



## CITY OF ST. ALBERT ATTACHMENT

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### **TITLE: RECOMMENDED AMENDMENTS TO THE ST. ALBERT HOUSING SOCIETY MEMORANDUM OF AGREEMENT**

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#### Proposed Notices of Motion – Councillor Joly - September 4, 2018

That the St. Albert Housing Society MOU be updated to include:

- Reporting for average rents for each housing type (1, 2, 3 bed), including parking and any other charges to tenants from SAHS, separate from rent subsidies received.
- Reporting for rent subsidies, including those from the Friends of the St. Albert Housing Society charity. (Based on Alyssa's comments the other week, even tenants are unclear about the subsidies received.)
- Reporting for rent defaults and/or legal proceedings to evict or recover costs from tenants.
- Reporting on Friends of the SAHS funds raised, outcomes, average length of participation, expenses, etc.
- That the SAHS intends to be self-sufficient by <YEAR> and will report on progress toward this goal through the 5-year term of the agreement.
- That the SAHS provide the amount of municipal funding required to attain self-sufficiency over <TIME PERIOD>, and/or plans on how to acquire the ~200 units they've advised are required.
- Reporting for percentage of tenants considered permanently low-income (AISH, seniors, etc.).
- Letters from SAHS-identified community coordination agencies that outline relationships with the SAHS and support for the organization.
- That donations would be considered as revenue as long as we continue to consider donations to other supported organizations as revenue.
- That the Friends of the SAHS is welcome to apply for grants, using standard processes and policies. (I don't think they've ever applied for one.)

- That St. Albert has first right to purchase all units owned by SAHS should they dissolve, not just the first 15, as St. Albert's initial investment and continued operational funding resulted in the capital required to purchase additional units.

### Administrative Recommendations

Administration recommends that the GPFC direct the Chief Administrative Officer to amend the following terms of the MOA, based on Councillor Joly's proposed Notices of Motion dated September 4, 2018, and the Society's reliance on funding from the City for its operations:

1. Reduce the MOA term from five years to three and implement an annual debt coverage ratio supplement in the MOA.

On October 9, 2018, the Society indicated that the reduced operational grant funding would reduce the Society's ability to meet the required net operating income/debt service ratio of 1.25 / 1. The Society indicated that they would require a minimum of \$15,000 over and above the amount allocated through the Outside Agency Grant Program to meet their financial obligations.

The addition of a debt coverage ratio supplement clause in the MOA would provide the Society with a temporary amount that could be negotiated annually, based on the amount of funding the Society may be eligible for under Policy C-CS-22 from year to year. An amount of \$20,000 is suggested as a debt coverage ratio supplement for 2019 to allow for a small emergency buffer.

The modification of the agreement to a three-year term would give the City time to evaluate and monitor how effectively the Society is able to reduce its current debt load, without committing the City into a long-term relationship where it has little to no influence on the financial obligations being undertaken by the Society.

Revised COPTER assessment regulations are expected to be implemented for the 2020 tax year, and may or may not contain language contemplative of tax exemptions for affordable housing. The City would need to evaluate the impacts of tax exemption treatment on other affordable housing properties (Housing Cooperatives, Habitat for Humanity, units owned by Big Point Developments), should a property tax exemption be considered for the Society.

A three-year agreement term may permit the City to consider a property tax exemption as an alternative option to providing the debt coverage ratio supplement in future years.

2. Eliminate the limit on the Future Investment Reserve for the three-year term of the agreement, based on the Society's request for an elimination of the funding cap.

The Society has acquired 27 units since their inception in 2007 and indicated at the October 9, 2018 meeting that sustainability would be subject to capacity building through project acquisitions, and the build-up of funds for reinvestment.

The Society's current financial and operational model is wholly dependent on the City supporting the Society's operational costs, with the Society retaining their income earned towards debt repayment or future growth. The Society has purchased additional units assuming the City would cover other costs. This model is not sustainable and was not an arrangement the City agreed to.

It is recommended that the cap on the Future Investment Reserve be eliminated for the three-year term of the agreement to enable the Society to save sufficient income to pay down its debt. The risk to this strategy is that it may result in the Society's expectation that the City will continue to support the Society's operations in this manner if a future agreement is negotiated.

3. Include a clause within the MOA requiring the Society to amend its bylaws to give the City of St. Albert the first right to purchase all units owned by the St. Albert Housing Society should they dissolve. (Motion by Councillor Joly)
4. Include a clause within the MOA requiring the Society to undertake an efficiency review, to the satisfaction of the City, to identify areas of the Society's operations that could be streamlined or undertaken by others to improve efficiencies and economies of scale.
5. Add the following reporting criteria to the MOA:
  - a. Reporting for average rents for each housing type (1,2, and 3 bedroom) including parking and any other charges to tenants from the SAHS separate from rent subsidies received.
  - b. Reporting on the number of rent subsidies utilized on the Society's units and other units in Big Lake Pointe including those from the Friends of St. Albert Housing Society Charity.
  - c. Reporting on the percentage of households relying on fixed income support program by type (AISH, CPP disability benefits, Income Support, Old Age Security).
  - d. Reporting of donations to the St. Albert Housing Society as revenue.  
Note: Donations to the Friends of St. Albert Housing Society would not be included within this requirement, as Friends is a separate registered charity, whose funds must be utilized to charitable purposes identified under the Canadian Income Tax Act.
  - e. Annual reporting on the Society's progress towards self-sufficiency.

Report Date: December 10, 2018

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