of net proceeds and property tax revenue on a net present value basis.

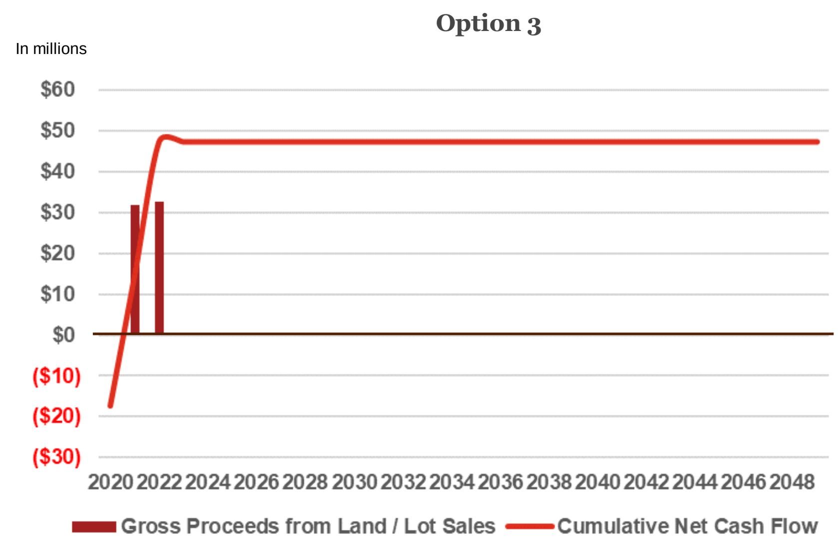
Option 1 (Status Quo)	**2020-2024**	**2025-2029**	**2030-2034**	**2035-2039**	**2040-2044**	**2045-2049**	**Total**
Gross Proceeds from Sales	$37,350,000	$52,250,000	$84,050,000	$85,820,000	$69,100,000	$62,120,000	$390,690,000
Net Income	**$13,680,000**	**$19,430,000**	**$28,200,000**	**$36,420,000**	**$24,890,000**	**$28,540,000**	**$151,160,000**
Option 2 (Accelerated Absorption)							
Gross Proceeds from Sales	$52,360,000	$62,610,000	$75,090,000	$61,040,000	$98,470,000	$28,470,000	$378,040,000
Net Income	**$22,750,000**	**$14,020,000**	**$30,550,000**	**$15,130,000**	**$45,900,000**	**$10,160,000**	**138,520,000**
Option 3 (Quick Sale)							
Gross Proceeds from Sales	$64,390,000	$0	$0	$0	$0	$0	$64,390,000
Net Income	**$47,140,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$47,140,000**
Option 4 (Development and sale of Stages 3, 4 and 5; Quick sale of remaining land)							
Gross Proceeds from Sales	$92,820,000	$20,040,000	$0	$0	$0	$0	$112,860,000
Net Income	**$59,170,000**	**$6,770,000**	**$0**	**$0**	**$0**	**$0**	**$65,940,000**

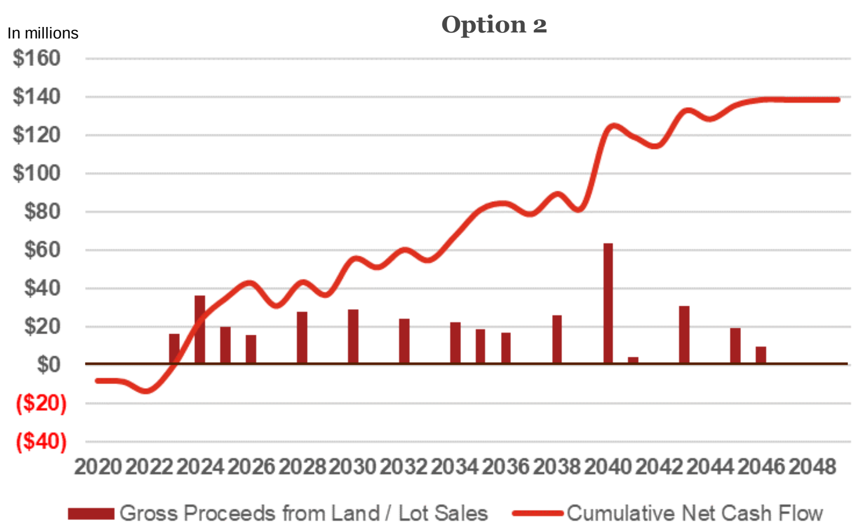
Attachment 4

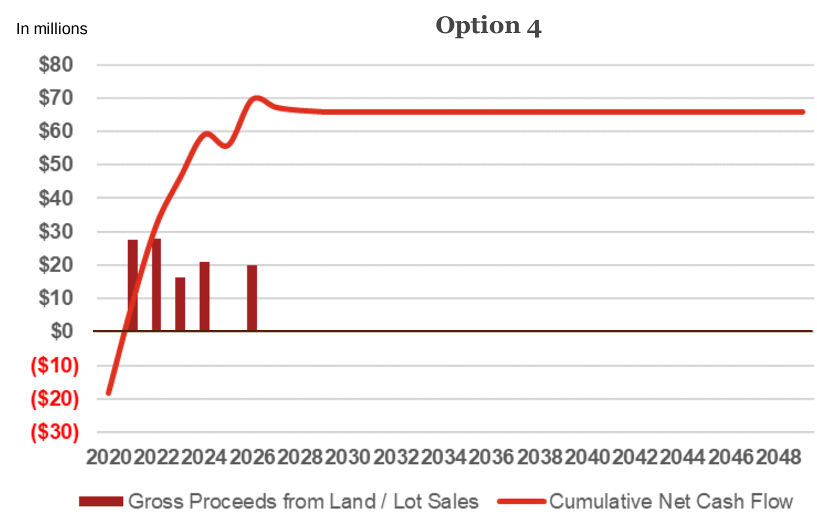
Disposition Option Analysis

Goodridge Corners (continued)









