

Financial and Corporate Services

Edmonton

**CR_8197 Enterprise Land
Development Program Update**

Executive Committee
April 26, 2021

Background

Previous Council Direction (2018→)

- Assess net value of the holdings
- Confirm alignment of land governance with strategic / urgent goals
- Explore the potential of investing proceeds into an investment vehicle
- Obtain advice for financial analysis and updates to Policy C511
- Review options and impacts of disposal of greenfield residential lands

Current Status

Direct proceeds into the most strategic catalyst opportunities:

Sell Undeveloped Land:

- No further land development
- Full revenue from sales is received the quickest (2-3 years)
- REAC's preferred option

OR

Sell Fully Serviced Lots:

- Continued strategic investment to maximize value
- Full revenue from sales takes 25-30 years
- Small Builders' preferred option

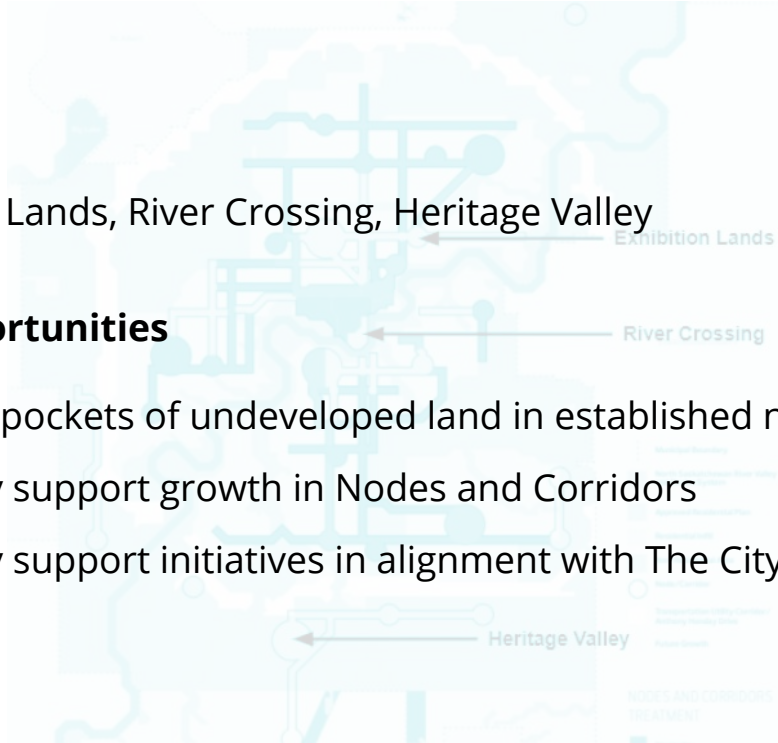
Catalyst Opportunities

Major Projects

- Exhibition Lands, River Crossing, Heritage Valley

Potential Opportunities

- Complete pockets of undeveloped land in established neighbourhoods
- Financially support growth in Nodes and Corridors
- Financially support initiatives in alignment with The City Plan



Options Overview

Option 1 - Sell As-is

- No further investment
- Selling land as large, undeveloped parcels
- Aster sold as-is
- Schonsee sold following plan amendment completion
- Goodridge divided into five parcels and sold

Option 2 - Partial Development

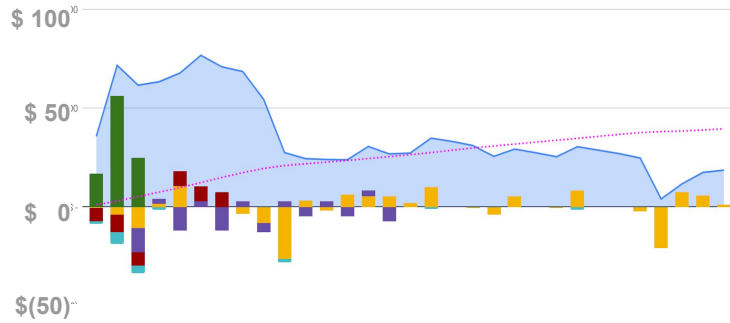
- Aster and Schonsee sold as undeveloped parcels
- Continued development in Goodridge Corners to sell fully serviced lots
- Support for redevelopment projects
- Does not limit City's ability to sell larger undeveloped parcels in Goodridge

