

# Heritage Valley Land Acquisition and Land Sale

## Recommendation

That Executive Committee recommend to City Council:

1. That the terms of the land acquisition and land sale agreements, as outlined in Attachment 4 of the January 18, 2021, Financial and Corporate Services report CR\_7905, be approved, and that the agreements be in form and content acceptable to the City Manager.
2. That a budget adjustment to increase capital profile 16-66-7018 (LRT Prelim Design: Capital Line, Century Park to 41 Ave SW) by \$678,015 with funding sources, as outlined in Attachment 5 of the January 18, 2021 Financial and Corporate Services report CR\_7905, be approved.
3. That an exception to Policy C516B Land Enterprise Dividend Policy, to allow a dividend to be paid from the balance owing to the City instead of the actual net income of the land development activity, be approved.

## Executive Summary

In 2019, the City of Edmonton and the Urban Development Institute (UDI), Edmonton Region jointly developed a Memorandum of Understanding (MOU) that considers a potential cost sharing arrangement for the acquisition of LRT right-of-way land. The MOU has not been signed as the associated funding for the full land acquisition has not been approved. However, this purchase is consistent with the terms of the MOU whereby the City can purchase land required for the LRT at 50 percent of the Arterial Roadway Assessment (ARA) rate.

This report is requesting approval to enter into two Acquisition Agreements with landowners in Heritage Valley for a total 1.83 hectares of land required for the Capital Line LRT (Century Park to Allard/Descrochers), at 50 percent of ARA land values, which aligns with the negotiated terms of the unsigned MOU.

This report is also seeking approval to enter into a Sale Agreement to sell a portion of 127 Street, with the funds from the land sale being used to finance the purchase of the Acquisition Land. The land sale will be conditional on City Council approving a Road Closure Bylaw for the Sale Land.

Approving the Acquisition Agreements and the Sale Agreement will ensure that development in Heritage Valley progresses and supports the ConnectEdmonton strategic goal of Urban Places by securing lands for future LRT projects.

### Report

Administration is working with neighbouring landowners in Heritage Valley to advance area development. An opportunity was identified for the City to sell City owned lands to a neighbouring landowner to complete parcels for their ongoing development and acquire future Capital Line LRT (Century Park to Allard/Descrochers) lands in Heritage Valley.

At the October 16, 2018, Urban Planning Committee meeting, a motion was passed directing Administration to work with Urban Development Institute Edmonton Region (UDI) to develop a Memorandum of Understanding (MOU) for the implementation of LRT right-of-way cost sharing arrangement and return to Council. In response, Administration and UDI jointly developed a MOU (Attachment 1) that considers a potential cost sharing arrangement for the acquisition of LRT right-of-way land.

The terms of the MOU identify that the City would purchase, or enter into a land exchange for, the required LRT rights-of-way land at 50 percent of the rate set by the Arterial Road Assessment Bylaw 14380. At the April 16, 2019, City Council meeting, the MOU was received for information by Council as part of Urban Form and Corporate Strategic Development report CR\_6577, LRT Right-of-Way Cost Sharing Arrangement. The MOU has not been signed as the associated funding for the full land acquisition has not been approved. However, this purchase is consistent with the terms of the MOU whereby the City can purchase land required for the LRT at 50 percent of the Arterial Roadway Assessment (ARA).

Administration is seeking approval to enter into two Acquisition Agreements for 1.52 hectares of acquisition land (Attachment 2) for the Capital Line LRT (Century Park to Allard/Descrochers) and to provide compensation for 0.31 hectares of land that was previously dedicated with the understanding it would be included in this transaction for a total of 1.83 hectares. The land values in the Acquisition Agreements align with the negotiated terms of the unsigned MOU.

Administration is also seeking approval to enter into a Sale Agreement for 1.30 hectares of Sale Land (Attachment 3). The General Terms and Conditions of all three agreements are set out in Attachment 4.

These transactions will secure the Acquisition Land for a portion of the future Capital Line South LRT extension and will support orderly development of the area in accordance with the Neighbourhood Structure Plan.

**Budget/Financial**

The Acquisition Land is valued at \$1,356,030 based on the 2020 ARA. If this report is approved, the Acquisition Land purchase price is \$678,015, based on the MOU of 50 percent of the ARA value. The table below outlines the revenue from the sale of the Sale Land, the cost of purchase for the Acquisition Land, as well as the final balance the City would be owed from the developer.