Attachment 4

Disposition Option Analysis

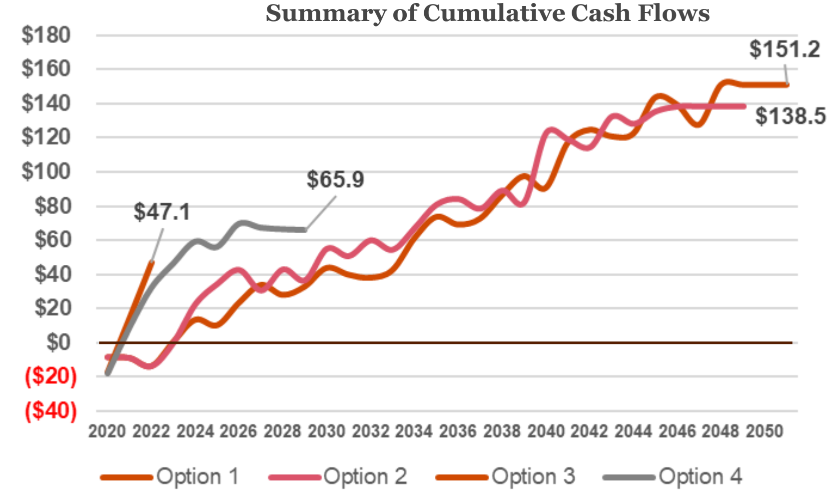
Goodridge Corners (continued)

Summary of Financial Impacts

in millions Option	Proceeds (Undiscounted)	Proceeds (Discounted)(1)	Disposable Cash Proceeds from Sale or Dev (Undiscounted)(4)	Disposable Cash Proceeds from Sale or Dev (Discounted)(1)(4)	IRR	Timeline(2)	Tax Revenue (Discounted)(1)(3)	Total Proceeds + Tax Revenue (Discounted)(1)(3)
1	$151.2M	$81.8M	$158.4M	$85.7M	40.4%	29 yrs	$57.21M	$139.0M
2	$138.5M	$82.2M	$145.8M	$86.0M	50.4%	27 yrs	$62.08M	$144.3M
3	$47.1M	$43.5M	$64.4M	$58.4M	157.3%(5)	2 yrs	$62.12M	$105.2M
4	$65.9M	$58.3M	$83.2M	$72.7M	125.9%(5)	6 yrs	$62.11M	$120.0M

(1) Discounted at 4.0% annually
(2) From 2020 to sale of last lot or parcel of land (excludes forecasted City recoveries)
(3) Municipal taxes forecasted for a period of 30 years (2020 to 2049)
(4) Excludes historical land and other costs incurred to-date
(5) The IRRs for Options 3 and 4 increased from 72.1% and 70.0% shown in PwC's October 7, 2019 report, to 157.3% and 125.9%, respectively. This increase is primarily the result of the analysis start date changing from 2019 to 2020.

Summary of Cumulative Cash Flows



Recommended Option

- Based on the foregoing analyses, the following disposition options are recommended for each development:
  - **Schonsee**: Option 1 (Status Quo)
  - **Aster**: Option 2 (Accelerated Absorption)
  - **Goodridge Corners**: Option 2 (Accelerated Absorption)
- It is projected that ELD would be able to generate the greatest financial benefit by taking each of its greenfield residential development projects through the entire planning, servicing, development and sale process, and in this regard, generate significantly more revenue and realize greater net income in doing so.
- In aggregate, the three recommended options are projected to yield an IRR of 21.8% and net proceeds (after acknowledging upfront property acquisition costs as well as costs associated with planning, subdividing and servicing the lands) in the range of $177.4 million (on an undiscounted basis and $100.6 million on a discounted basis) over the 2020 to 2049 period. Excluding these costs, proceeds are in the range of $203.6 million (on an undiscounted basis and $123.1 million on discounted basis).
- Positive net proceeds are projected to commence starting in 2025 with the five years between 2025 and 2029 expected to generate total net proceeds in the range of $44.3 million based on gross proceeds from land and building lot sales of $70.4 million and net property development expenses of $26.2 million.
- During the 2020 through 2024 period, the recommended options are projected to result in net proceeds of -$2.5 million based on net property development expenses of $87.8 million (including land costs) which would only be partially offset by gross sale proceeds of $85.3 million.
- Between 2030 and 2034, the recommended options are projected to generate net income of $64.5 million, based on projected gross sale proceeds of $131.8 million and net property development expenses of $67.3 million.
- From 2035 and beyond, additional net proceeds of approximately $71.2 million are projected to be generated from the development and sale of land and building lots in Goodridge Corners.

Attachment 4

Disposition Option Analysis

Recommended Options (continued)

SCHONSEE (Option 1)	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
Gross Disposable Cash Proceeds from Sales	$32,950,000	$7,830,000	$0	$0	$0	$0	$40,780,000
Net Expenses	($46,870,000)	$30,800,000	$0	$0	$0	$0	($16,070,000)
Net Income	**($13,910,000)**	**$38,630,000**	**$0**	**$0**	**$0**	**$0**	**$24,720,000**
IRR	**13.6%**						

ASTER (Option 2)	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
Gross Disposable Cash Proceeds from Sales	$0	$0	$56,690,000	$0	$0	$0	$56,690,000
Net Expenses	($11,330,000)	($8,400,000)	($22,750,000)	$0	$0	$0	($42,490,000)
Net Income	**($11,330,000)**	**($8,400,000)**	**$33,930,000**	**$0**	**$0**	**$0**	**$14,200,000**
IRR	**6.6%**						

GOODRIDGE CORNERS (Option 2)	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
Gross Disposable Cash Proceeds from Sales	$52,360,000	$62,610,000	$75,090,000	$61,040,000	$98,470,000	$28,470,000	$378,040,000
Net Expenses	($29,610,000)	($48,590,000)	($44,540,000)	($45,910,000)	($52,570,000)	($18,300,000)	($239,530,000)
Net Income	**$22,750,000**	**$14,020,000**	**$30,550,000**	**$15,130,000**	**$45,900,000**	**$10,160,000**	**$138,520,000**
IRR	**50.4%**						

CONSOLIDATED	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
Gross Disposable Cash Proceeds from Sales	$85,320,000	$70,440,000	$131,770,000	$61,040,000	$98,470,000	$28,470,000	$475,510,000
Net Expenses	($87,810,000)	($26,190,000)	($67,290,000)	($45,910,000)	($52,570,000)	($18,300,000)	($298,080,000)
Net Income	**($2,490,000)**	**$44,250,000**	**$64,480,000**	**$15,130,000**	**$45,900,000**	**$10,160,000**	**$177,430,000**
IRR	**21.8%**						

