



**LOUISE STATION COMPREHENSIVE DEVELOPMENT – (EAU CLAIRE) – WARD 8 ALD. KING (JR)**

**SUMMARY/ISSUE**

Report regarding the redevelopment of City owned lands for Affordable and Market Housing and a Fire/EMS Station on lands known as Louise Station.

Downtown Commercial Core – 838 – 4<sup>th</sup> Avenue S.W. C2007-48.

**PREVIOUS COUNCIL DIRECTION/POLICY**

On June 9 2003, Council approved C2003-44 Affordable Housing Implementation Plan and Funding. It was this plan that identified that The City target was for 200 units while the community target was an additional 200 units.

On July 24 2004, Council approved LAS2004-178 Affordable Housing Sustainable Resource Management Plan – Phase 2: Short Term Development Strategy 2004. Council directed Administration to “take a leadership role in the development of 200 units of affordable housing annually to maximize the Affordable Housing Partnership Initiative funding”.

On December 12 2005, Council approved 2006 Corporate Goals in APA2005-538a where they identified “through direct development and partnerships, initiate development of 200 units of non-market housing (pending available senior government funding) for 2006, 2007, and 2008 respectively.

On June 12 2006, LAS2006-78 Affordable Housing Strategic Financial Plan was approved.

On October 16 2006, LAS2006-144 Proposed Method of Disposition for 727 - 1 Avenue SW was Approved by Council.

On February 13 2007, Council approved LAS2007-12, Proposed Initiation of Expropriation – Downtown Commercial Core. On June 25 2007, Council Approved the Proposed Amendment to Previously Authorized Initiation of Expropriation –

**ADMINISTRATION RECOMMENDATIONS:**

That the Land and Asset Strategy Committee recommend that Council:

1. Authorize the Administration to formalize and complete the transactions as set out in Attachment 2 - Heads of Agreement;
2. Direct Administration to authorize the demolition of the buildings located on site;
3. Direct Administration to authorize the Developer to initiate excavation of the site;
4. Direct Administration to authorize the sale of the 727 1 Avenue SW property in keeping with Attachment 3 - the Business Agreement;
5. That Council approve an appropriation of \$16.5 million in program 489 (Public Housing) and to be financed from Provincial Affordable Housing Funding (\$12 million) and Corporate Housing Capital Reserve (\$4.5 million);
6. Direct Administration to direct the net proceeds of sale from 727 1 Avenue SW property to Program 489 (Public Housing);
7. Direct that Attachments 2 and 3 of the Report remain confidential under Section 25(1) of the *Freedom of Information and Protection of Privacy Act* until the Heads of Agreement is executed; and
8. That Report LAS2007-111 be forwarded as an item of urgent business to the 2007

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July 23 Regular Meeting of Council.

**RECOMMENDATION OF THE LAND AND  
ASSET STRATEGY COMMITTEE, DATED  
2007 JULY 17:**

That the Administration Recommendations contained in Report LAS2007-111 be approved.

**INVESTIGATION**

The Louise Station project is composed of a Fire/EMS Station, Affordable Housing, Market Housing and small commercial retail units. The subject site is located on the northeast corner of 4<sup>th</sup> Avenue and 8<sup>th</sup> Street SW.

The LaCaille Group submitted a proposal to The City in 2006 calling for a partnership in the redevelopment on an existing City-owned parcel of land located at 4<sup>th</sup> Avenue and 8<sup>th</sup> Street SW to include both market and affordable housing. Subsequent to the submission of that proposal, the need for a west downtown fire station emerged as an urgent requirement. The two existing downtown fire stations are currently operating at or over capacity, and two new stations are needed in the downtown core to appropriately service the existing population, as well as to proactively prepare for the larger densities and populations planned for the downtown as outlined in the Approved May 7 2007 Centre City Plan.

City Administration determined that the LaCaille proposal provided a unique, cost-effective opportunity to:

- Address an immediate need for additional Fire/EMS services in the west downtown core;
- Capitalize on a proposal from the private sector to participate in the development of an urgently needed

affordable housing complex in the downtown core; and

- Pursue smart growth principles through comprehensive and integrated development.

The City was in ownership of the entire block with the exception of a two-storey multi-residential building located on the corner of the site, 838 – 4 Avenue SW. To move forward with this development project, acquisition of this property was necessary. In February 2007, Council approved the initiation of the expropriation of that property. On June 25<sup>th</sup> 2007, Council approved an amendment to the previously authorized initiation of expropriation. An agreement by way of Section 30 of the Expropriation Act is expected to be reached with the property owner of the lands required for this comprehensive development, closing date July 31 2007.

An application for a development permit for Louise Station was submitted to Development and Building Approvals April 13 2007, and is currently under review by The City's Development Authority.

