

Surplus School Sites

Recommendation

That the February 1, 2021, Financial and Corporate Services report CR_8347, be received for information.

Previous Council/Committee Action

At the May 25-27, 2020, City Council meeting, the following motion was passed:

That Administration provide a report to Council on the current inventory of surplus school sites; any information about the future plans of the school boards, the feasibility of using sale proceeds to fund city obligations for new schools and embedding actions in the Joint Use Agreement.

Executive Summary

Surplus school sites enable the City to create integrated and attractive urban places and enhance the experiences that make people choose to live, work and play in Edmonton.

School sites include both space for future building sites and sports fields to meet school curriculum needs. There are currently 25 surplus school building sites within the City's inventory. When surplus school building sites have been repurposed in the past, the open space associated with the proposed school has been retained by the City and only the building sites have new buildings developed on them. The majority of these have been allocated for housing initiatives such as the First Place Program, Building Housing Choices and Seniors' Housing.

The City holds 28 fully assembled, vacant school sites that are ready for school development but have not yet received funding. These 28 sites may become school sites if the boards determine to move ahead with development; however, the school building sites may become surplus school sites if the boards determine there is no longer a need for a school at that location. An additional 14 school sites are identified on land that is currently being assembled and 50 more planned in future areas where assembly has not yet begun. In total, there are 92 sites planned for future school sites on land that is currently either vacant, under assembly, or in future areas.

Proceeds from the sale of surplus school sites, outside of sites used for the First Place Program, may be used to fund City obligations for new schools provided the use of

those funds are in accordance with the *Municipal Government Act* (MGA), the City Charter, and Policy C468A - Policy to Govern the Use of Funds from the Sale of Surplus School Sites. Policy C468A limits the use of those proceeds to developing park sites to a minimum level of service for new schools, provided they fall within the same plan area as the surplus school site that was sold. To use proceeds of sale outside of the plan area, a revision or exception to Policy C468A would be required.

Report

Background and History

The City and local school boards collaborate to plan, assemble and develop shared school/park sites that include both building sites and open space to meet future needs. When community needs change, local School Boards declare school sites surplus to their needs and offer sites to the City.

Surplus school sites provide unique opportunities for the City to achieve outcomes and contribute to the strategic goals of ConnectEdmonton and the City Plan. Promoting active, healthy lifestyles within a neighbourhood may be achieved by retaining the site for City purposes or by selling it and reinvesting the revenue to enhance open space in a neighbourhood. Development of the building sites allow for increased access to affordable housing and create more diverse and vibrant neighbourhoods by adding variety to the built form composition of a neighbourhood. Through these actions, the City encourages personal wellness, equity for all Edmontonians, and increased density of existing neighbourhoods.

In Edmonton, surplus school sites and their sale proceeds are governed by the MGA, the City Charter, the Joint Use Agreement - Land, Breathe - Edmonton's Green Network Strategy, the Urban Parks Management Plan, and City Policies C583 - Guidelines for Development of the 2009 Surplus School Sites and C468A - Policy to Govern the Use of Funds from the Sale of Surplus School Sites.

Under the MGA, municipalities are responsible for assembling reserve land for parks and schools. For new communities, developers are required to dedicate a portion of their land holdings for park, public recreation, and/or school purposes. No compensation is provided for this land as it is a requirement of the development process, similar to the provision of roadways and other public infrastructure.

Since 1959, the City has been party to a Joint Use Agreement, which currently includes Edmonton Public Schools, Edmonton Catholic Schools and Conseil scolaire Centre-Nord (Greater North Central Francophone board). The Joint Use Agreement supplements the requirements outlined within the MGA by providing the framework for decision-making for surplus reserve and non-reserve sites, and reserve accounts.

Reserve lands are school or park lands that are designated as municipal reserve, school reserve, or municipal and school reserve as defined within the Joint Use Agreement, and their uses are limited to those described within the MGA. Generally speaking, these sites are transferred between the City and the school boards for nominal dollar value. Non-reserve school sites are those owned, purchased or acquired by gift by a school board by means other than through dedication as reserve land as described in the MGA. If the City has interest in acquiring non-reserve land, it must be purchased at market value.

