

Bylaw 19304

To authorize the City of Edmonton to lend money to a non-profit organization and controlled corporation, The City of Edmonton Non-Profit Housing Corporation

Purpose

To authorize the City of Edmonton to lend money to a non-profit organization and controlled corporation, The City of Edmonton Non-Profit Housing Corporation (also known as homeEd).

Readings

Bylaw 19304 is ready for second and third readings.

Advertising and Signing

This Bylaw was advertised in the Edmonton Journal on Thursday, August 20, 2020, and Thursday, August 27, 2020. The Bylaw cannot be signed and thereby passed prior to Monday, September 14, 2020.

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw is necessary in order for the City of Edmonton to lend money to The City of Edmonton Non-Profit Housing Corporation for the purposes of executing its homeEd Expansion Strategy Project.

Report

At the August 17, 2020 City Council meeting, Bylaw 19304 received first reading and approved the following recommendation:

“That the terms of a loan agreement between the City of Edmonton and The City of Edmonton Non-Profit Housing Corporation, also known as homeEd, as outlined in Attachment 2 of the August 17, 2020, Financial and Corporate Services report CR_8255, be approved, and that the agreement be in form and content acceptable to the City Manager.”

Bylaw 19304 - To authorize the City of Edmonton to lend money to a non-profit organization and controlled corporation, the City of Edmonton Non-Profit Housing Corporation

The petition period expires on Monday, September 14, 2020. At the date of writing this report, no petition has been received and it is anticipated that none will be received. If, in fact, any are received, this will be reported at the September 21, 2020, City Council meeting. If none are received, this Bylaw may proceed.

The City of Edmonton Non-Profit Housing Corporation, also known as homeEd, is a non-profit housing provider and controlled corporation with over 40 years of experience in Edmonton's affordable rental housing sector. They own and manage over 900 affordable rental units made up of ten apartment buildings, ten townhouse complexes and over 100 condo units located across 34 condo buildings. As mortgages on existing properties have matured, homeEd is in the financial position to reinvest into their portfolio and expand their operations. This portfolio expansion will provide an estimated 500 additional units of safe, adequate and affordable housing to Edmontonians needing a place to call home.

The City of Edmonton received a formal request for borrowing authority from homeEd in a letter dated February 20, 2020, which provided the following information:

“At a Special Meeting of the Shareholder, held on September 17, 2019, the Board of Directors for The City of Edmonton Non-Profit Housing Corporation (a City subsidiary operating as homeEd) presented options around an updated Portfolio Expansion Strategy. The Strategy was developed in consideration of the Board's and the Shareholder's shared urgency to see homeEd play an expanded role in serving the housing needs of Edmontonians.”

Resulting from Shareholder endorsement of the Strategy, homeEd is seeking authority for borrowing from the City of Edmonton for a maximum of \$70 million with a borrowing term of up to 30 years, to finance property acquisition and redevelopment to support expansion over the span of 2020 - 2026. This portfolio expansion strategy relies on a mix of debt financing, grant funding and equity contribution. Approving this lending request will enable homeEd to expand their portfolio by over 50 percent.

The City had previously loaned to homeEd under the following bylaws:

- \$9.2 million under Bylaw 16844 passed on August 27, 2014
- \$1.7 million under Bylaw 16560 passed on November 6, 2013
- \$5.3 million under Bylaw 14847 passed on March 26, 2008

Under the City's management of these loans, homeEd has not defaulted on any scheduled loan repayments and continues to adhere to terms of the loan agreements.

This Bylaw authorizes the City of Edmonton to loan money to this non-profit

Bylaw 19304 - To authorize the City of Edmonton to lend money to a non-profit organization and controlled corporation, the City of Edmonton Non-Profit Housing Corporation

organization and controlled corporation. The proposed terms of the loan were approved at the August 17, 2020 City Council meeting and are included in Attachment 2.

Corporate Outcomes and Performance Management

Corporate Outcomes: The City of Edmonton has sustainable and accessible infrastructure and a resilient financial position			
Outcomes	Measures	Results	Targets
Consistent repayment from The City of Edmonton Non-Profit Housing Corporation to the City for the loan obligation and a successfully executed Portfolio Expansion program which serves Edmontonians' housing needs.	Consistent repayment from The City of Edmonton Non-Profit Housing Corporation on the loan obligation resulting in a net-zero impact to the City's tax levy. Completion of the Portfolio Expansion Strategy program within expected timelines.	TBD	<ul style="list-style-type: none"> • A lending agreement with The City of Edmonton Non-Profit Housing Corporation which allows for the City to recover debt servicing costs related to borrowing for the portfolio expansion. • The completion of the portfolio expansion program within expected timelines.

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
The City of Edmonton Non-Profit Housing Corporation may not be able to repay the loan. In the event of default, the payments on the loan would be made from the tax levy/Financial Stabilization Reserve.	2 - Unlikely	3 - Major	6 - Low	The financial position and statements have been reviewed and assessed for an ability to repay the loan.	<p>The City could work with The City of Edmonton Non-Profit Housing Corporation on a different repayment structure in the event the current repayment plans are not met or become infeasible.</p> <p>The City has the right to offset any outstanding amounts owing by The City of Edmonton Non-Profit Housing Corporation (homeEd) from any monies payable by the City to homeEd.</p>	The City of Edmonton Non-Profit Housing Corporation may not be able to repay the loan. In the event of default, the payments on the loan would be made from the tax levy/Financial Stabilization Reserve.

Public Engagement

Lending bylaws reflect a legislative requirement under section 264 of the *Municipal Government Act* for cases when the City loans to a non-profit organization and controlled corporation for a purpose that will benefit the municipality. As a result no public engagement is undertaken with respect to the lending bylaw process. As required by the *Municipal Government Act*, lending bylaws are advertised.

Attachments

1. Bylaw 19304
2. Terms of the Loan Agreement between The City of Edmonton and The City of Edmonton Non-Profit Housing Corporation