The project team, which includes representatives from Land Servicing and Housing, Corporate Properties & Buildings, Fire, EMS, The LaCaille Group and GEC Architecture firm, met with the Executive of the Eau Claire Community Association on May 7 2007. A Public Open House was hosted by the Community Association at the Eau Claire market Concourse on May 16 2007 to discuss the project, answer questions and address the concerns of the community. A letter of support from the Eau Claire Community Association for the project was subsequently submitted to the File Manager of the development permit application. Contained within the letter, is support for the increase in the number of storeys for the

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project as well as support for the Fire/EMS facility at this location. (See Attachment 6).

Council approved a City initiated Land Use Amendment to DC Bylaw DC20Z95 for the entire site and an Amendment to the Eau Claire Area Redevelopment Plan on May 28 2007. The revisions include: increasing the height from 62m to 70m and the number of storey's from 17 to 22; Essential Public Services were added to the list of Permitted Uses; and the Exemption of Essential Public Services from FAR Calculations. Calgary Planning Commission approved the Land Use and ARP Amendment June 14 2007, which is to be before Council on July 16 for Council Public Hearing.

Development of this site will provide The City with the ability to combine market/affordable housing and Fire/EMS services in one development. This type of development helps to achieve "smart growth" by reducing the necessary footprint required to achieve specific Council priorities.

This project was approached according to three key elements including the design, the Business Arrangement and the Heads of Agreement. While each element is connected they each have certain core requirements that must be satisfied. The design must satisfy requirements of Fire, EMS and Affordable housing while adhering to the City's downtown design and land use requirements. The Business Arrangement should reflect a "win-win" scenario in which the City can capitalize on private sector involvement. The Heads of Agreement must facilitate expedient development while adhering to commercially competitive costs. In doing so the Heads of Agreement must also manage risk.

Attachment 7 provides copies of the proposed development concept. The development concept includes two residential towers on a

two storey podium building. The Fire/EMS facility will be located on the northwest corner of the property and is to be incorporated into the two storey podium and accessed from 8<sup>th</sup> Street SW. The affordable housing component is located on the eastern portion of the site and is comprised of 88 units in an 11 storey tower; 11 of the units are to be wheelchair accessible. The market housing is located on the westerly portion of the site and represents 132 units in a 20 storey tower. Both the market housing and affordable housing entranceways are accessed from 4<sup>th</sup> Avenue SW. Four levels of underground parkade and all loading to and from the building will be accessed from the rear laneway. Overall the proposed development design has been accepted by Calgary Housing Company, Fire and EMS.

The proposed traffic routing for emergency vehicles from the project site involves the conversion of 8<sup>th</sup> Street SW from one-way between 4<sup>th</sup> and 6<sup>th</sup> Avenues to a two-way traffic movement. The intersections along 8<sup>th</sup> Street will be controlled by opticom technology in order to preempt the signals, thereby clearing traffic at designated intersections to allow emergency vehicles to move westbound on 4<sup>th</sup> and 6<sup>th</sup> Avenues SW and eastbound on 5<sup>th</sup> Avenues SW. A Transportation Impact Assessment (TIA) has been submitted and reviewed by the Transportation Department.

The Heads of Agreement as laid out in the Attachment 2 provides for an approach that recognizes the need to move forward while managing the risk of unfixed costs. The agreement is best explained through a timetable format as follows:

1. July/August 2007: City and Developer enter into agreement of sale on the proposed property. The closing of which is February 1 2008.

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2. August/September 2007: Developer obtains permits and begins excavation of property.
3. November 30 2007: Developer to provide contract prices for the entire project (Fire, EMS, Affordable Housing and Parking).
4. January 15 2008: The City to take no longer the 45 days to make a selection of the following three options:
  - a) City accepts costs and enters into Development contract with Developer for the completion of Fire, EMS and Affordable Housing facility.
  - b) City rejects costs on Affordable Housing component but moves forward on Fire and EMS facility. City will retain ownership of strata title for Affordable Housing development and associated parking. NOTE: The City will be responsible for proportionate share of costs to date on Affordable Housing component.
  - c) City rejects costs on affordable Housing component and makes decision not to retain strata title and Developer to acquire land at market value, with no cost to The City.

September – February 2008: Developer to obtain all necessary permits. Developer to submit and pursue subdivision of strata titles.

January – February 2008: Development contract signed between The City and Developer.

February 1 2008: Developer to acquire parcel or if possible acquire relevant title to market component of development.

Estimated time for construction is 24 months until occupancy permit. Ninety days following

occupancy permits, the Developer will acquire 727 – 1<sup>st</sup> Avenue SW property.

### **IMPLICATIONS**

#### **General**

The ability to develop affordable housing units goes towards one of Council's specific priorities. In addition, the ability to develop a Fire/EMS station addresses a much needed essential public service for the downtown west area of the City.

The ability to create a comprehensive development program should aid this by intensifying density and reducing the need for more land.

#### **Social**

The existing 1<sup>st</sup> Avenue affordable housing project has substantive upgrading requirements and significant operational challenges evidenced by continued substance abuse, property crime and illegal behaviour. Removing the project and creating a new environment at a different location will help in creating a more desirable form of affordable housing.

