

Greater Edmonton Foundation Lauderdale Land Lease

Recommendation

1. That an exception to City Policy C437 The Lease or Sale of City-Owned Land for Social Housing Development, to allow for a below standard lease rate of \$1.00 per year, for the Lauderdale site, as outlined in the September 21, 2020, Citizen Services report CR_8384, be approved.
2. That the lease agreement between the City of Edmonton and Greater Edmonton Foundation, as outlined in Attachment 2 of the September 21, 2020, Citizen Services report CR_8384, be approved, and that the agreement be in form and content acceptable to the City Manager.

Executive Summary

The Greater Edmonton Foundation has developed a plan to lease and redevelop a City-owned site in the neighborhood of Lauderdale, into a 37 unit, mixed-income, seniors affordable housing development. The existing six, semi-detached houses with a total of 12 units will be demolished and an application to rezone the site has been initiated. The Greater Edmonton Foundation has completed the project development phase including public engagement.

Prior to commencement of the construction phase, the City will need to enter into a lease agreement for the site. Administration supports the proposed long-term lease and the continued commitment to providing more affordable seniors housing at this location.

Report

Greater Edmonton Foundation is a not-for-profit organization and is the largest provider of affordable seniors housing in Alberta. In response to the growing demand for seniors housing, Greater Edmonton Foundation is redeveloping aging housing stock to maximize density, improve building design and improve energy efficiency.

Originally developed in 1955, the Lauderdale Homes consists of 12 housing units located on six City-owned lots. The existing homes have been under the management and operation of the Greater Edmonton Foundation since December 30, 1969, through a memorandum of agreement. The memorandum of agreement provides Greater

Edmonton Foundation the ability to manage and operate the existing senior housing facility at a nominal lease rate in perpetuity. The buildings are now past their useful life span and the Greater Edmonton Foundation wishes to renew and expand the seniors housing to continue to provide safe, secure, affordable housing for low and moderate income seniors. In order to do so, the existing memorandum of agreement between the City and Greater Edmonton Foundation for the site will have to be terminated and a new lease agreement formalized. An executed long-term lease agreement is also a requirement for the Co-Investment Fund program application through Canada Mortgage and Housing Corporation, in order to secure additional funds for the redevelopment.

The proposed lease agreement includes terms and conditions which are exceptions to City Policy C437 - Lease or Sale of City-Owned Land for Social Housing Development. Executive Committee approval is required when exceptions to City Policy C437 are requested. Executive Committee approval is also required as the proposed term of the lease agreement exceeds the delegated authority of the City Manager as prescribed by Bylaw 16620 - City Administration Bylaw.

Lauderdale Regeneration

The Lauderdale Regeneration will feature an increase to a total of 37 affordable homes with near market rental rates. To facilitate this, the site will be rezoned and the subject lots will be consolidated. The Lauderdale Regeneration is anticipated to open to the community by 2022 and will contribute to the goal of the Updated Affordable Housing Investment Plan (2019-2022) to build 2,500 units of affordable housing.

Budget/Financial Implications

Administration requires City Council approval to enter into a lease agreement with the Greater Edmonton Foundation to enable the demolition of the existing buildings, construction and operation of the new seniors housing development. The lease agreement includes a term of 60 years and a nominal base rent of \$1 per year. The lease will be contingent on Greater Edmonton Foundation successfully obtaining the required land development approvals.

To address any potential concerns about the ability of a housing management body (such as Greater Edmonton Foundation) to requisition a municipality for operating and reserve deficits, Administration has confirmed that this only applies to lodge accommodations, and the proposed development is not a lodge accommodation.

Legal Implications

The proposed lease agreement exceeds Administration's delegated authority as prescribed by Bylaw 16620 - City Administration Bylaw for the length of term, with extensions, and contains exceptions to City Policy C437 - Lease or Sale of

City-Owned Land for Social Housing Development. City Policy C437 normally requires land for social housing agencies to be leased at 50 percent of the market value plus servicing costs on an up-front basis, but exceptions to the policy may be considered based on a justification acceptable to Executive Committee or City Council. One of the key terms in the proposed agreement would be that the land be provided at a nominal base rent (\$1 per year). Currently, the existing memorandum of agreement with Greater Edmonton Foundation is set at nominal cost of \$1.00.

Public Engagement

Public engagement was not conducted for this report.

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	2018-2020: 807	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	3 - Possible	1 - Minor	3 - Low	The Foundation has initiated and engaged the community and have gathered positive feedback	
Project	Proposed land use changes are not approved	1 - Rare	2 - Moderate	2 - Low	A pre-application meeting was completed and supported The lease is conditional upon the rezoning occurring	
If recommendation is not approved						

Financial	Operating budget and project schedule will be negatively impacted	4 - Likely	2 - Moderate	8 - Medium	The current memorandum of agreement does not envision the regeneration proposed. If a new lease is pursued to include the proposed regeneration with substantive lease rates, the Foundation may need to seek additional funding to cover the 50 percent market lease rate or such other lease rate	
Public Perception	Existing relationship with the Foundation may be negatively impacted	4 - Likely	2 - Moderate	8 - Medium	Administration continues to work with the Foundation to actively maintain the relationship	
Land Stewardship	City-owned land with aging buildings is a potential risk to existing tenants	4 - Likely	2 - Moderate	8 - Medium	The Foundation will have to undertake a major renovation of the existing building	

Attachments

1. Lauderdale Regeneration - Development Details
2. Greater Edmonton Foundation Lauderdale Land Lease - Terms and Conditions

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- B. Andriachuk, City Solicitor