

2015 Property Sales and Acquisitions ANNUAL REPORT

The Property Sales and Acquisition team ("PS&A"), in the Real Estate and Housing Branch, is a multi-functional group that acquires, disposes of, and provides consulting services for the City's real estate needs.

The Property Sales program markets and sells developed and surplus City properties in accordance with several Council initiatives. Our team contributes to City revenues through projects that increase the tax revenue, create greater economic activity and provide focused community investments. To support the City's strategic objectives that promote sustainability, Property Sales includes sustainable certifications such as LEED, Built Green or EnerGuide as part of the normal sale and development requirements for both residential and industrial subdivisions wherever possible.

The Property Acquisitions program is responsible for acquiring real estate interests to support the realization of Council-approved capital projects.

The success of this work is critical to the ongoing business of city-building as it provides the foundational land component required to move capital projects forward. The City acquires land through a variety of methods, including negotiated purchase, land exchanges, nominal dedications, expropriation and other methods to support a wide range of civic projects. This work facilitates the construction of roadways, LRT lines, park-and-ride facilities, fire stations, police stations, public parks, sports fields, recreation centres, libraries, drainage facilities, and many other civic facilities and infrastructure projects.

OUR PROJECTS

The PS&A team supported a number of the City's projects and initiatives in 2015. Some of the significant highlights of our work include:

SUSTAINABLE RESIDENTIAL SUBDIVISIONS:

Oxford and Laurel Green Communities

Oxford and Laurel Green are the City's most recent residential community developments. Both development projects have modelled the City's commitment to sustainable built forms by encouraging builders to construct solar-ready homes while obtaining third-party sustainability certification or a minimum EnerGuide rating of 78. The communities also encourage a mix of housing options, including single-family, duplexes, secondary suites, and other multi-family developments.

In Oxford, to date, 106 of 110 homes completed have met or exceeded our EnerGuide targets for the community. In addition, \$240,000 in grants have been awarded through the City's Cornerstones Secondary Suite Grant Program, which promotes more affordable housing options through the creation of secondary suites to be rented out to people with limited incomes. The community has received the 2015 Canadian Association of Municipal Administrators Environment Award for its Wildlife Passage Program, and the Built Green secondary suites were featured in the Federation of Canadian Municipalities Innovative Housing Tour.

Building on our success in Oxford, Phase One of Laurel Green was brought to the market in 2015. Of the 166 City lots made available for sale, 102 lots were offered directly to the general public through a lot draw. There was an overwhelming interest by citizens looking to be involved in this leading-edge development, and over 3,700 individuals registered to be included in a draw for the opportunity to purchase a lot. The lot draw was an incredible success and saw the City sell out of all 102 lots in one day.

We are proud that our customers – small Built Green Certified builders and individual "citizen builders" – have embraced our goals and committed to model the principles of this community. Together, we have created a unique neighbourhood with a concentration on homes with higher environmental standards than the average new homes being built in our region. The City's leadership in these communities has provided proof that developments can be green and maintain profitability.

Acquisitions Project Highlights

Our Acquisitions team has played a significant role in many of the City's highest-profile capital projects. From the Valley Line LRT to mechanized River Valley access, PS&A provides much of the real estate that allows the City's transformational projects to proceed. Some additional examples of our work in 2015 include:



River Valley expansion and trail extensions



Surplus school site acquisitions



Urban renewal



Affordable housing



Roadway and transportation infrastructure lands



Natural areas and parks



Drainage



Edmonton Energy and Technology Park



Government of Alberta Land Optimization Program

PS&A has been working with the Government of Alberta on a land optimization strategy. The intent of the project is to collaborate with the Province in a thoughtful and planned manner to obtain, dispose of, or exchange property interests to support the objectives of both levels of government. Some of the specific properties include various park-and-ride lands, civic infrastructure, and lands adjacent to the Legislature Grounds. Our team values the relationship that we continue to build with our provincial colleagues through the promotion of positive intergovernmental relations.



Supporting The Tax Levy

When the City sells land, developments typically occur that support city revenues through the property tax levy. While it is impossible to gauge the entire long term revenue contribution of the developments that happen on City-sold land, PS&A estimates that it has contributed over \$1,100,000 to the annual tax levy based only on the land component of property sales occurring in 2015. This excludes any eventual development taking place on these lands or activity that has been catalyzed as a result of the sale.

Improvements To Our Business

PS&A continues to deliver efficient and effective service to the City of Edmonton in a manner that provides the citizens of Edmonton with great value for money. With that said, we believe there is always room to do things better, and it is a commitment to continuous improvement that ensures that the PS&A team continues to deliver a quality program.

This year saw the team make a number of adjustments to the delivery of our program. For Property Acquisitions, we've automated our performance management tools and made our communication platform with client departments more efficient. The Property Sales program has made some changes as well. For larger development offerings, the lot registration process has been

automated through a platform available on the web which has improved the citizen experience. We've also rebranded with a fresh and modern look for our signage, web page, advertising, and information sheets. We now have a look that reflects our approach to promoting innovative solutions in real estate transactions.

For 2016, we'll be completing a full process review to identify additional areas of improvement, including compiling benchmarking information from other similar municipalities. PS&A will also be looking at innovative ways to leverage City real estate assets to achieve multiple outcomes for our city and continue to find creative ways to unlock value in the City's real estate holdings.

HOW DO WE STACK UP?

2015 Performance Measures

PROPERTY SALES PROGRAM

Sales Actuals to Budget > 1.0
ACTUAL PERFORMANCE= 1.18

% of properties sold with a sustainability requirement target= 80%
ACTUAL PERFORMANCE= 84.6%

PROPERTY ACQUISITIONS PROGRAM

% of properties acquired within provided budget= 95%
ACTUAL PERFORMANCE= 95.2%

% of properties within required timelines=90%
ACTUAL PERFORMANCE= 90.5%

Overall satisfaction with acquisition services=90%
ACTUAL PERFORMANCE= 95.1%



2016 OUTLOOK AND CHALLENGES AHEAD

The end of 2015 was quite difficult for many sectors of the Alberta economy. Heading into 2016, oil prices continued to decline and many sectors in the Alberta economy are seeing a tightening effect. The real estate market in Edmonton is no different, and all property classes should see a tough test in the coming year.

With this in mind, the economic outlook certainly poses a risk for the City of Edmonton Property Sales team. In addition to the broader economy, there are other items that should provide a drag on actual City of Edmonton sales as they relate to budgeted amounts. New mortgage rules requiring higher down payments, well above average builder inventory in multi-family markets, and the property mix available for sale in 2016 all pose risks to achieving budgeted sales amounts.



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