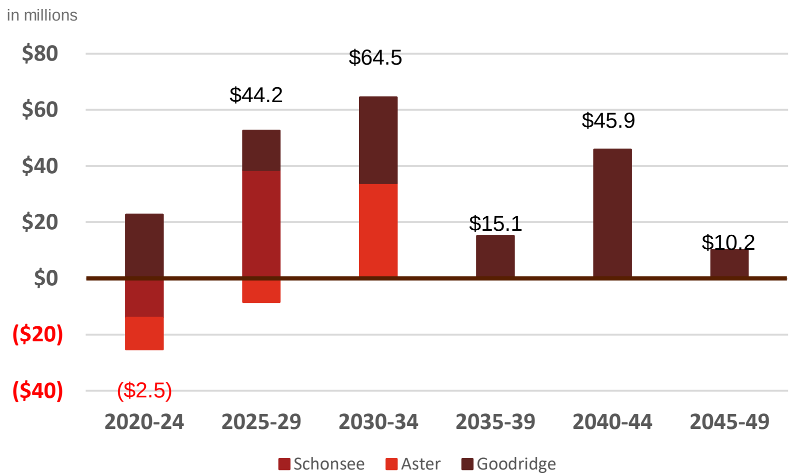
Due to rounding, some numbers presented may not add up precisely to the totals provided

Attachment 4

Disposition Option Analysis

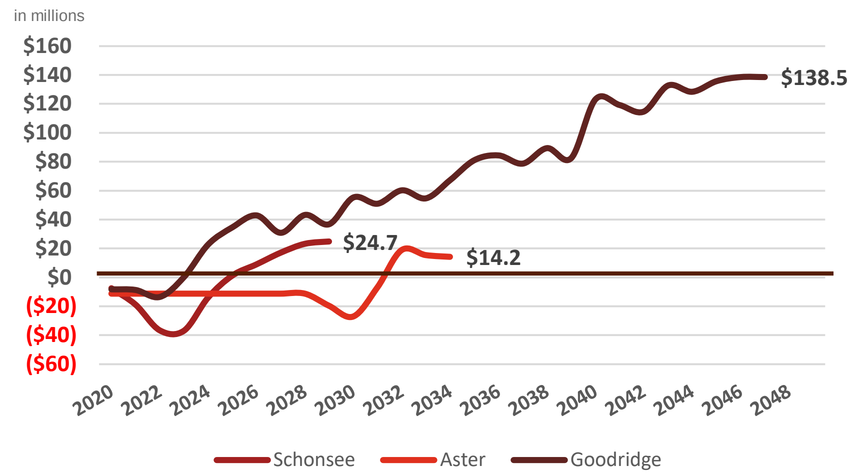
Recommended Options (continued)

Summary of Total Annual Cash Flows - Recommended Options

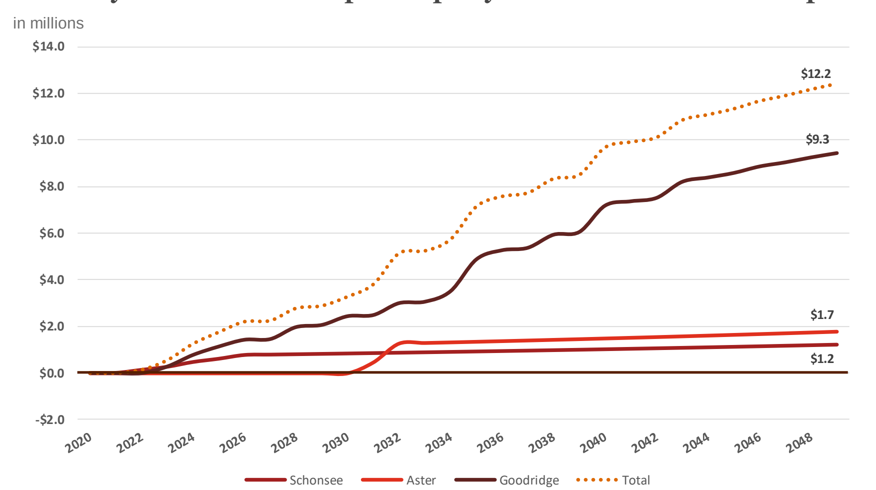


Note: Timelines represented in this graph reflect forecasted City recoveries.

Summary of Cumulative Cash Flows - Recommended Options



Summary of Annual Municipal Property Taxes - Recommended Options



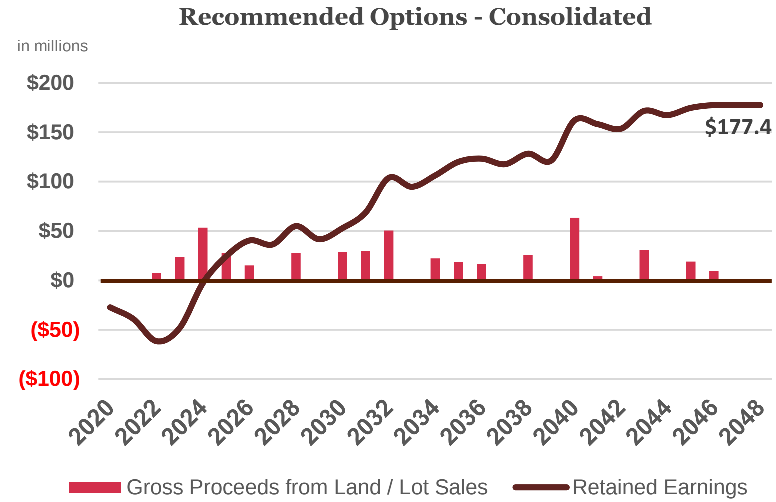
5 Impact Assessment

Attachment 4

Impact Assessment

Application of Net Proceeds

- As noted in Section 4, the development of ELD's various greenfield residential land development projects are projected to generate significant proceeds to the City. In aggregate, the recommended disposition options are projected to yield net proceeds (after acknowledging upfront property acquisition costs and costs associated with the planning, servicing and subdividing of the lands) in the range of $177.4 million (undiscounted), over the 2020 to 2049 period, with some $106.2 million being generated between 2020 and 2034.
- In summary, and as is outlined on page 29, above, it is projected that the City could realize net income from the development and sale of Schonsee, Aster and Goodridge Corners in the range of:
  - A loss of $2.5 million between 2020 and 2024, based on gross sale proceeds of $85.3 million offset against development expenses (including land) of $87.8 million;
  - $44.3 million between 2025 and 2029, based on gross sale proceeds of $70.4 million less development expenses of $26.2 million;
  - $64.5 million between 2030 and 2034, based on gross sale proceeds of $131.8 million and development expenses of $67.2 million;
  - $15.1 million between 2035 and 2039, based on gross sale proceeds of $61.0 million and development expenses of $45.9 million;
  - $45.9 million between 2040 and 2044, based on gross sale proceeds of $98.5 million and development expenses of $52.6 million; and
  - $10.2 million between 2045 and 2049, based on gross sale proceeds of $28.5 million and development expenses of $18.3 million.



