

Sale of Lands for Permanent Supportive Housing to Homeward Trust Holding Company

Recommendation

That Executive Committee recommend to City Council:

1. That an exception to the standard market value sale price contained in City Policy C437 The Lease or Sale of City-Owned Land for Social Housing Development, as outlined in the March 1, 2021, Financial and Corporate Services report FCS00218, be approved.
2. That the sale of the lands from the City of Edmonton to Homeward Trust Holding Company, on the revised terms and conditions, as outlined in Attachments 1, 2, 3 and 4 of the March 1, 2021, Financial and Corporate Services report FCS00218, be approved, and that the agreements be in form and content acceptable to the City Manager.
3. That the sale of the lands from the City of Edmonton to Homeward Trust Holding Company, on the terms and conditions, as outlined in Attachment 5 of the March 1, 2021, Financial and Corporate Services report FCS00218, be approved, and that the agreement be in form and content acceptable to the City Manager.
4. That the affordable housing agreements between the City of Edmonton and Homeward Trust Holding Company, on the revised terms and conditions, as outlined in Attachment 6 of the March 1, 2021, Financial and Corporate Services report FCS00218, be approved, and that the agreements be in form and content acceptable to the City Manager.
5. That the affordable housing agreement between the City of Edmonton and Homeward Trust Holding Company, on the terms and conditions, as outlined in Attachment 7 of the March 1, 2021, Financial and Corporate Services report FCS00218, be approved, and that the agreement be in form and content acceptable to the City Manager.

Executive Summary

On June 29, 2020, City Council approved the below-market sale of four sites to Homeward Trust Foundation to construct 150 units of supportive housing. Following that Council approval, a fifth site in Westmount was identified as suitable for supportive housing. As well, the following capital funding opportunities became available:

- The Government of Canada created the Rapid Housing Initiative Program, administered by the Canada Mortgage and Housing Corporation, with funding available under two streams: (a) Major Cities Stream; and (b) Projects Stream, as detailed more particularly in the November 16, 2020, Citizen Services report CS00137, Plan to Meet Immediate Housing Need - Progress Report; and
- The Government of Alberta created the Municipal Stimulus Program, as detailed in the September 21, 2020, Financial and Corporate Services report FCS00080, Municipal Stimulus Program - Proposed Funding Allocations.

The City received a combined total of \$23,471,052 under the Municipal Stimulus Program (\$6.2 million) and the Rapid Housing Initiative Program's Major Cities Stream (\$17.271 million) for three of the five projects. Council approved the allocation of funds to Capital Profile 19-90-4100 Affordable Housing Land Acquisition & Site Development pursuant to November 16, 2020, Citizen Services report CS00137, Plan to Meet Immediate Housing Need - Progress Report, and November 16, 2020, Financial and Corporate Services report CR_8486, Fall Supplemental Capital Budget Adjustment.

Administration is seeking Council approval of amendments to the terms and conditions of the sale for the four approved sites to align with the Rapid Housing Initiative Program's requirements, and approval of the below-market sale of the fifth site and modular development in Westmount to align with the Rapid Housing Initiative and Municipal Stimulus Program's requirements, to Homeward Trust Holding Company, as an exception to City Policy C437 The Lease or Sale of City-Owned Land for Social Housing Development. Approval of the terms and conditions of the Affordable Housing Agreements for all five sites is also required to proceed with the projects.

Report

The City's Updated Affordable Housing Investment Plan (2019-2022) guides the resources to support the City's affordable housing goals. Five projects that will provide 210 new supportive housing units in Terrace Heights, McArthur Industrial, Inglewood, King Edward Park and Westmount are outlined in this report. These units would advance the City's goal of 600 supportive housing units by 2022. Two programs from other orders of government, the federal Rapid Housing Initiative Program and provincial Municipal Stimulus Program, are available to support the new housing units. The Rapid Housing Initiative Program's goal is modular housing developments delivered on an accelerated timeline, requiring Administration to return to Council seeking several approvals related to the disposition of these sites.