Those individuals and families wait listed with the Calgary Housing Company will greatly benefit from the development of Affordable Housing at this location, as it will provide an additional 88 units, 11 of which are wheelchair accessible. The local community will benefit from the development of the Fire/EMS Station at the site, as current response times and capacities of Fire and EMS are considerably strained for the west portion of the downtown core.

By providing a range of housing options to people of different ages, income groups and lifestyles in Eau Claire, the inclusion of non-market housing will help create and maintain a healthy, vibrant and sustainable community.

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**Environmental**

Any environmental review required pursuant to the S.A.L.E. Policy will be conducted prior to sale closing.

An Environmental Site Assessment Phase 1 has been undertaken, as required by the planning process. No obvious concerns with the potential to pose a risk to the environment were identified at the site.

This proposed development reflects a comprehensive and integrated development that maximizes the value of city property and reflects a cornerstone principle of smart growth.

The development is designed utilizing sustainable, energy efficiency construction materials and systems based upon Leadership in Energy and Environmental Design (LEED) concepts. This reduces energy consumption and operation costs over the life of a building. Energy modelling is being conducted on the Fire/EMS Station, the affordable housing tower and market tower on an individual bases, in order to optimize the design. The goal for the Fire/EMS Station is to be LEED Silver Certified, based upon the LEED Canada checklist. The Affordable Housing tower will be designed based on the LEED Canada checklist. The Market Housing component will use the LEED checklist as a guideline in the design of the building.

**Economic (External)**

By creating a comprehensive development it would limit the need for new land and outward growth. The City's leadership on City owned property can serve as an example to other property developers as how creative solutions can be both financially feasible and practical.

The development will generate increased tax revenue into the future and lend to the overall benefit of the surrounding downtown communities through densification and subsequent economic infusion into the area.

**BUSINESS PLAN/BUDGET IMPLICATIONS**

The proposed Fire/EMS station is part of an existing capital budget program; Funding is available in the Fire Program #041.

The total capital construction budget for the Fire/EMS facility is \$9 million. There have been funds set aside for the associated vehicles and relevant capital costs. The Developer has provided a preliminary cost estimate \$9.1 million for the Fire/EMS component of the development. This number will be confirmed in the November 30 2007 detailed cost submission by the Developer.

Any potential costs associated with the affordable housing component will be considered part of the financial plan approved by Council. The preliminary construction cost estimate for the affordable housing component is \$26 million or estimated at \$296,000 per door. This cost is to be funded through the following sources: the Affordable Housing financial plan; the sale of 727 1<sup>st</sup> Avenue SW Property; and already approved Capital Funds in 2006-2008 Capital Budget. Overall, funding is available for the current capital cost estimate.

**RISKS**

Administration has worked with the Developer to develop a comprehensive agreement that makes significant efforts to manage risks. However, the nature of the project and desired timetables provides for some risks.

**Financial:**

The City will have 45 days upon receipt of the project budget, November 1 2007, to determine if the proposed budget

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documentation for the construction of the various elements of the project is commercially reasonable. The Heads of Agreement allows the City to effectively determine if the proposed construction budget is reasonably fair and subsequently choose the appropriate election based on predetermined internal budgets or ultimately dissolve the agreement. The City will reimburse the Developer for excavation costs and project management fees to date and continue the project with another party.

A dispute resolution mechanism has been incorporated into the agreement to allow for a fair and just conclusion in the event of a conflict.

Budget to repair 727 – 1 AV

The costs required to repair, upgrade and solve the operational challenges associated with the 1<sup>st</sup> Avenue affordable housing building are prohibitive. By selling this building to the developer, those funds can be redirected towards the construction and operation of the new affordable housing tower of Louise Station. The City capitalizes on a unique opportunity to replace old units in need of significant repair with new units using the latest designs and construction materials lending to a more fiscally effective and efficient building operation.

**Social:**

The existing affordable housing located at 727 1<sup>st</sup> Avenue SW contains 72 units. Based upon a review of the property, the water table proximity and the current guiding policies and bylaws governing the site, a redevelopment of the 1<sup>st</sup> Avenue property would result in a loss of 8 units. Thus a regeneration of 1<sup>st</sup> Avenue property would produce only 64 units and the costs associated are not financially reasonable. The Louise Station project contains 88 units, which is effectively a net gain of 24 units. In addition, the units would

be of current construction methods and materials, making the operational costs advantageous for Calgary Housing Company.

**VALUATION**

The negotiated price of the Property was based on two independent appraisals and has been approved by Corporate Properties and Buildings Valuations Committee comprised of accredited appraisers.

**ATTACHMENTS**

1. Site Map
2. **Removed per direction of Committee**
3. **Removed per direction of Committee**
4. LAS2006-144 Proposed Method of Disposition for 727 – 1 Avenue SW
5. C2007-48 Proposed Amendment to Previously Authorized Initiation of Expropriation – Downtown Commercial Core – 838 – 4<sup>th</sup> Avenue S.W.
6. Open House Panels and Communication with Eau Claire Community Association
7. Updated Concept Plans for Project