- The above identified net proceeds would contribute to ELD's annual net operating income and thus contribute to ELD's Land Enterprise Dividend payment to the City. Per information provided by ELD, the recommended disposition options combined with ELD's other operations, are projected to generate total dividend payments to the City of $50.5 million over the 2020 to 2049 period, including $9.0 million between 2020 and 2024 and $13.9 million between 2025 and 2029.
- By 2049, ELD is projected to amass retained earnings in the range of $239.5 million.

Projected Land Enterprise Dividend

	2020 - 2024	2025 - 2029	2030 - 2034	2035 - 2039	2040 - 2044	2045 - 2049	TOTAL
Retained Earnings at Start of Year	$21,480,000	$47,030,000	$105,240,000	$181,350,000	$208,280,000	$244,940,000	
Net Income for Dividend Purposes	$35,860,000	$55,460,000	$55,760,000	$25,570,000	$22,190,000	$7,090,000	
Land Enterprise Dividend	**$8,970,000**	**$13,860,000**	**$13,940,000**	**$6,390,000**	**$5,550,000**	**$1,770,000**	**$50,480,000**
Retained Earnings at End of Year	$47,030,000	$105,240,000	$181,350,000	$208,280,000	$244,940,000	$239,500,000	

Figures represent enterprise-wide revenues, net income and retained earnings for ELD, including revenue for industrial and other residential land development projects that were outside the scope of this mandate

Attachment 4

Impact Assessment

Application of Net Proceeds (continued)

- As we understand it, proceeds currently being provided to the City through the Land Enterprise Dividend policy are allocated into the City's consolidated revenue and used to support overall City operations. We further understand that such dividends are not currently directed to any specific City policy, program or initiative (as is done in some other municipalities).
- The net proceeds generated from the disposal of ELD's various greenfield land holdings, as well as the retained earnings generated by ELD (all or a portion thereof), could instead (or in addition to) be targeted towards City-identified priorities and projects, including, for example:
  - to support the development of the Rossdale Neighbourhood and Exhibition Lands;
  - to assist in building up and advancing affordable housing stock in the City; and /or
  - to support other city initiatives.

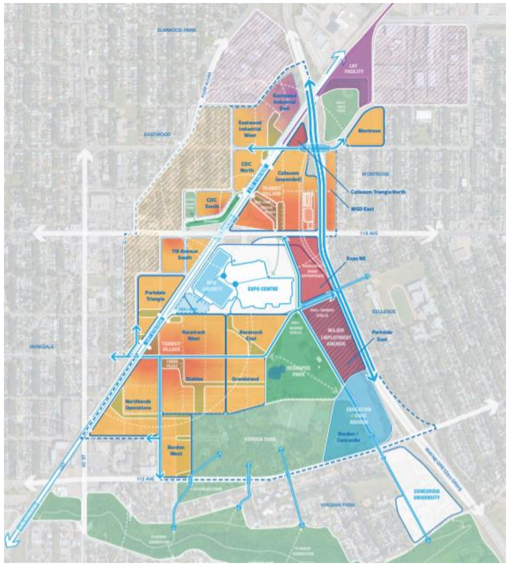
Rossdale and Exhibition Lands

Rossdale

- The Rossdale Neighbourhood ("Rossdale") is a primarily residential neighbourhood located on the North Saskatchewan River flats immediately south of downtown Edmonton. It is the oldest area of settlement in Edmonton and played a key part in the early industrial and residential development of the City.
- The City sees this area evolving into a vibrant community and has set out a long-term city-building initiative for its transformation. Key projects associated with this plan include a revitalized West Rossdale, a new Walterdale Bridge, the Touch the Water Promenade and a repurposed Rossdale Generating Station.
- Development proformas detailing the timing of when anticipated expenditures would occur were not made available to PwC. We understand that total development expenditures are estimated to be in the range of $72.2 million, including costs associated with upgrading streets and utilities ($54.9 million) and street and public open space landscaping ($17.3 million).

Rossdale Area Redevelopment Plan

Exhibition Lands - Preferred Development Plan



Impact Assessment

Rossdale and Exhibition Lands (continued)

Exhibition Lands

- The Edmonton Exhibition Lands represent a major redevelopment opportunity in northeast Edmonton. With over 200 acres, the Exhibition Lands are the City's second largest urban infill site. Its location close to downtown, LRT and transit, the river valley, a major city park and green space amenities are concluded to make this a prime redevelopment opportunity for Edmonton.
- The approved concept plan for the Exhibition Lands focuses development around two mixed-use transit villages, an expanded Borden Park and EXPO Centre. In total, the redevelopment is anticipated to include approximately 3,500 residential units housing 8,500 people, and take approximately 20 to 30 years to achieve full build-out.
- Per information provided by the City, we understand that the total capital cost associated with this project will be in the range of $90.7 million, with these expenditures funded through a combination of debt, operating transfers and revenues received from land sales. The majority of development expenditures ($83.0 million, or 91.6%) are projected to occur between 2020 and 2031, with $52.8 million being required through 2025 and an additional $30.3 million between 2026 and 2031.

