

ADMINISTRATIVE REPORT

TO: Horacio Galanti, City Manager	DATE: July 12, 2021
FROM: Chris Manuel, Director Protective & Social Services	MEETING: City Council
SUBJECT: Purchase of the Stonebridge Hotel & Conference Centre	

RECOMMENDATIONS

That Council approve the purchase of Lands Plan 7921475; Block 1; Lot Z

PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

No previous Council/Committee direction.

BACKGROUND

Administration is recommending the purchase of Plan: 7921475; Block 1; Lot Z located at 12102-100 Street, Grande Prairie to facilitate the development of a Community Care Campus comprised of supportive housing, social services, and government offices. This property is commonly known as the Stonebridge Hotel.

An independent appraisal conducted by Cushman & Wakefield determined the *Current Market Value* of the property to be \$14,300,000. The seller and Administration have agreed on a purchase price of \$12,500,000.

ANALYSIS

City of Grande Prairie faces a near absence of place-based Community Supportive Housing (CSH) options for people experiencing chronic homelessness, mental health issues, addiction, and physical health issues. The scattered-site supportive housing system currently available to Housing First participants in Grande Prairie is limited in its effectiveness, in large part by economic cycles that have a strong effect on the local rental market, leading to difficulty finding landlords willing to rent to Housing First participants with the highest needs. In addition, there are several unique, known

individuals for whom the scattered-site Housing First model has proven inadequate after multiple attempts at housing. The Housing First program is particularly not meeting the needs of people experiencing chronic homelessness, who require place-based housing with supports on site designed to address complex needs.

This situation has contributed to a crisis at Grande Prairie's primary emergency shelter, an ongoing Housing First waitlist, and Street Outreach teams regularly reporting interaction with around 200 unique individuals experiencing sheltered or absolute homelessness each month. Soon to compound this problem will be the July 31 conclusion of both emergency COVID-19 financial assistance to support the homeless and the expiration of the Parkside Supportive Housing Pilot Project.

COVID-19 Funding

For the past eighteen months both the Federal and Provincial governments have funded overflow shelters, bridge housing, expanded programming, health supports and outreach workers to support the homeless and street-engaged populations. The suspension of funding ahead of the previously anticipated September 31, 2021 end-date will result in the quick cessation of many of these programs.

Parkside Pilot Project

In response to local issues and immediate, urgent need, the City of Grande Prairie, in partnership with non-government organizations (NGO's) established a 2-year Supportive Housing pilot project in 2018, ahead of additional place-based supportive development in Grande Prairie. The development permit for the pilot project also concludes on July 31, 2021. A permanent replacement has not been secured to date.

Community Supportive Housing Proposals

In 2020, Administration brought forward three separate CSH projects for Council consideration. These included a proposed "new build" in Avondale (35-40 unit), a "new build" in Gateway (40 unit), and a "Renovation" Downtown (42 units) proposed as a Private Public Partnership (P3) between the City and a private developer. Only the P3 project has been authorized by Council, however despite the efforts of the proponent the development has not come to fruition and a timeline for completion remains uncertain.

Rapid Housing Alternative

As a result of COVID-19 the need to rapidly house homeless populations grew substantially. The Federal and Provincial governments responded by allocating billions of dollars in funding to address social and affordable housing opportunities. Key to this funding was a requirement that such projects be occupied within the year, to relieve pressure off shelters, hospitals and other institutions. Concurrent to this, the travel & tourism industry was decimated, resulting in hotel values declining significantly. As such many housing organizations began exploring hotel conversions as an opportunity to provide quick housing solutions.

Stoneridge Hotel

In the fall of 2020, the owner of the Stonebridge approached the City to see if there was interest in acquiring this property for social housing purposes. Administration performed an initial assessment of the suggestion and believed such an opportunity was potentially viable. To better understand the scope of the project and the associated risks, Administration engaged the services of outside

consultants to complete a market appraisal, building condition assessment and to prepare grant applications.

Following the initial diligence Administration prepared a Business Case (Attached) to assess the project's viability. Administration followed this by having third-party legal complete a Conditional Offer to Purchase. The Offer was accepted, which initiated public processes, including Rezoning, Development Permit Application and Community Engagement. Following the completion of those public processes, the final decision to ratify the Purchase of the Property rests with Council.

Project Comparisons

	Stonebridge 120 Units / 16,500 sq. ft Commercial	Grande Prairie P3 42 Units	Lethbridge New Build 42 Units
Residential Acquisition	9,625,000	1,970,000	N/A
Residential Development	N/A	N/A	13,278,165
Residential Renovation	2,010,000	5,815,770	N/A
Residential Total	11,635,000	7,785,770	13,278,165
Per Unit	96,958	185,375	316,147
Percentage Difference	N/A	91%	226%
Commercial Acquisition	2,875,000	N/A	N/A
Commercial Renovation	990,000	N/A	N/A
Commercial Total	3,865,000	N/A	N/A
Combined Total	15,500,000	7,785,770	13,278,165
Combined Per Unit	129,167	185,375	316,147
Percentage Difference	N/A	44%	145%
Rezoning Approved	Yes	Yes	No
On-site Medical Space	Yes	No	No
Furnished	Yes	No	No
Commercial Kitchen	Yes	No	No

Relationship to City Council's Focus Areas / Strategic Directions

The following Result Definition is applicable to this issue:

Acts as a catalyst for the provision of affordable and supportive housing alternatives that meets the demands of the community.

Environmental Impact

Renovation opportunities will incorporate building methods and materials that reduce carbon footprint.

Economic Impact

This multi-million-dollar project will create employment opportunity. Engineering, project management and trades will all be required to complete renovations. Upon completion of the building, long term employment opportunities will exist for building operation and client support workers.

Social Impact

An increase in options for supportive housing will result in an increase in the wellbeing of residents with complex needs by providing stable housing with access to supports in a safe environment 24 hours per day. This project will also be an asset in the community by moving people from a state of instability into permanent housing, thus decreasing community concerns.

Relevant Statutes / Master Plans / City Documents

- Community Housing Needs Assessment
- Homelessness Strategy for Grande Prairie 2021-2033
- Reaching Home: Canada's Plan to End Homelessness

Risk

This is a large and complex social project. Coordination and collaboration of multiple stakeholders will be necessary for the project to succeed.

The financial analysis provided in the CCC Business Case are projections based on industry standards, reasonable assumptions and professional opinions.

STAKEHOLDER ENGAGEMENT

The engagement process for this project has included both the statutory processes related to the zoning and development permitting processes and additional measures including:

- Media Release(s)
- Resident / Business Info Mailouts
- Engagement Web Page
- Social Media
- Physical Signage
- Direct Engagement by Protective & Social Services

BUDGET / FINANCIAL IMPLICATIONS

The total capital investment is estimated to be \$15,500,000. Annual debt servicing and operating costs are expected to be in the range of \$3,000,000 to \$3,500,000. The estimated net operating impact based on the financial forecast (without additional federal or provincial support) is approximately \$150,000 per year. Preliminary funding sources have been identified.

Funding contributions from other levels of government are currently being pursued and they may result in improving financial performance of the business case.

SUMMARY / CONCLUSION

The Coordinated Care Campus represents an immediate and comprehensive response to the homeless crisis in our Community. This project builds upon lessons learnt from similar initiatives and leverages multi-disciplinary efforts to provide on-site, 24/7 wrap around supports for the tenants.

ATTACHMENTS

Attachment #1: Proposal – Coordinated Care Campus