

**Infrastructure Services Report to
Combined Meeting of Council
2022 June 7**

**ISC: CONFIDENTIAL
C2022-0756
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Proposed Lease (Inglewood) – Ward 09 (2003 16 ST SE and 1650 20 AV SE)

RECOMMENDATIONS:

Review By: 2023 March 1

That Council:

1. Authorize the Recommendations as outlined in Attachment 4; and
2. Direct that the Recommendations, Report and Attachments remain confidential pursuant to Sections 23 (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the Freedom of Information and Protection of Privacy Act until the lease has been executed

HIGHLIGHTS

- Administration is seeking authorization to enter into a nominal land lease between The City of Calgary, as Lessor (“The City”) and Calgary Young Women’s Christian Association as Lessee (the “YW”) for a term of sixty-two (62) years for the property municipally known as 2003 16 ST SE and 1650 20 AV SE (the “Property”).
- Administration is also seeking authorization to enter into an agreement between the YW, Canada Mortgage and Housing Corporation (the “CMHC”), and The City to enable YW to access grant funding for the construction of the Sheriff King Home Site Redevelopment Project on the leased, City-owned land (the “Tripartite Agreement”). The executed Tripartite Agreement is urgently required for timely access to CMHC funds and to prevent any event of default on the YW’s funding contracts with CMHC. The first Rapid Housing Initiative draw by YW was planned for June 1, 2022 and has therefore been delayed a minimum of one week pending Council approval.
- The YW is proposing to construct two new facilities on the Property: an affordable housing project comprised of twenty-one (21) units and a redeveloped Sheriff King Home crisis shelter comprised of eighty (80) units, known collectively as the Sheriff King Home Site Redevelopment Project (the “Project”).
- What does this mean to Calgarians? The lease provides social benefits and the delivery of services to citizens.
Why does this matter? YW Sheriff King Home is a short-stay crisis shelter for women and their children leaving domestic abuse and violence. The shelter provides basic needs, including food and personal items, as well as individual domestic abuse counselling and support. The YW Affordable Housing project will offer safe housing for lone women, and/or women with one child. In addition to shelter and housing, YW supports women in overcoming trauma, focusing on healing, developing economic stability, and securing safe and sustainable accommodations.
- Strategic Alignment to Council’s Citizen Priorities: A prosperous city
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

- The YWCA Calgary originated in the 1910s as a traveler’s aid initiative. 100 years later, the organization continues to advocate for women’s rights and to provide programs and

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services which include: housing for women and their children leaving domestic violence, trauma counselling, job training, career counselling, and affordable fitness facilities.

- The YW is a registered charity that receives government funding (federal, provincial, and municipal), other funding (United Way, Calgary Homeless Foundation, etc.), donations from individuals and corporations, income from accommodations, and program/course fees to support its operating program and facilities management.
- On December 16, 1982, The Royal Trust Corporation of Canada entered into a 50-year land lease with the City of Calgary for the Property which would expire on December 16, 2032; in 1982 YW became the subtenant.
- As per the lease, the land and buildings would revert to The City upon expiry or any early termination thereof. The Lessee would then be compensated based on the appraised value of the buildings and improvements.
- On December 22, 2016, the lease was assigned to YW who then assumed the rights and obligations as Lessee.
- Section 1.1 of the lease provided the Lessee with the right to renew the lease for a further term upon notice in writing 120 days prior to termination of the lease by either party and upon renegotiation of the terms and rental.
- In August 2020, YW submitted a request to renew the lease 12 years prior to expiry.
- In October 2020, the Government of Canada, through CMHC, launched the Rapid Housing Initiative ("RHI") - a \$1 billion program to help address the urgent housing needs of vulnerable Canadians, through the rapid construction of affordable housing.
- To be eligible for this funding, the YW is required to ensure the crisis shelter is substantially completed by August 15, 2023, and the affordable housing project completed by December 31, 2022.
- December 16, 2020, The City agreed to a 50-year renewal of the existing lease to commence on December 16, 2032.
- On October 2021, the YW demolished the original Sheriff King Home and commenced construction of the Affordable Housing building in January 2022.
- It was determined early in 2022 by The City that the existing lease was not adequate since it contemplated a building that no longer existed on the site and a new lease would need to be negotiated.
- In March 2022, The City and YW signed a \$2.4M Contribution Agreement to support the development of affordable housing units. This contribution by The City was provided to support the YW's funding application to RHI.
- On March 9, 2022, YW sent a project update letter to the Ward Councillor which included a rendering of the new Project. The letter has been included as Attachment 2.
- Real Estate and Development Services has worked in close partnership with Affordable Housing to facilitate all permit requirements through Calgary Approvals as well as to ensure corporate support for delivery of the Project. The affordable housing units that will be constructed will deliver significant benefit for the citizens of Calgary.
- A new lease aligns with One Calgary 2019-2022 and citizen priorities of "A Prosperous City" by enabling the YW to continue providing social services to increase protective factors and decrease risk factors among vulnerable populations and to address affordable housing needs with the construction of a new affordable housing project.
- The YW seeks a lease renewal at a nominal rate and the execution of the Tripartite Agreement to secure the capital funding from the RHI and to complete the construction of the Sheriff King Home Site Redevelopment Project.