	Land Size	Land Price	Total Purchase Price
<b>Sale Land to be sold to developer</b>	1.297 hectares	\$602,699/hectare	<b>\$781,706.25</b>
<b>Acquisition Land to be purchased by the City</b>	1.83 hectares	\$370,500/hectare	<b>\$678,015</b>
Balance owing to the City			<b>\$103,691.25</b>

All of the land required for LRT is being compensated at 50 percent of the rate set by the Arterial Road Assessment Bylaw, 14380.

Proceeds from the Sale Land will be used to fund the purchase of the Acquisition Land. The current capital profile, 16-66-7018: LRT Prelim Design: Capital Line, Century Park to 41 Ave SW (Attachment 5), is approved for preliminary design from Century Park to 41 Ave SW. Land acquisition would represent an increase in scope and budget of the project. If Executive Committee and subsequently Council approve the recommendations in this report, the capital profile 16-66-7018: LRT Prelim Design: Capital Line, Century Park to 41 Ave SW will be revised to increase the budget by \$678,015 as well as to include project scope for acquisition of land from 41 Avenue to 28 Avenue and the estimated completion date of June 30, 2021. Funding for this budget increase will come from the Land Fund Retained Earnings.

As per the Land Enterprise Dividend Policy (C516B), Land Enterprise pays an annual dividend based on the actual net income of the land development activity in Land Enterprise. This report recommends an exception to that policy so that the sale proceeds can be used to fund the purchase of the Acquisition Land in Heritage Valley. If an exemption to the policy is not granted, the income (net of dividend) received by Land Enterprise will be \$586,280, which is \$91,735 less than is required to purchase the Acquisition Land. The result of the exemption would be a dividend being paid based on the balance paid to the City (\$103,691) as opposed to the total sales proceeds (\$781,706).

If these acquisition agreements are not approved, the City would be required to purchase 1.29 hectares of the land included in this agreement, which cannot be taken

as subdivision dedication, at market value. The City would be able to require 0.23 hectares of land be dedicated upon registration of the subdivision at no cost to the City. The final 0.31 hectares of land in this agreement has already been dedicated and no compensation would be required.

**Public Engagement**

Public engagement was not undertaken for the sale of the Sale Land or the purchase of the Acquisition Land.

**Corporate Outcomes and Performance Management**

<b>Corporate Outcome: Edmontonians use public transit and active modes of transportation</b>			
<b>Outcome</b>	<b>Measure</b>	<b>Result</b>	<b>Target</b>
Transit network is well integrated	Transit ridership (annual rides/capita)	89.6 (2018)	105.0 (2019)

**Risk Assessment**

<b>Risk Element</b>	<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk Score (with current mitigations)</b>	<b>Current Mitigations</b>	<b>Potential Future Mitigations</b>
Risks if not approved						
Public Perception	Perception of the City as a not supporting development.	3 - possible	2 - moderate	6 - low	Working with industry to develop other methods for compensation for LRT dedication.	Ongoing communication with the development industry.
Project Management	Could impact the future timelines of LRT construction.	1 - unlikely	2- moderate	2 - low	Long timelines for this project.	Continue open communication with landowners.
Commercial	Could impact the orderly development of the area and hinder relationships with developers.	2- unlikely	2 - moderate	4 - low	Ongoing relationship building with developers. Continued work on City lands in the area.	
Risks if approved						

Economic	If the Sale Land revenue is not approved as a funding source, there is no current funding for the purchase of the Acquisition Land.	3 - possible	2 - moderate	6 - low	The purchase of the Acquisition Land is dependent on the sale of the Sale Land.	
Economic	Approval of this Land Sale using the MOU cost share may establish cost sharing as the LRT land acquisition method going forward. Without budget to support this, cost share won't be possible in all areas.	3 - possible	2 - moderate	6 - low		Opportunities to work with developers for compensation through other means or requiring land dedication.

**Attachments**

1. Memorandum of Understanding Between Urban Development Institute and The City of Edmonton
2. Map of Acquisition Land
3. Map of Sale Land
4. General Terms and Conditions
5. Capital Profile 16-66-7018 - LRT Prelim Design: Capital Line, Century Park to 41 Ave SW

**Others Reviewing this Report**

- J. Meliefste, Acting Deputy City Manager, Integrated Infrastructure Services
- B. Andriachuk, City Solicitor
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development