Assessment

- Based on the above presented assessment of disposition options for ELD's greenfield residential development projects, and in consideration of the approaches undertaken by other municipalities, it is noted that all or a portion of the current Enterprise Land Dividend could be directed towards the development of Rossdale and / or Exhibition Lands.
- In addition, it may be possible for a portion of ELD's retained earnings to be used to directly support these city-building projects. As noted above, ELD is projected to amass retained earnings in the range of $239.5 million in 2049, with its retained earnings growing from approximately $21.5 million as at year-end 2019 / start of 2020, to $105.2 million by year-end 2029. Rather than sitting in an operating reserve, some or all of ELD's retained earnings could instead could be used to support the development of Rossdale, Exhibition Lands or other city-building initiatives.
- In order to identify how ELD may be able to additionally support its operations / mandate as well as utilize some of its proceeds / retained earnings to help advance the development of Rossdale and Exhibition Lands, PwC assumed that an additional dividend (the "Special Dividend") equal to the amount by which ELD's retained earnings exceed $30.0 million in any year (in order to provide it with sufficient reserves to fund future expenditures) could be provided back to the City for such purposes (if retained earnings are less than $30 million, no Special Dividend would be paid).
- Under such a scenario, ELD is projected to be able to advance in the range of $223.7 million (or $138.7 million on a discounted basis) in Special Dividends between 2020 and 2049 to support city-building projects or other projects and programs identified by the City. Such additional dividends are projected to total some $17.0 million between 2020 and 2024, an additional $69.7 million between 2025 and 2029, and almost $137.0 million between 2030 and 2049. On aggregate, ELD is projected to advance $274.2 million (or $170.6 million on a discounted basis) in total dividends between 2020 and 2049.

	2020 - 2024	2025 - 2029	2030 - 2034	2035 - 2039	2040 - 2044	2045 - 2049	TOTAL
Retained Earnings at Start of Year	$21,480,000	$47,030,000	$105,240,000	$181,350,000	$208,280,000	$244,940,000	
Net Income for Dividend Purposes	$35,860,000	$55,460,000	$55,760,000	$25,570,000	$22,190,000	$7,090,000	
Land Enterprise Dividend	**$8,970,000**	**$13,860,000**	**$13,940,000**	**$6,390,000**	**$5,550,000**	**$1,770,000**	**$50,480,000**
Retained Earnings at End of Year	$47,030,000	$105,240,000	$181,350,000	$208,280,000	$244,940,000	$239,500,000	
"Special Dividend"	**$17,030,000**	**$69,670,000**	**$64,650,000**	**$30,490,000**	**$41,840,000**	**$0**	**$223,680,000**
Retained Earnings at End of Year after Special Dividend	$30,000,000	$18,540,000	$30,000,000	$26,440,000	$21,260,000	$15,820,000	
Total Dividend Paid	**$26,000,000**	**$83,530,000**	**$78,590,000**	**$36,880,000**	**$47,390,000**	**$1,770,000**	**$274,160,000**

The "Special Dividend" equals the amount by which ELD's retained earnings in any year exceed $30.0 million.

Attachment 4

Impact Assessment

Rossdale and Exhibition Lands (continued)

Assessment (continued)

- An alternative scenario analyzed to illustrate how ELD could utilize proceeds from the sale of its greenfield residential land holdings involves allocating all of the gross sale proceeds from a specific project to these city-building initiatives.
- In this regard, if Option 2 (Quick Sale) for Schonsee was adopted, it is estimated that ELD could generate $9.3 million in 2021. If 100% of these gross disposable cash proceeds from sale (i.e., not accounting for land acquisition costs or costs incurred up to the time of the sale associated with planning, servicing and subdividing the property) were allocated to the development of Rossdale or the Exhibition Lands (or other City initiative), the following implications are noted:
  - Land Enterprise Dividend revenue would decline by an estimated $6.2 million (with this lower revenue projected to occur between 2025 and 2029).
  - "Special Dividend" revenue would decline by an estimated $26.1 million (Special Dividend revenue would be higher by $6.4 million between 2020 and 2024, but would be lower by $41.3 million between 2025 and 2029 and higher by $2.7 million between 2030 and 2034).
  - In aggregate, and including the $9.3 million in proceeds, the "Quick Sale" of the Schonsee property (Option 2), using 100% of the gross sale proceeds to assist in the development of Rossdale and / or Exhibition Lands (or other project) is projected to result in a total negative impact to the City and ELD of almost $23.0 million compared to PwC's recommended option.
- Similar observations were found for a "quick sale" of the Aster property, in this instance taking the gross proceeds from this sale (estimated to be $11.2 million in 2020) would result in a net impact of almost $14.3 million, including a total reduction in Land Enterprise Dividend revenue of $3.6 million and the potential loss of $22.0 million in revenue from the "Special Dividend".
- Finally, the quick sale of Goodridge Corners is projected to have the greatest negative impact, with the gross proceeds from this sale ($64.4 million, with $31.9 million projected in 2021 and $32.5 million projected in 2022) resulting in a net impact of over $74.7 million, including a total reduction in Land Enterprise Dividend revenue of $29.5 million and a potential reduction in "Special Dividends" of almost $109.6 million.

	Recommended Scenario	Quick Sale of Schonsee	Difference
Revenue from Land Enterprise Dividend	$50,480,000	$44,300,000	($6,180,000)
Special Dividend	$223,680,000	$197,620,000	($26,060,000)
Gross Sale Proceeds	$0	$9,270,000	$9,270,000
Total Impact	**$274,160,000**	**$251,190,000**	**($22,970,000)**

	Recommended Scenario	Quick Sale of Aster	Difference
Revenue from Land Enterprise Dividend	$50,480,000	$46,930,000	($3,550,000)
Special Dividend	$223,680,000	$201,700,000	($21,980,000)
Gross Sale Proceeds	$0	$11,210,000	$11,210,000
Total Impact	**$274,160,000**	**$259,840,000**	**($14,320,000)**

	Recommended Scenario	Quick Sale of Goodridge	Difference
Revenue from Land Enterprise Dividend	$50,480,000	$20,950,000	($29,530,000)
Special Dividend	$223,680,000	$114,080,000	($109,600,000)
Gross Sale Proceeds	$0	$64,390,000	$64,390,000
Total Impact	**$274,160,000**	**$199,420,000**	**($74,740,000)**

Attachment 4

Impact Assessment

Rossdale and Exhibition Lands (continued)

Assessment (continued)

- While the use of proceeds from the earlier sale of ELD's various greenfield residential land development projects (versus the recommended option of continuing to see them through the development and sale of building lots) could allow the City to realize revenue at an earlier juncture for use in various city-building projects like Rossdale and Exhibition Lands, it is noted that such an approach would reduce the total amount of revenue available to the City, including revenues generated from the Land Enterprise Dividend and any "Special Dividend" which may be provided. In addition, it is noted that ELD's retained earnings would be reduced and could potentially impact ELD's ability to operate as a "self-sustaining Enterprise" of the City.

