

GEF Seniors Housing Holyrood Land Lease

Recommendation

That a lease agreement between the City of Edmonton and Greater Edmonton Foundation Seniors Housing, as outlined in Attachment 2 of the August 23, 2021, Financial and Corporate Services report FCS00678, be approved, and that the agreement be in form and content acceptable to the City Manager.

Executive Summary

Administration is seeking Executive Committee approval for a long-term land lease with GEF Seniors Housing, which will support redevelopment of a City-owned site that GEF operates and manages through an existing memorandum of understanding with the City in the Holyrood neighbourhood. The redevelopment would result in the demolition of 13 semi-detached houses with a total of 25 units being replaced by 40-60 units of mixed-income, seniors affordable housing. The project will advance the City's goal of creating 2,500 affordable housing units for a variety of target groups by 2022, as identified in the City's Updated Affordable Housing Investment Plan (2019-2022).

Report

GEF Seniors Housing (GEF), formally known as Greater Edmonton Foundation, is a not-for-profit organization and the largest provider of affordable seniors housing in Alberta. In response to the growing demand for seniors housing, GEF is proposing to redevelop aging housing stock to maximize density, enhance building design and improve energy efficiency.

Originally developed in 1957, the Holyrood Golden Homes development consists of 25 housing units located on a City-owned lot. The existing homes have been under GEF's management and operation since 1969 through a memorandum of agreement. The memorandum of agreement provided GEF the ability to manage and operate the existing senior housing facility at a nominal lease rate in perpetuity. GEF's proposal would expand the number of units developed on the subject site while continuing to provide safe and secure affordable housing for low and moderate income seniors. In total, the Holyrood Regeneration project (outlined in Attachment 1) will feature between 40-60 affordable homes with near market rental rates. The site will require rezoning. Construction is anticipated to proceed in 2022 and open to the community by 2023.

To support this development, the City will need to terminate the existing memorandum of agreement with GEF and formalize a new lease agreement. The lease agreement would be for a lease term of 60 years at a nominal base rent of \$1 per year. GEF would be entirely responsible for all costs associated with the construction and subsequent operation of the redevelopment. It is anticipated that GEF would continue to operate the existing homes until such time that they are prepared to construct the new ones. The lease will be conditional upon GEF successfully obtaining the required land development approvals (rezoning and development permit).

By entering into a long-term lease agreement, GEF will be positioned to secure additional funds for their redevelopment proposal through the Canada Mortgage and Housing Corporation (CMHC) and the Federation of Canadian Municipalities. Depending on who funds the project and what type of funding GEF can secure, there is the potential that more onerous and restrictive clauses may be required in the lease agreement. The fundamental terms of the lease agreement and possible additional clauses are outlined in Attachment 2.

The agreement requires Executive Committee approval as the proposed term of the lease agreement exceeds the delegated authority of the City Manager as prescribed by Bylaw 16620 - City Administration Bylaw.

Public Engagement

Public engagement was not conducted for this report. GEF will lead any public engagement related to the proposed development as a complementary part of the rezoning process. As a condition of the Lease Agreement for the property, GEF will develop a Good Neighbour Plan to be shared with the Holyrood Community League. A Good Neighbour Plan is a tool for developing and maintaining a positive relationship between housing developments and their communities through a commitment to mutual proactive engagement, contribution and neighbourliness.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton is a Safe City			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Increased access to affordable housing	Number of new affordable housing units supported	2021: 320 2020: 291 2019: 648 2018: 189	2,500 by the end of 2022

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
If recommendation is approved						
Public Engagement	The community may not support the development	2 - Low	1 - Minor	2 - Low	GEF is planning the first community conversation for this project to share information and gather feedback	More engagement can be requested and enforced by the City before a lease extension
Project	Proposed land use changes are not approved	1 - Rare	2- Moderate	2 - Low	The lease is conditional upon the rezoning being approved	Ensure changes are consistent with acceptable standards
Legal/ Public Perception	CMHC enforces its mortgage and assigns the Lease to a party other than GEF to be used. No restrictions on assignment clause	1 - Rare	2- Moderate	2 - Low	This is a CMHC Co-investment requirement and not negotiable	Consider working with parties that can obtain funding from other sources. Continue to communicate with CMHC to change their position on these clauses
Financial	In the event of catastrophic loss, insurance proceeds go to mortgage first	1 - Rare	2- Moderate	2 - Low	This is a CMHC Co-investment requirement and not negotiable	

If recommendation is not approved

Public Perception	Existing relationship with GEF Seniors Housing may be negatively impacted	3 - Likely	2 - Moderate	6 - Medium	Administration continues to work with GEF to actively maintain the relationship	
Land Stewardship	City-owned land with aging buildings is a potential risk to existing occupants	4 - Likely	2 - Moderate	8 - Medium	GEF will have to undertake a major renovation of the existing buildings	

Attachments

1. Golden Homes Holyrood Regeneration - Development Details

2. GEF Seniors Housing Holyrood Land Lease - Terms and Conditions

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- R. Smyth, Deputy City Manager, Citizen Services
- S. McCabe, Deputy City Manager, Urban Planning and Economy
- K. Fallis-Howell, Acting City Solicitor