

Riverdale Co-operative Land Lease Extension

Recommendation

That the terms of the lease amending agreement between the City of Edmonton and the Riverdale Housing Co-operative, for the land lease, as outlined in Attachment 1 of the November 30, 2020, Citizen Services report CS00075, be approved, and that the lease amending agreement be in form and content acceptable to the City Manager.

Executive Summary

Riverdale Housing Co-operative is requesting a 60-year extension to their existing land lease with the City of Edmonton, which will expire on February 15, 2042. The extension will enable the co-operative to access federal funding and financing to complete a long-term renovation plan on the 26 affordable housing units they operate and to provide affordable, sustainable housing for Edmontonians for the future.

Report

Riverdale Housing Co-operative is a non-profit housing co-operative which has provided affordable housing to its members since 1982. Riverdale Housing Co-operative operates a complex of affordable housing units on behalf of its members, which consist of 13 two-storey duplex buildings with a total of 26 units in the Riverdale neighbourhood.

The Riverdale Housing Co-operative is planning short- and long-term capital repair priorities and a strategy for paying for them that balances the physical assets of the building and member retention. Building components that need replacement in the short term include retaining walls, windows, bathroom exhaust fans, as well as phased replacement of furnaces, balconies and water heaters. Long-term repairs required include exterior building renovations and interior work such as kitchen and bathroom refurbishment. All refurbishments will consider environmentally-responsible upgrades where possible.

The current land lease agreement between the City and the Riverdale Housing Co-operative was executed on April 23, 1982, for the purpose of allowing the co-operative to develop 26 housing units and is set to expire on February 15, 2042. Riverdale Housing Co-operative is requesting a 60-year extension to the land lease to facilitate the funding required to complete necessary renovations and to continue to provide its affordable housing and long term sustainability objectives.

The estimated cost to remedy all identified physical deficiencies is approximately \$1.7 million. The Riverdale Housing Co-operative has approximately \$400,000 in its renovation fund and the remaining \$1.3 million will be financed. The co-operative is in the process of finalizing financing in order to undertake both deferred and necessary maintenance and improve the condition of its facility into the foreseeable future. The present budget for reinvestment is approximately \$1.4 million. Riverdale Housing Co-operative has held discussions with the Co-operative Housing Federation of Canada and potential lenders about refinancing. Borrowing will allow the co-operative to do urgent repairs and other necessary work. The short- and long-term capital plan prioritizes health and safety, building code compliance, and marketability.

The Riverdale Housing Co-operative may need to borrow again in approximately 10 years to pay for siding replacement and 10 years after that to pay for roof replacements. The 60 year extension will allow Riverdale Housing Co-operative to leverage long-term amortization of current and future funding and maintain affordable housing rates for members.

Riverdale Housing Co-operative paid all existing land lease fees in full in 1982. If the extension is approved, in accordance with the existing agreement, the co-operative will continue to pay the assessed property taxes each year throughout the current lease term and the proposed extended lease term, which would expire on February 15, 2102.

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)
Ensure the long-term sustainability of Riverdale Housing Co-operatives housing stock	Number of affordable housing units provided by Riverdale Housing Co-operative	2020: 26	Maintain the number of units available

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations

If recommendation is approved						
Project	Renovations may be delayed by existing City policies or procedures	1 - Unlikely	3 - Major	3 - Low	City policies that may delay the renovations have been reviewed and will not delay the project	N/A
Project	Funding application(s) not approved	2 - Possible	2- Major	4 - Low	The land lease extension agreement will not be executed as per the terms and conditions of the land lease	Possibly request a further revision to land lease terms and conditions if required
If recommendation is not approved						
Project	Project cannot be financed	3 - Possible	3- Major	9 - Medium	N/A	Project will remain on hold until additional funds are secured

Attachment

1. Riverdale Housing Co-operative Land Lease Amending Agreement Terms and Conditions

Others Reviewing this Report

- 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