Four Supportive Housing Sites - Amendments

Administration identified four suitable City-owned sites that could allow 150 new units of supportive housing. Through the June 29, 2020, Citizen Services report CR_8190, Sale of Lands for Permanent Supportive Housing to Homeward

Trust Foundation, Council approved the below-market sales of four properties to Homeward Trust Foundation:

- Terrace Heights - Portion of 6503 - 101 Avenue NW
- King Edward Park - Portion of 8120 - 93 Street NW
- McArthur Industrial - 14125 - 137 Avenue NW
- Inglewood - 12312 - 112 Avenue NW

Administration is seeking the approval of amendments to the sale terms and conditions for the four sites, including removing conditions that have been completed (e.g., the rezoning condition), and accounting for the City building the modular developments. Additionally, Council approval is required to approve the change in buyer from “Homeward Trust Foundation” to “Homeward Trust Holding Company” for all four sites.

If the amendments are approved, the four properties (previously approved by Council in June 29, 2020, Citizen Services report CR_8190) will be developed by the City in accordance with the requirements of the Rapid Housing Initiative Program. As outlined in November 16, 2020, Citizen Services report CS00137, the Canada Mortgage and Housing Corporation indicated the City of Edmonton will receive \$17,271,052 to create a minimum of 78 units of new permanent affordable housing through the Major Cities stream of the Rapid Housing Initiative Program. The City will enter into sale and affordable housing agreements to allow for the transfer of the four sites and the accompanying modular developments to Homeward Trust Holding Company. The sale agreement and affordable housing agreement terms and conditions contained within Attachments 1-4 and 6 will supersede the terms and conditions previously approved under June 29, 2020, Citizen Services report CR_8190.

Westmount Supportive Housing Site

In late 2020, Administration acquired the property at 11039 - 130 Street NW in Westmount to be developed for 60 units of modular supportive housing. Administration is seeking approval of the below-market sale of the Westmount property to Homeward Trust Holding Company as an exception to the standard market value sale price contained in City Policy C437 The Lease or Sale of City-Owned Land for Social Housing Development. The sale and affordable housing agreements between the City and Homeward Trust Holding Company will adhere to the terms and conditions outlined in Attachments 5 and 7.

Homeward Trust Holding Company

Homeward Trust Holding Company is a non-profit social purpose entity with the goal of owning and managing rental properties for low-income residents and Indigenous communities. Homeward Trust Holding Company is identified as the intermediary of all five projects under the City’s Rapid Housing Investment Plan.

Administration has reviewed the financial statements and third party fair market valuation report relating to Homeward Trust Holding Company and is satisfied the Company is a suitable recipient of the properties detailed in this report. Homeward Trust Holding Company also receives direct government assistance funds from various orders of government to implement their mandate of social purpose entities that decrease homelessness in Edmonton.

Next Steps

If the recommendations are approved:

- the City will enter into sale agreements and affordable housing agreements with Homeward Trust Holding Company for all five sites.
- Administration will provide a subsequent report in March 2021 to recommend approval of capital profiles for the five supportive housing projects
- Administration and Homeward Trust Holding Company will continue communicating with the four communities that have completed public engagement, while conducting public engagement for the Westmount site.
- Through a competitive process, Homeward Trust Holding Company will select an operator to provide on-site health and social service support for the target population of each development.
- Administration and Homeward Trust will continue operating funding discussions with other orders of government for these projects.
- Administration will complete project delivery of the housing developments for the five sites by December 2021, in accordance with the Rapid Housing Initiative and Municipal Stimulus Program requirements.

Budget/Financial Implications

The capital cost to construct all five projects is approximately \$58.7 million. The capital funding for these projects will come from the Canada Mortgage and Housing Corporation's Rapid Housing Initiative program, the Government of Alberta's Municipal Stimulus Program and the City of Edmonton. The annual operating cost of the five developments is estimated to be approximately \$5.8 million. The City will not be responsible for these annual operating costs. The cumulative market and book values of the five sites are \$5.5 million and \$1.3 million, respectively.