Advancing the City's affordable housing stock

Description

- The City of Edmonton's Housing Department has a number of strategic initiatives directed towards advancing and building up the stock of affordable housing in the City. These initiatives include:
  - establishing a pipeline of land for housing, including permanent supportive housing sites;
  - developing a new Advocacy Strategy;
  - launching a new affordable housing (AHIP) grant application process;
  - facilitating Zoning By-law changes to permit the development and construction of affordable housing (including for example, secondary suites);
  - implementing inclusionary housing policies (requiring private developers to contribute to the development of affordable housing through direct construction or providing cash-in-lieu payments);
  - seeking land policy and procedure changes; and
  - conducting a social housing portfolio strategy, among other initiatives.
- Per a jurisdictional scan completed by PwC as part of this assignment, a number of Canadian municipalities have adopted or have implemented a number of measures designed to increase the supply of, and access to, affordable housing in their communities. Such initiatives consist of:
  - providing land to non-profit housing providers at no cost or at significantly below market value (ELD has pursued this initiative in the past, providing land to Habitat for Humanity);
  - directing a portion of the net operating surplus generated by their land development division to fund specific affordable housing programs; and
  - directing a portion of the net operating surplus generated by their land development division to establish and fund an "Affordable Housing Endowment Fund", a fund used to acquire, build and / or maintain the city's owned affordable housing stock of below market and deep affordable rental projects.
- As was noted in PwC's jurisdictional scan, lands provided to non-profit housing providers are generally located in more central / urban locations that are readily accessible by transit (as opposed to greenfield / suburban locations which tend to be further removed from transit and less accessible to services and employment centres). As such, "focusing" the City's residential land development activities towards building up and advancing the City's housing stock of below market affordable housing may not necessarily be best accommodated in greenfield locations.

Assessment

- Rather, it is concluded that a combination of activities could be pursued, including utilizing ELD's annual dividend / allocating an additional dividend for the establishment of an "Affordable Housing Endowment Fund". Such a fund could be used to:
  - acquire land for new affordable housing projects (and support the "Pipeline of Land for Housing" initiative of the City);
  - seed a grant program to assist non-profit groups in the construction of new affordable housing projects (and thus providing a source of funding for the AHIP Grant program);

Attachment 4

Impact Assessment

Advancing the City's affordable housing stock (continued)

Assessment (continued)

- provide a source of capital to support annual repair and maintenance obligations of affordable housing projects; and
- provide a source of funding to assist tenants in need.

- As noted above, ELD's projected retained earnings of $239.5 million could be allocated to various policies and programs within the City over the 2020 to 2049 period, including programs focused on building up and advancing the City's affordable housing stock. If the same 25% of the "Special Dividend" were to be directed to such an initiative, an estimated $56.0 million could be provided over the 2020 to 2049 period.

Other impacts

In addition to revenue from the sale of ELD's greenfield residential projects being used to support various "city-building" projects like Rossdale and the Exhibition Lands as well as support other City initiatives (including for example, advancing the City's affordable housing stock), other initiatives which could benefit from the sale of ELD's greenfield residential projects include:

- Supporting City debt obligations – it is noted that ELD is a self-funding enterprise which provides a dividend back to the City equal to 25% of its net income in a given year. Over the 2020 to 2024 period, ELD is projected to be able to advance in the range of $9.0 million, and an estimated $50.5 million in total by 2049. Such revenue could be used by the City for a number of purposes, including supporting and paying down City debt obligations.

- In addition, ELD is projected to amass total retained earnings in the range of $239.5 million, a portion of which could additionally be utilized to further support / pay down City debt obligations.
- It is also noted that the Land Enterprise Dividend paid by ELD to the City could be used to supplement City revenues and thus to reduce its reliance on property tax revenue. Based on the jurisdictional scan completed by PwC as part of this assignment, it is noted that the dividend paid by some municipal land development agencies is used exclusively to support city operations.
- It is lastly noted that the proceeds generated from ELD's greenfield residential land projects can be used for a range of city-building, environmental, capital project or for other uses (by way of example, Medicine Hat allocated a portion of its dividend to a reserve which funds "community benefit projects" including playgrounds, recreation centres, etc.).

Summary

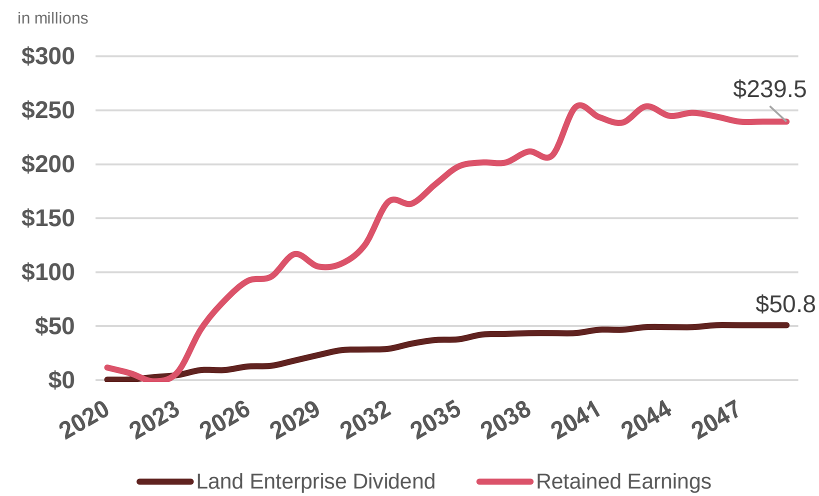
- ELD is projected to generate in the range of $50.5 million for the City through its Land Enterprise Dividend policy by 2049. In addition, ELD is projected to amass $239.5 million in retained earnings over this same time fame; a significant portion of which is generated from land and lots sales associated with ELD's greenfield residential land developments.
- Of this total, an estimated $223.7 million (or $138.7 million on a discounted basis) could be made available through a "Special Dividend".
- These proceeds could be used for a number of purposes including:
  - various city-building initiatives, including Rossdale and the Exhibition Lands;
  - to support the building up and advancement of the City's affordable housing stock, including the creation of an Affordable Housing Endowment Fund; and
  - for other civic purposes, including supporting City debt obligations, supporting City operations and to provide a pool of capital for community benefit projects.
- On aggregate, ELD is projected to advance $274.2 million (or $170.6 million on a discounted basis) in total dividends between 2020 and 2049.