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STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- ☐ Public Engagement was undertaken
- ☒ Public Communication or Engagement was not required
- ☐ Public/Stakeholders were informed
- ☐ Stakeholder or customer dialogue/relations were undertaken

IMPLICATIONS

Social

The proposed lease would align with the Social Wellbeing Policy by offering services without barriers to access and inclusion. The crisis shelter will provide 80 units of short-stay accommodation which offers food and personal items, as well as individual domestic abuse counselling and support.

The Affordable Housing Project would create affordable homes for Calgary's vulnerable population who are homeless or at risk of homelessness and/or are in severe housing need. This contributes to removing barriers to access and inclusion for vulnerable Calgarians including women and their children experiencing homelessness. In addition, it supports the objectives set out in the Corporate Affordable Housing Strategy to increase the supply of affordable housing.

Environmental

The Property has been reviewed in accordance with The City of Calgary's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy.

The Project is subject to "energy efficiency criteria" as per the YW's funding agreements with CMHC. This ensures the buildings will achieve specified levels of reduced energy consumption and greenhouse gas emissions.

Economic

This lease will support the Sustainability Direction objectives of the Triple Bottom-Line Policy by enabling the construction of 21 new affordable housing units and 80 short-stay units. It also provides a facility for a civic partner to operate and provide social programs to Calgarians in need. These factors contribute to a strong social infrastructure which is integral to a strong economy. This lease will also support the 2020 Sustainability objectives of the Triple Bottom-Line Policy by contributing to the social and mental well-being of Calgarians.

Service and Financial Implications

The proposed lease is nominal; therefore, no lease revenue will be generated. YW will however, be adding 21 units of affordable housing which The City would otherwise seek to provide as there is a known shortage in Calgary. YW will also be responsible for all operating and maintenance costs, utilities, and applicable property taxes related to the Property.

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RISK

The YW has been a long-standing provider of support services for women and their children for over 100 years. They have been a tenant of The City at this Property for 40 years. The Sheriff King Home Site Redevelopment Project is currently under construction so there is significant and highly likely reputational risk to The City if this lease is not approved. The YW would not be able to continue with construction and would no longer be able to provide its services at this location since the original building has already been demolished.

If this lease is not approved, The City would also be required to assume the costs of maintaining the Property and having twenty-one new residential units removed from the of affordable housing inventory.

To mitigate these risks, The City has worked closely with the YW to ensure both parties' needs are met in the proposed lease terms and that the Tripartite Agreement will satisfy the CMHC's funding requirements to complete the Project.

ATTACHMENTS

1. Previous Council Direction, Background
2. Project Update Letter from YW to the Ward 9 Councillor
3. Maps:
 - 3a. Context Map
 - 3b. Site Map
4. Recommendations:
 - 4a. Proposed Lease
 - 4b. Tripartite Agreement
5. Summary of Additional Property Information
6. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Michael Thompson, GM	Infrastructure Services	Approve
Campbell Berry, Director	Infrastructure Services (Real Estate & Development Services)	Approve
Jeff Chase, Director	Community Services (Partnerships)	Inform