Legal Implications

As per section 70(2) of the *Municipal Government Act*, a disposition of land at less than its market value does not need to be advertised if it is to be used by a non-profit organization. Homeward Trust Holding Company is a non-profit organization as

defined in section 241(f) of the *Municipal Government Act* and therefore advertising is not required.

The Rapid Housing Initiative Contribution Agreement places requirements on the City as funding recipient, including progress reporting and a commitment to long-term affordable use. The Municipal Stimulus Program Memorandum of Agreement also places requirements on the City as funding recipient, including progress reporting and use for eligible expenditures. The City remains at all times liable to fulfill its contractual obligations to other orders of government under these funding agreements.

If the recommendations of this report are approved, the City would mirror relevant operational requirements from the funding agreements in its affordable housing agreements with Homeward Trust Holding Company, as the new registered owner of the sites.

Notwithstanding the use of a chain of agreements in this manner, there is risk to the City in that a breach of an affordable housing agreement could have a domino effect that impacts the ability of the City to fulfill its own contractual obligations to other orders of government under the funding agreements.

Public Engagement

Administration has completed public engagement focussing on a Good Neighbour Plan and building design elements for McArthur Industrial, King Edward Park, Terrace Heights and Inglewood, as outlined within the What We Heard Reports. Once an operator has been identified, the Good Neighbour Plan will be finalized and shared with the community.

A separate public engagement plan has been developed for the Westmount site to facilitate public engagement activities with Administration and Homeward Trust Holding Company. The public engagement plan will similarly focus on a Good Neighbour Plan. Planned information-sharing and engagement activities for Westmount include:

- Small key stakeholder meetings to share information, build relationships and gather input
- Community wide-engagement through Edmonton.ca and a survey
- Digital Q&A to share information and respond to community questions
- Public What We Heard report to capture community feedback and key themes.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton is a Safe City

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Outcome(s)	Measure(s)	Result(s)	Target(s)
Increased access to affordable housing	Number of supportive housing units developed	2009-2016: 201 2017 - present: 289	916 additional units by 2024
Increased supply of affordable housing units in all areas of the city	Number of new affordable housing units supported	2018-2020: 1,123	2,500 by the end of 2022
Edmontonians have safe and adequate housing	Number of unsheltered individuals	September 2020: 1,931	Decrease year over year

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
Risk if Recommendation is Approved						
Public Perception	Communities may not support the projects, affecting the integration of the permanent supportive housing developments	3 - Possible	2 - Moderate	6 - Low	Five site-specific public engagement plans for transparent, open conversations with the communities impacted	Adapt the public engagement plans and activities as engagement progresses to better meet the needs of these unique communities
Risk if Recommendation is Not Approved						
Financial	The City will not be able to meet the accelerated RHI and MSP deadlines, resulting in the City losing its funding allocation	5 - Almost Certain	4 - Severe	20 - High	Funding from Capital Profile 19-90-4100 may be able to make up some, but not all, of the capital shortfall as a result of losing RHI and/or MSP funding	Discuss opportunities for flexibility with Canada Mortgage and Housing Corporation

Attachments

1. Terrace Heights - Revised General Terms and Conditions of the Sale Agreement
2. King Edward Park - Revised General Terms and Conditions of the Sale Agreement
3. McArthur Industrial - Revised General Terms and Conditions of the Sale Agreement

4. Inglewood - Revised General Terms and Conditions of the Sale Agreement
5. Westmount - General Terms and Conditions of the Sale Agreement
6. Four Supportive Housing Sites - Revised General Terms and Conditions of Affordable Housing Agreements
7. Westmount - General Terms and Conditions of Affordable Housing Agreement

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- R. Smyth, Deputy City Manager, Citizen Services
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- B. Andriachuk, City Solicitor