When a school board determines that a site is surplus to its needs, the Joint Use Agreement stipulates the other school boards possess the first right of refusal. If the site is reserve land and neither school board has expressed an interest in it, then the claim on the land as a future school is removed and the site becomes a surplus building site within the City's inventory. These sites may be retained by the City for a civic use, or disposed of. If the site is non-reserve land and neither school board has an interest in it, the City has the opportunity to purchase the land at market value through a first right of refusal. Over the past 39 years, the school boards have declared 61 vacant school sites located on reserve land as surplus to their needs. Attachment 1 provides a list of those surplus sites, the date when they were declared surplus and their designated program.

In 2006, Council approved the development of 20 sites identified for the First Place Program. Of those 20 sites, 14 have been developed and one was found unsuitable for the First Place Program, leaving five left in the program for future development.

The Urban Parks Management Plan (UPMP) defines the City's obligations for school sites as "base-level development," which includes items such as grading, leveling, seeding, tree planting, and sports fixtures. The City also contributes to a "shared-level service," which includes further site enhancements such as playgrounds, park furniture and lighting, but also requires cost sharing from the community.

School design and construction, within the school building footprint, is managed and funded entirely by the provincial government. Funding from the Province for the design and construction of school sites often does not align with the City's budget cycles. Occasionally, this results in schools beginning development without City funding in place to fulfill the municipal obligations for the associated park sites.

Current Inventory of Surplus School Sites

There are 25 surplus school sites in the City's inventory. Attachment 2 provides a map and detailed listing of these sites, identifying sites designated for the First Place Program (five sites), Seniors Housing (six sites), Building Housing Choices (eight sites) and six sites with uses to be determined.

Future Plans of School Boards

Under the Joint Use Agreement, the City maintains a list of all school sites that the City has assembled or is in the process of assembling and shares this list with school boards annually. Attachment 3 provides a map of the 28 vacant school building sites on fully assembled land that the City is holding until either a school is built or the site is declared surplus to the school board's needs. An additional 14 school sites are identified on land that is currently being assembled and 50 more planned in future areas where assembly has not yet begun. In total, there are 92 sites planned for future schools on land that is either vacant, under assembly, or in future areas.

Every three years, the school boards are required to review their projected need for new schools on these vacant sites and notify other school boards and the City of their decision to either retain the site or declare the site surplus to their needs. The next mandatory review will take place in 2021; however, school boards can declare sites surplus to their needs at any time.

The Edmonton Public School Board and City Administration have collaborated on a real estate strategy to guide decision making for their joint use sites based on the following principles:

- Sites (land and buildings) are community assets and need to be used for community benefit;
- Opportunities and solutions must be financially sustainable for both parties, 100 percent of the time;
- The parties will strive to make decisions that are informed, evidence-based, timely and transparent; and
- The parties will endeavour to be flexible and adaptable in order to achieve improved results for the public.

Over the coming years, the Edmonton Catholic School District intends to review and prioritize its land inventory. While a formal real estate strategy has not yet been developed with the Edmonton Catholic School District, Administration supports the evaluation of school sites.

The Conseil scolaire Centre-Nord (Greater North Central Francophone board) is focused on growth and is in the process of acquiring new school sites. Under the Joint Use Agreement, if more than one board indicates its desire to acquire a surplus school site, the Francophone school board will have the first right to acquire it.

Use of Sales Proceeds

The 2006 First Place Program decision resulted in the net revenue from the sale of the 20 sites being split evenly between the applicable school board and the City, with the City's portion being directed to Affordable Housing initiatives. Under amendments to

the Planning Exemption Regulation in 2006, the 20 First Place Program sites were exempt from various planning and development requirements, as well as those sections of the MGA that govern the use of the proceeds from the sale, lease, or other disposition of former reserve land.

For the remaining surplus school sites on reserve land (municipal reserve, school reserve, or municipal and school reserve), the MGA stipulates that, upon removal of the designation, the City and the school board may sell, lease or otherwise dispose of the land. The proceeds from the sale, lease or other disposition of the reserve land must be used for any or all of the following purposes:

- a public park, a public recreation area or school board purposes; or
- to separate areas of land that are used for different purposes.

The City of Edmonton Charter under the MGA also includes a provision that proceeds from the sale, lease or other disposition of municipal reserve, school reserve or municipal and school reserve land may be used for a purpose that provides a public benefit compatible with school board purposes as set out in a joint use and planning agreement.

