

Land Governance Strategy - Enterprise Land Development Program Update

CR_7122rev City Council
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Disposition Strategy

**Residential & Industrial
Lot Development**

**\$274M (2049)
Total Dividend**
\$171 NPV*

*Net Present Value (NPV): the difference between the present value of cash inflows and the present value of cash outflows over a period of time



Edmonton

Recommendations

- Wind-down Program by 2049 through:
 - Resume residential greenfield land development
 - Continuation of industrial land development

Disposition Strategy

- Continuation of revenue generating program
- Moratorium on new residential land purchases
- Updated governance and land development policies
- Increased reporting
- Achieve 2019-2022 Budget revenue projections
- Special Dividend payment



Special Dividend (Industrial & Residential)

(Millions \$)	2020-24	2025-29	2030-34	2035-39	2040-44	2045+	TOTAL
Land Enterprise Dividend	\$9	\$14	\$14	\$6	\$5	\$2	\$50M
Special Dividend	\$17	\$70	\$65	\$30	\$42	\$0	\$224M
Total Dividend	\$26	\$84	\$79	\$36	\$47	\$2	\$274M

Cumulative total dividend of **\$274M**; Net Present Value of **\$171M**

Edmonton

Civic Investment Scenarios: \$85 million

Investment of Sell As Is Revenue from Residential Land

	Withdrawals equal to accrued interest	Withdrawals equal to special dividend (residential only)
Money market Fund	\$64M	\$76M ¹
Balanced Fund	\$104M	\$88M ²
Ed Tel Endowment Fund	\$118M	\$93M ²



All amounts are discounted back to today's value as Net Present Value.

¹ Fund runs out of money in 2028

² Fund runs out of money in 2032

Executive Committee Discussion

- Self-funded program, does not draw from Tax Levy and does not utilize debt as a funding source.
- Residential product has always been well received and sells out within days.
- Risks are managed:
 - Exposure averages \$10 million/year over development timeframe
 - Updated governance and continued evaluation of development scenarios
- PwC's analysis is conservative:
 - 2% revenue increases and 3% expenses increase
 - Contingency included within proformas



Aster

- Government of Alberta land listed on the Multiple Listing Service (MLS)
 - Requirement to transact at market value
- City of Edmonton was one of multiple offers received, required to transact at market value:
 - Appraisals completed, purchase price considered to be at market value
 - Executive Committee approved acquisition, September 2017

