

Bylaw 19303

To authorize the City of Edmonton to finance The City of Edmonton Non-Profit Housing Corporation, homeEd Expansion Strategy Project

Purpose

To authorize the City of Edmonton to borrow the sum of \$70,000,000 to undertake and finance The City of Edmonton Non-Profit Housing Corporation, homeEd Expansion Strategy Project.

Readings

Bylaw 19303 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 provides for borrowing to undertake and finance The City of Edmonton Non-Profit Housing Corporation, homeEd Expansion Strategy Project.

Report

At the August 17, 2020 City Council meeting, Bylaw 19303 received first reading.

The petition period expired on Monday, September 14, 2020. No petitions were received, so 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 10 apartment buildings, 10 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 to finance property acquisition and (re)development to support expansion over the span of 2020 - 2026. The term of the loan is requested for up to 30 years and the City intends to borrow from its lender under the same terms.

This Bylaw authorizes the City to borrow money for The City of Edmonton Non-Profit Housing Corporation, homeEd Expansion Strategy Project and accompanies Bylaw 19304, which authorizes the City to lend money to this organization. The operating budget impacts of this borrowing and lending would have a net zero impact to the tax levy as the loan payments received from the homeEd are intended to be consistent with the terms of the borrowing from the Alberta Capital Finance Authority, or Provincial lender.

Corporate Outcomes and Performance Management

Corporate Outcomes: The City of Edmonton has sustainable and accessible infrastructure and The City of Edmonton has a resilient financial position			
Outcomes	Measures	Results	Targets
Ensure transparent, conservative and reasonable debt financing as a source of funding to support the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability.	<ul style="list-style-type: none"> The City of Edmonton is subject to limits both for total debt and debt servicing by the <i>Municipal Government Act</i> and by the City's internal <i>Debt Management Fiscal Policy (C203C)</i>. <ul style="list-style-type: none"> The <i>Municipal Government Act</i> debt limit is 2 times the revenue of the City and the debt servicing limit is 35% of City revenues. For this calculation, revenues are net of capital 	<ul style="list-style-type: none"> Based on the limits set under the <i>Municipal Government Act</i>, as of December 31, 2019, the City had used 54.8% of its debt limit and 29.5% of its debt servicing limit. Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of 	Total debt and debt servicing are in line with the limits set by the <i>Municipal Government Act</i> and by the internal <i>Debt Management Fiscal Policy (C203C)</i> .

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	<p>government transfers and contributed tangible capital assets.</p> <ul style="list-style-type: none"> The internal <i>Debt Management Fiscal Policy (C203C)</i> sets more conservative debt service limits at 22% (total debt) of City revenues and 15% (tax-supported debt) of Tax Levy Revenues. 	<p>December 31, 2019, the City had used 58.4% of its tax-supported debt servicing limit and 44.1% of its total debt servicing limit.</p>	
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Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
Exceeding regulated debt and debt servicing limits.	Exceeding debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal <i>Debt Management Fiscal Policy (C203C)</i> . Exceeding the Debt Limit Regulations requires approval from the minister. Failure by a municipality to fall within the Debt Limit Regulations may result in the refusal of an application to the Alberta Capital Finance Authority to purchase the City's debentures in order to finance a capital project.	1-Rare	4-Severe	4-Low	Quarterly monitor the City's debt borrowings, debt positions and debt servicing to ensure compliance with the debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal <i>Debt Management Fiscal Policy (C203C)</i> . The City considers and models the impact to the debt position and debt servicing limits due to future unapproved borrowings and potential changes to interest rates.	Long term forecasts are used to determine the impact of approved and potential future unapproved projects and their impact on debt limits.

Public Engagement

Borrowing bylaws reflect a legislative requirement of the borrowing process and as a result, no public engagement is undertaken with respect to the borrowing bylaw process. Where required by the *Municipal Government Act* borrowing bylaws are advertised.

Attachment

1. Bylaw 19303