



Homestead Project Backgrounder

The Homestead Project refers to 10 acres of municipal dedication land within the D'Arcy neighbourhood, including the original farm site. The Town received this municipal dedication land through the 1994 annexation of the D'Arcy Lands. It is over and above the 10% municipal and school reserve required for any neighbourhood development.

Under the agreement, this 10-acre parcel is to be permanently owned by the Town and to be developed and used for municipal purposes. Municipal purposes include recreational, educational and/or other municipal purposes such as community facilities or affordable housing.

The Town plans to develop the site through three phases over the next 10 years, seeking grant funding and financial support whenever possible. The first phase of development will occur between 2019-2021.

The development for the entire site is at the conceptual design stage, as specific amenities and facilities for the majority of the site have not been finalized. Council has accepted administration's analysis for the first phase, which includes the 2.8 acre ecovillage, and has directed staff to continue negotiations for a lease agreement for the ecovillage.

As the land owner, the Town needs to grade and service the land before any development can occur and is a requirement for any lease agreement. Once the infrastructure is in place, it will have a life-cycle of approximately 100 years.

Development of the municipal dedication lands

- The Town is responsible for all costs to grade and service the 10-acre parcel.
- Except for the ecovillage portion, the Town is also responsible for all costs to build any community amenities and facilities on the site including any costs related to the farm site.
- The Town is not responsible for building the homes or village centre in the ecovillage.
- The ecovillage will be built in the first phase on 2.8 acres; public amenities including a community garden and a public green space will be also part of this phase.
- Subsequent phases will be completed between 2022-2030 with new amenities that will benefit the entire Okotoks community, such as natural green space and trails, a community greenhouse and winter garden, outdoor nature play spaces, multi-use community facilities and flexible studio spaces. Okotoks residents and stakeholders will influence the final decision on what is built.
- The entire cost of the 10-acre Homestead Project, including phase 1, 2 and 3 will be approximately \$18.5 million when completed. Due to the uncertainty of the timing and actual community amenities this is subject to change.

Phase 1: 2019-2021

The Town is responsible for grading and servicing the site, which will be completed through a tender process, and for landscaping the community gardens, park space and ecovillage.

Grading and servicing the land, and completing the environmental elements for the ecovillage will cost approximately \$3.34 million. An additional \$900,000 needs to be set aside to complete the initial plan for the entire 10 acres, and to build the community gardens and green space.

Part of phase 1 includes an ecovillage, built and managed by a non-profit organization. This meets the type of land use that is allowed under the municipal dedication requirements.

Realize Communities will be responsible for funding and constructing all the buildings in the ecovillage including the village centre.

The Town will not be responsible for operating or maintaining the ecovillage. Realize Communities will act as the ecovillage administrator and manage the long-term operation of the ecovillage including the upkeep and maintenance of village facilities and grounds.

Westwinds Communities has offered to assist Realize Communities to develop the organizational model for the ecovillage to ensure best practices are followed.

The Town is negotiating a lease agreement with Realize Communities that will provide a return on the Town's investment and will ensure a high standard of maintenance for the ecovillage.

In the lease agreement, Realize Communities will:

- Repay 50% of the land development and servicing costs, over the term of the lease
- Pay annual lease fees equal to property taxes.

The following table provides an illustration of the potential payments over the proposed term of the lease. Details of the repayment schedule are currently being negotiated:

Potential Ecovillage Lease Payments (60 Year Lease Term)

(Please note that these figures do not represent confirmed amounts and are only for illustrative purposes)

| Property Tax Calculation | |
|--|----------------------|
| Estimated Leased Area (Acres) | ~ 2.8 |
| Estimated Land Value Rate Per Acre | ~ \$1,000,000 |
| Total Estimated Land Value | ~ \$2,800,000 |
| 2018 Tax Rate | 0.784% |
| Estimated Annual Tax (2018) | ~ \$21,952.00 |
| Estimated Annual Tax Year 1 with annual tax increase of 2% (2021) | ~ \$23,761.55 |
| Estimated Annual Tax Year 60 with annual tax increase of 2% (2080) | ~ \$76,433.71 |
| Land Development & Servicing Costs | |
| Estimated Total Town Land Development & Servicing Costs | ~ \$3,340,000 |
| Estimated Annual Repayment (50% of capital costs without interest for 60 years) | ~ \$27,833.33 |
| Annual Return of Town's estimated \$1.67 Million Capital Contribution | |
| Estimated Annual Return on Town's investment loss (2.3% investment rate) | ~ \$38,410.00 |
| Total Lease Payment to the Town Escalating annual tax payment + Annual \$27,833.33 repayment + Annual % loss investment interest = | ~ \$6 Million |

Realize Communities would be the “leasee” in the land lease agreement and would carry the debt from project financing, pay for the land lease, and cover village utilities and expenses. Any profits derived from the operations of the ecovillage would be re-invested into the ecovillage (and/or the greater community).

As with any development, the Town will have control over the site plan, including architectural guidelines for the tiny homes and the ecovillage centre.