



CITY OF ST. ALBERT ADMINISTRATIVE BACKGROUNDER

TITLE: EOI 22 ST. THOMAS ST & 2 ST. ANNE ST

PURPOSE OF REPORT

On October 21, 2019 Councillor Watkins provided notice in accordance with Section 23 of Procedure Bylaw 3/2018 that he intended to bring forward the proposed motion below.

In order for Council to debate the motion, the motion must be formally moved.

PROPOSED MOTION(S):

That Administration initiate an Expression of Interest (EOI) on 22 St. Thomas Street and 2 St. Anne Street that would utilize the land (either as a long-term lease or donation) as the City's contribution to a residential and commercial development, and that the evaluation criteria include the percentage of affordable housing units provided at a minimum of 20% below market rates. That Administration report back to Council on the results of the EOI by May 30, 2020.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

Strategic Priority #2 – Enhance business/commercial growth

Develop and implement strategies or non-traditional economic development activities.

Develop catalyst strategies for new business opportunities within the community.

Strategic Priority #4 – Identify and build needed capital assets

Identify feasible strategies for near term development horizons for community facilities inclusive of land, financing, and partnership opportunities.

Strategic Priority #5 - Enhance Housing Options

Facilitate an increase in the variety of housing types in St. Albert to respond to market demands and accommodate the diverse needs of residents.

Strategic Priority #6 – Explore innovative environmental and conservation opportunities

Identify strategies to enable net zero residential, commercial, and industrial development and identify potential projects for implementation.

Administrative Priority #7 – Social Programming

Identify synergistic opportunities for the community not-for-profit sector to maintain or enhance services to clients.

Identify key socio-economic strategies beneficial to both the local business and social profit sectors.

Develop social and green procurement policies for Council's consideration.

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

N/A

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

N/A

BACKGROUND:

An Expression of Interest (EOI) is a non-binding transparent process to identify potential partners for a proposed concept. Submissions are invited from project development teams based on the City's stated development criteria and objectives within the EOI. The City is not required to select a respondent should project proposals not align with the City's objectives. The EOI would specifically state that the City would not be liable for any costs incurred in preparing a proposal or responding to the City's requests with respect to the proposal.

The *Municipal Development Plan* identifies the City's goal to encourage growth downtown as a place to live, shop, play, and enjoy local art and culture. St. Albert's downtown area is positioned as a central service area, intended to augment the community, human services, and commercial functions.

The proposed Motion identifies two city owned parcels immediately adjacent to each other:

1. 22 St. Thomas Street

- Lot size: 3,750 m² (86.46 m x 44.10 m)
- Land Use District: Downtown District
- "A" street Perron District character area
- Development potential: Excellent for ground floor retail and residential development above.
- Allowable building height: 5 stories

2. 2 St. Anne Street

- Lot size: 1,709 m² (irregular)
- Land Use District: Downtown District
- “A” street Perron District character area
- Development potential: Limited due to irregular lot shape and 20 m lot depth (65 ft.) at narrowest point.
- Allowable building height: 14 stories

Disposition of Land

The *Municipal Government Act* section 70(1) requires the City to advertise if the municipality proposes to transfer or grant an estate or interest in land for less than its market value. The proposal must be advertised unless the estate or interest is to be used by a non-profit organization as defined in section 241(f).

A land donation would transfer the land value as the City’s partnership contribution towards a stated number of housing units (identified by proponents) at 20% less than market rates. Project proponents would own the land and the building, in exchange for providing a percentage of affordable housing units at specified rates for the life of the development, or as stated in the agreement with the proponent.

A land lease would return ownership and use of the land to the City after the lease period is completed. The value of the building at the end of the lease period could be a negotiation point within the land lease.

Motion Strengths

The proposed Motion has the following strengths:

- It utilizes a resource already owned by the City to address Council’s strategic priorities without adversely impacting the current municipal budget. Additional revenue would be realized in future years through property taxation.
- The site’s centralized downtown location provides efficient access to jobs, schools, transit, social, and health services, and would expand the downtown residential population supporting existing downtown businesses.
- Downtown development would support Council and Administrative priorities including:
 - housing affordability;
 - net zero ready sustainable development;
 - investment and commerce in the downtown core enabled by a broader downtown population base;
 - synergistic opportunities for the community not-for-profit sector to maintain or enhance services to clients;
 - social and green procurement initiatives; and
 - universally accessible standards for housing units and public spaces.

- The proposed development would use a municipal resource to leverage project development funding from private industry and potentially other levels of government.
- A mixed commercial/residential housing model could internally subsidize the non-market housing units with the revenue from the market units and retail/commercial space. The subsidy would be invisible as it could be transferred to any unit in the development, based on the household's income. As non-market household's incomes rise, the subsidy could be transferred to another unit, without requiring the household to seek alternative market accommodation, supporting housing stability and long-term tenant outcomes.

Motion Limitations

- There may not be a level of interest from the development industry and not-for-profit partners to provide an EOI submission.
- Higher density and inclusive housing may not be supported by downtown residents, particularly adjacent to the site, as the site is currently vacant.
- A land lease may make it more difficult for project proponents to obtain financing and may reduce the level of interest in EOI proposals. Administration recommends a minimum 60-year lease if a land lease is desired by Council.

Recommendations

The following recommendations are supported by Administration:

1. That Council approve the development of an EOI on the identified properties to determine partnership options and the range of potential models that could be developed on the site(s) to provide affordable housing at a minimum of 20% below market rates.
2. That Administration investigate the preferable land disposition model of a life lease or land donation within the EOI.
3. That the EOI specify the inclusion of a not-for-profit development partner to select non-market residents and/or partner in the buildings operations.
4. That the development be operated as a self-sustaining housing model that will not require the City to contribute operational funding towards any development partner or maintenance funding towards the development for the building's life.
5. That all public spaces in the development be universally accessible and that a minimum of 10% of the housing units are to be barrier-free.

6. That net-zero ready energy efficiency measures, sustainable development initiatives, social procurement opportunities, and synergistic partnerships with the community not-for-profit sector be included as desired aspects of the development.

EOI Timelines

If this Motion is passed, Administration will proceed with drafting an EOI based on Council's direction for public release in Q1, 2020. Administration will evaluate the EOI submissions and provide its recommendations to Council before May 30, 2020.

As a non-binding invitation, Council is not required to choose a specific proposal, and could choose to do nothing upon review of the proposed submissions.

Report Date: November 18, 2019
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Chief Administrative Officer: Kevin Scoble