Revenue from Sales

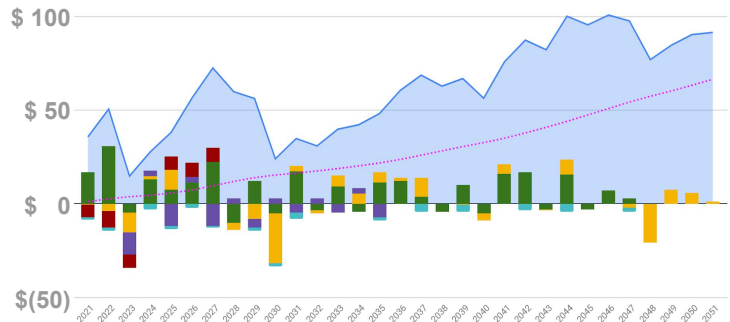
Anticipated Revenues (\$millions)		
	Sell As-Is	Partial Development
Gross Revenue	\$68-\$86	\$331-360
Total Future Development Costs	\$ -	\$170-\$190
Net Cash	\$68-\$86	\$141-\$190
Book Costs to Date	\$ 35	\$ 35
Net Income	\$33-50	\$105-\$154

Cash Flow Analysis

Sell As-is



Partial Development



Ed Tel Endowment Fund

Ed Tel Endowment Fund

- Bylaw 11713
- 6.5% annual return over the long term
- Required to pay 5% annual dividend

Ed Tel Investment Scenario

- Invest Net Cash from sales into Ed Tel Fund
- Make withdrawals from fund as required to support redevelopment
- Continued withdrawals erode the principal
- Dividend from Ed Tel fund flows to corporation

Challenges

- Intended for long term investment and not easily accessible
- Requires Bylaw amendments and non-standard public hearings everytime money is added or withdrawn

Lot Purchasers & GBA+

	2019	2020	2021
Public Lots Available	39	31	35
# of Registrants	2,000*	2,661	8,644
Builder Lots Available	38	36	42
# of Registrants	19*	65	163
Days to Sell All Lots	1	2**	2**

Small Builder Feedback

- *“unable to acquire desirable lots”*
- *“pushed out to surrounding municipalities”*
- *“would have to shut down”*
- *“large builders don’t hire small trades people”*
- *Petition with over 1,000 signatures*

Alignment

Sell Undeveloped

- Standard Regulatory Tools
- Discretionary Potential for Net-Zero Communities
- Promote Entrepreneurship
- Short-Term Regional Prosperity

Sell Fully Serviced Lots

- Direct Plan, Design, & Build Control
- Enforceable Terms & Conditions
 - Sustainability & Energy Efficiency
- Catalyze The City Plan
 - Invest in Nodes & Corridors
 - Fund Designated Redevelopments
 - Growth Management Framework
- Diverse & Affordable Land Use
- Support Small Builders

Summary

<i>(\$millions)</i>	Sell As-Is	Sell All <i>Ed-Tel Withdrawals</i>	Partial Development
Net Cash from Sales	\$68-\$86	\$68-\$86	\$141-\$190
Land Enterprise Retained Earnings (Ending Balance - 2051)	\$ 19	\$ 15	\$ 92
Tota Payments to Corporation	\$ 55	\$ 78	\$ 103
Total Available Funds	\$ 74	\$ 93	\$ 195
Offset to Operating Costs	\$ 41	\$ 41	\$ 46
End Balance of Ed Tel Funds	n/a	\$ 19	n/a
Fastest Fund Generation	✓	-	-
Most Opportunities to Support The City Plan	-	-	✓
Support Small Business	-	-	✓
Positive GBA+ Impact	-	-	✓