Attachment 4

Impact Assessment

Summary (continued)

While the use of gross sale proceeds from the earlier sale of ELD's various greenfield residential land development projects (versus the recommended option of continuing to see them through the development and sale of building lots) could allow the City to realize revenue at an earlier juncture for use in various city initiatives, including those summarized immediately above, it is noted that such an approach would reduce the total amount of revenue available to the City, including revenues generated from the Land Enterprise Dividend and any "Special Dividend" which may be provided. In addition, it is noted that ELD's retained earnings would be reduced and potentially impact ELD's ability to operate as a "self-sustaining Enterprise" of the City.



Attachment 4

Impact Assessment

Summary (continued)

	2020 - 2024	2025 - 2029	2030 - 2034	2035 - 2039	2040 - 2044	2045 - 2049	TOTAL
Retained Earnings at Start of Year	$21,480,000	$47,030,000	$105,240,000	$181,350,000	$208,280,000	$244,940,000	
Net Income for Dividend Purposes	$35,860,000	$55,460,000	$55,760,000	$25,570,000	$22,190,000	$7,090,000	
Land Enterprise Dividend	**$8,970,000**	**$13,860,000**	**$13,940,000**	**$6,390,000**	**$5,550,000**	**$1,770,000**	**$50,480,000**
Retained Earnings at End of Year	$47,030,000	$105,240,000	$181,350,000	$208,280,000	$244,940,000	$239,500,000	
"Special Dividend"	**$17,030,000**	**$69,670,000**	**$64,650,000**	**$30,490,000**	**$41,840,000**	**$0**	**$223,680,000**
Retained Earnings at End of Year after Special Dividend	$30,000,000	$18,540,000	$30,000,000	$26,440,000	$21,260,000	$15,820,000	
Total Dividend Paid	**$26,000,000**	**$83,530,000**	**$78,590,000**	**$36,880,000**	**$47,390,000**	**$1,770,000**	**$274,160,000**

The "Special Dividend" equals the amount by which ELD's retained earnings in any year exceed $30.0 million.

Appendices

Attachment 4

Appendix 1: Restrictions and Qualifications

1. The use of any projected or forecasted information ("Projections") made in conjunction with this analyses ("Analyses") may not be appropriate for use outside of its intended purpose. The Projections, if made, will not reflect actual development, economic, demographic and / or financial / fiscal results, and may reflect a possible scenario for the use, utilization and / or development of ELD's various development greenfield residential development lands in Edmonton, Alberta, namely Schonsee, Aster and Goodridge Corners (the "Properties"), given PwC's judgment as to a potential set of economic conditions, together with the hypotheses which are consistent with the purpose of the Projections. The inclusion of scenarios produced in conjunction with our analysis may contain hypotheses and assumptions which are based on a set of economic conditions or anticipated courses of action that may not be unreasonable, are consistent with the purpose of the Projections, but which will not materialize as set out therein. The hypotheses represent plausible circumstances, but need not be, and may not have been fully supported.

   Since future events are not subject to precise projections, some assumptions will not materialize in the exact form presented by our analysis. In addition, other unanticipated events and circumstances may occur which could influence the future use, utilization and / or operations of the Properties. Therefore, actual use, utilization, and operating results of the Properties will vary from the analysis of prospective market and economic conditions set out therein. While there is no recourse to predicting these matters with certainty apart from informed and reasoned judgments, it must be stated that future events will lead to variations which may materially alter the actual results. PwC does not warrant that actual results achieved from the continued operation of the Properties will be the same, in whole or in part, as those shown in any Projections.

   The Projections are based on hypotheses and there is a significant risk that actual results will vary, perhaps materially, from the results projected.

2. Responsible ownership and competent development and property management are assumed.

3. Information furnished by others upon which all or portions of these Analyses are based, including, among others, the City of Edmonton, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

4. Our report and work product cannot be included, or referred to, in any prospectus, securities and exchange commission filing or other public investment or interest document.

5. The intended use of this report is as an analyses of disposition options for the Properties. This document does not purport to provide legal advise and it should not be interpreted as providing legal advise. The reader is encouraged to seek independent legal advice.

6. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization have been, or can readily be obtained, or renewed to support uses upon which this report is based.

7. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances.

8. Full compliance with all applicable federal, provincial and local zoning, use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.

9. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the date of this report.

Attachment 4

Appendix 1: Restrictions and Qualifications

10. Any financial structures contained or referred to within this report is predicated on the market conditions prevailing as of the date of this report.
11. Areas and dimensions of the Properties, and any planned or proposed development densities for the Properties were obtained from sources believed to be reliable. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property / site and no responsibility is assumed for their accuracy. No independent surveys were conducted.
12. It is assumed that there are no hidden or unapparent conditions of the site, subsoil, or structures that affect future use and / or value. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
13. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.
14. Neither PwC nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements thereof have been made.

Appendix 2: Schonsee – Key Cash Flow Assumptions

- The Schonsee development project comprises approximately 33 acres within two distinct areas:
  - The Stage 20 and 21 lands located to the west of the Schonsee Wetland comprise approximately 12 acres and are intended to be developed to create 85 single family home lots (66 lots in Stage 20 and an additional 19 lots in Stage 21). These lands are currently zoned (RSL), allowing for single-family residential; and
  - Future development lands, totaling some 21 acres and located to the east of the Schonsee Wetland and fronting along 66th Street NW, are intended to be developed with 82 single family lots along with an approximate 9.6 acre block for medium density housing. These lands are currently zoned agricultural and will need to undergo a process to have them rezoned to low and medium density residential.
- Per information provided by ELD, planning and servicing of the Stage 20 and 21 lands are to commence in 2021 and be substantially completed by the end of 2022. Following completion of site servicing, lot sales are projected to occur, with all lots sold by the end of 2023. Lots are expected to sell for approximately $4,650 per front foot (2019 equivalent).
- The Future Development lands are to be planned and serviced in 2022 and 2023, with lot sales to be completed by the end of 2025. The medium density housing site is projected to be sold in 2024. Lot prices are again expected to approximate $4,650 per front foot (2019 equivalent), agricultural land is expected to sell for approximately $250,000 per acre, low density land are expected for $300,000 per acre (zoned), and the medium density lands for $650,000 per acre zoned (and $900,000 zoned and serviced) (2019 equivalent).
- In addition, municipal taxes generated from each disposition option were calculated. In this regard, it was assumed that while the lands were under City / ELD ownership, the lands would not be subject to property taxes. Upon their sale to a private developer or individual, the lands would then give rise to municipal property tax obligations at the 2019 rates of 0.64737% (residential / farmland) for single family lots and 0.74448% (other residential / multi) for medium density lands applied to assessed values.
- In determining annual property tax obligations, PwC assumed that the assessed value would approximate 100% of the market value of the land / home. Farmable land value is assessed at $350 per acre, with the resulting assessed value being taxed at the City's municipal tax rate for residential / farmland of 0.64737%. Non-farmable land is assessed and taxed at market value.
- Revenues are inflated by 2% annually while expenses are inflated by 3% annually. Historical land purchase costs have been inflated by 2% annually from the year of purchase to 2020.