Additionally, City Policy C468A - Policy to Govern the Use of Funds from the Sale of Surplus School Sites states that residual funds received from any sale of a surplus school site will be credited to the Funds in Lieu Reserve Account for use by Administration, in consultation with the affected neighbourhood and other neighbourhoods within the larger plan area through the capital priorities plan. Residual funds will be disbursed to the geographic areas that generated the funds in the following order:

1. Within the neighbourhood level plan area;
2. To adjacent neighbourhoods within the larger plan area; and then
3. To other neighbourhoods or the district park within the larger plan area.

Attachment 4 illustrates the location of the 20 surplus school sites that fall outside of the First Place Program, as well as the 28 vacant school sites in relation to their plan areas. There are currently five larger plan areas that include surplus school sites as well as vacant school sites. These are areas which, under the current policy, proceeds from the sale of the surplus sites could potentially be used to fund City obligations for the vacant school sites within those same plan areas. These areas include:

- Castle Downs Outline Plan (two surplus sites and two vacant sites);
- Edmonton North Area Structure Plan (two surplus sites and two vacant sites);
- Clareview Outline Plan (one surplus site and two vacant sites);
- West Jasper Place Outline Plan (six surplus sites and one vacant site); and
- Kaskitayo Outline Plan (two surplus sites and one vacant site).

Policy C468A also requires that, within the plan areas, funds be disbursed in the following order:

1. To retire outstanding debt related to servicing and acquisition as well as any accrued interest;
2. To acquire required neighbourhood parkland;
3. To develop parkland to the minimum level of service; and then
4. To develop parkland to the shared level of service, based on assessed program needs.

Joint Use Agreement

The Joint Use Agreement contains similar language to the MGA regarding the use of proceeds from the sale of reserve land. It does not limit locations in which those proceeds may be spent as in Policy C468A.

The use of surplus school site sales proceeds to fund City obligations for new schools, other than from sites identified for the First Place Program, is currently permitted provided they are used in accordance with the MGA, the City Charter and Policy C468A as described above. Using sales proceeds outside of the plan area in which the site was surplus would require an exemption to Policy C468A. A revision to this policy, allowing funds to be disbursed outside of the plan areas on a regular basis, may allow for a more stable funding source for new school site development. However, it may also redirect funds outside of the communities where school sites are surplus, creating perceptions of inequity or loss of open space. Administration currently prioritizes the use of the Funds in Lieu Reserve for land acquisition over park development.

Next Steps

Administration has taken preliminary steps to update a number of City policies related to housing, including C468A and C583. However, this work has been paused due to the City's ongoing response to the COVID-19 pandemic. As the City moves through Relaunch stages and resources become available, Administration will continue this work.

Administration is also reviewing the market demand and exploring future opportunities for surplus school sites by completing marketability and other studies related to the site development. This information will guide the development of these sites as they are prepared for sale.

The Joint Use Agreement does not expire and while there is no obligation to change it, the land agreement is currently undergoing a regularly scheduled review. Administration and the school boards will continue to collaborate on issues pertaining to the joint sites through the committees set up to govern the Joint Use Agreements.

Corporate Outcomes and Performance Management

| Corporate Outcome: Edmonton is attractive and compact | | | |
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| Outcome | Measure | Result | Target |
| Repurposing surplus school sites generate sale proceeds and tax revenue which supports City's program delivery | Net proceeds and annual tax revenue generated out of the development of Surplus School sites (First Place Program) | \$1.5M Per Year (2020) | \$2.2M Per year (by 2023) |
| Increase in the supply and range of housing to meet citizens need | Number of First Place Program homes developed in repurposed surplus school sites | 853 First Place Program townhomes developed (Q1 2021) 112 units for senior living (Sakaw) | 1076 First Place Program townhomes developed (Q4 2022) |

Attachments

1. Declared Surplus School Sites
2. Current Inventory of Surplus School Sites
3. Currently Held, Fully Assembled Vacant School Sites
4. Surplus and Vacant School Sites in Plan Areas

Others Reviewing this Report

- B. Andriachuk, City Solicitor
- R. Smyth, Deputy City Manager, Citizen Services
- C. Owen, Deputy City Manager, Communications and Engagement
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development