Attachment 4

Appendix 3: Aster – Key Cash Flow Assumptions

- The Aster development project comprises 53 acres to total land area. The lands include several natural water features and wetlands, rendering its gross developable area to be in the range of 48 acres. These lands are currently zoned AG (agriculture).
- The analysis considered an plan amendment scenario whereby stormwater management facilities and natural wetlands are combined into a naturalized constructed wetland. This scenario would yield approximately 45 acres intended to be rezoned to low density residential and developed to create 259 single family home lots. The remaining three acres are to be rezoned to accommodate low rise apartments.
- Per information provided by ELD, subdivision planning and servicing of the Aster Lands are to commence in 2029 and be substantially completed by the end of 2032. Following completion of site servicing, lot sales are projected to occur, with all lots sold by the end of 2033. Agricultural land is expected to sell for approximately $200,000 per are (2019 equivalent). Lots are expected to sell for approximately $4,650 per front foot (2019 equivalent). The low-rise apartment land is expected to sell as vacant land in 2031, after the completion of planning and servicing, for approximately $1.0 million per acre (2019 equivalent).
- In addition, municipal taxes generated from each disposition option were calculated. In this regard, it was assumed that while the lands were under City / ELD ownership, the lands would not be subject to property taxes. Upon their sale to a private developer or individual, the lands would then give rise to municipal property tax obligations at the 2019 rates of 0.64737% (residential / farmland) for single family lots and 0.74448% (other residential / multi) for medium density lands applied to assessed values.
- In determining annual property tax obligations, PwC assumed that the assessed value would approximate 100% of the market value of the land / home. Farmable land value is assessed at $350 per acre, with the resulting assessed value being taxed at the City's municipal tax rate for residential / farmland of 0.64737%. Non-farmable land is assessed and taxed at market value.
- Revenues are inflated by 2% annually while expenses are inflated by 3% annually. Historical land purchase costs have been inflated by 2% annually from the year of purchase to 2020.

Appendix 4: Goodridge Corners – Key Cash Flow Assumptions

- The Goodridge Corners project comprises approximately 409 acres slated for development over 14 stages (Stages 3 to 16).
- The analysis considered a plan amendment scenario whereby initially planned business employment and manufactured housing areas are now considered to be low density residential. As a result, the Goodridge Lands are intended to be rezoned and developed into a mixed-use residential neighbourhood that will be comprised of approximately 293.8 acres of gross developable low density residential-zoned land (yielding 1,327 single family lots), 42.5 acres of medium density residential-zoned land, 48.5 acres of low-rise apartment-zoned land and 10.5 acres of other mixed-use lands. These entire Goodridge community is currently zoned AG (agriculture).
- Per information provided by ELD, planning and servicing of the Goodridge Lands are to commence in 2021 and be substantially completed by the end of 2048. Following completion of site servicing for each stage sales of single family lots and rezoned land are projected to occur, with all lots / land having been sold by the end of 2048.
- Single family lots are expected to sell for approximately $4,650 per front foot (2019 equivalent). Agricultural, medium density residential, low-rise apartment and mixed-use land is expected to sell upon servicing for approximately $150,000, $650,000 per acre zoned (and $900,000 zoned and serviced), $1.0 million and $1.275 million per acre (2019 equivalent), respectively.
- In addition, municipal taxes generated from each disposition option were calculated. In this regard, it was assumed that while the lands were under City / ELD ownership, the lands would not be subject to property taxes. Upon their sale to a private developer or individual, the lands would then give rise to municipal property tax obligations at the 2019 rates of 0.64737% (residential / farmland) for single family lots and 0.74448% (other residential / multi) for medium density lands applied to assessed values.
- In determining annual property tax obligations, PwC assumed that the assessed value would approximate 100% of the market value of the land / home. Farmable land value is assessed at $350 per acre, with the resulting assessed value being taxed at the City's municipal tax rate for residential / farmland of 0.64737%. Non-farmable land is assessed and taxed at market value.
- Revenues are inflated by 2% annually while expenses are inflated by 3% annually. Historical land purchase costs have been inflated by 2% annually from the year of purchase to 2020.

Attachment 4

Appendix 5: Summary of Key Inputs

Schonsee

Component	Measurement	Value
Lot Price	/ front foot	$4,650
Agriculture Land	/ acre	$250,000
RSL Land (1)	/ acre	$300,000
RF5 Land (1)	/ acre	$650,000
RF5 Land (2)	/ acre	$900,000

Aster

Component	Measurement	Value
Lot Price	/ front foot	$4,650
Agriculture Land	/ acre	$200,000
RSL Land (1)	/ acre	$300,000
RF5 Land (1)	/ acre	$650,000
RF5 Land (2)	/ acre	$900,000

Goodridge Corners

Component	Measurement	Value
Lot Price	/ front foot	$4,650
Agriculture Land	/ acre	$150,000
RSL Land (1)	/ acre	$300,000
RF5 Land (1)	/ acre	$650,000
RF5 Land (2)	/ acre	$900,000
RA7 (2)	/ acre	$1,000,000
Mixed-Use (2)	/ acre	$1,275,000

(1) Zoned
(2) Zoned and serviced

Inflation Rates

Component	
Revenue Inflation (Annual)	2.0%
Expense Inflation (Annual)	3.0%
Land Carrying Cost (Annual)(1)	2.0%
Property Tax Inflation (Annual)	2.0%

(1) Historical land purchase costs have been inflated from the year of purchase to 2020

Development Costs (per Front Foot)

Development	
Schonsee (1)	$2,004
Aster	$2,425
Goodridge Corners (2)	$2,686

Note: Based on development cost net of recoveries and excluding land costs.
(1) Schonsee Stages 20 and 21 net of recoveries
(2) Only accounts for predominantly low density residential stages with proportionate share of costs removed for higher density stages (Stages 3, 4, 7, 8, 10, 11 and 14).

pwc.com/ca/realestate