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Council Policy

Real Estate

Approval Date: September 20, 2022

Resolution No.: R232/22/09/20

Rescinded: N/A

Contact Department: Corporate Services

Policy Statement

The City of Grand Forks is experiencing a shortage of skilled and professional workers in the community for a number of reasons, with one major barrier a lack of housing. In order to combat this housing shortage, moving forward the City will:

- Look for opportunities to partner with developers to create new housing stock in the community
- Consider purchasing and retaining homes for the purpose of renting them to skilled and professional workers at market rates
- Where financially feasible, consider constructing, relocating or substantially renovating homes in order to create new rental opportunities
- Seek out opportunities to partner with public service providers in the community such as the RCMP, Interior Health and School District, to provide rental opportunities to their employees

In addition to housing, the City will also look for opportunities to partner on projects that either release new lands for development, or create additional opportunities, in order to stimulate the economy or to meet other community needs moving forward as determined by Council.

Intent

The overall intent of this program is **not** to use City taxes to compete with private business or individuals in the community but to fill gaps that currently exist and to try to reduce barriers impacting core service delivery in the community. If at some time securing housing is no longer a concern in the community and an abundance of new construction and rental housing exists; or, Council determines the needs of the community are being met or have shifted, Council will reconsider this policy and amend, or repeal it as required.

Unless explicitly directed by Council, the intent of this policy and program is **not** to utilize City funds to subsidize housing or other real estate ventures within the City, but for all proposals to be at a minimum revenue neutral.

Definitions

In this policy,

“Revenue Neutral” means at a minimum self-funding once all related costs have been subtracted from the rental income. Those costs include, but are not limited to: property management, repairs and maintenance, overall asset lifecycle management.

“Core Services” means RCMP, Interior Health Authority (IHA), School District No. 51 (SD51), and similar agencies and organizations

“Skilled and professional worker” means a person who has special skills, training, qualifications, education, and/or experience in a certain trade or profession.

“Market Rate” means the rate (or rates) a willing tenant would pay, and a willing landlord would accept, for a comparable space and in a comparable rental property located in Grand Forks area.

“**Housing**” means any type of residential housing, including, but not limited to:

- Townhomes
- Single Family Residential
- Multi-family Residential
- Manufactured Homes

“**Staff**” means the Chief Administrative Officer or designate.

Rental Housing

Retention:

- The City will hold onto and continue to rent, at market rates, housing stock currently owned by the City that continues to operate at a minimum revenue neutral.
- Annually, as part of the budget process, staff will provide Council with information showing the previous year’s and projected future rental revenue and expenditures.
- When a rental home is no longer considered revenue neutral due to anticipated capital expenditures or other market factors, Staff will present Council with options moving forward.
- Where homes are located adjacent to major City infrastructure or have other key strategic properties, Council may consider renting, or other potential uses to retain the property.
- In circumstances where the City will be removing City owned rental properties from the market due to major infrastructure projects or other community initiatives, Council will consider whether there is a need at that time to create new opportunities to accommodate the removed or displaced tenants.
- In instances where a property may be needed for another purpose within an anticipated timeline of 6 months or less, Staff may still consider renting the property on a short-term basis.

Expansion:

City Council, by resolution of Council, will consider either purchasing, relocating or constructing new rental housing under the following circumstances:

- Council has determined that a lack of rental housing is available in the community for skilled and professional workers at market rates. Further, Council has determined that this lack of housing is negatively impacting core services in the community and/or impeding economic development. And further, Council has determined that the free market is not meeting the demand.
- A business case has been provided to Council showing that a need exists in the community and that the proposed purchase will be at a minimum revenue neutral.
- There is an opportunity to acquire a property proactively where it is known a portion, or all of the property, will be required in the future for City infrastructure or flood mitigation purposes
- A property is adjacent to City infrastructure such as dikes, flood walls, lift stations, electrical substations, etc, and may be required in the future for access, maintenance or expansion. Further, the marketability of the property is significantly impacted by the proximity or isolation of the property.
- A Public entity or third party has approached the City and requested to enter into a term lease for employee housing in order to accommodate operations within the City

Property Management:

- The overall goal is for the rental housing function to be self-funding and at a minimum revenue neutral.
- All ongoing operational costs such as regular maintenance, renovations, cleaning, property management, etc will be funded by the revenues received from the rental program. Further, procurement for services will comply with any relevant City policies such as the procurement policy.
- A contract property manager will be utilized to manage the rental property day to day operations and to ensure compliance with the Tenancy Act; and further, will be required to follow any relevant City policies in procuring services. The oversight and supervision of the property manager will be provided by staff.
- Renovations and larger capital upgrades required will be funded by current or previous years revenue from the rental program and will have a maximum 3-year, or life of asset (if less), return on investment. Renovations or capital upgrades that exceed a 3-year return on investment will require a resolution of Council prior to proceeding.
- Market rates will be determined by staff upon consultation with the property manager and will take into account such factors as:
 - The current local market
 - Demand
 - Condition of the home and property
 - Size of the home and property
 - Impact of adjacent city infrastructure on the property's usability
 - Impacts to privacy or ability to exclusively use the property (adjacent to dikes, public parking)
- Staff may set rent at below market rates under the following circumstances:
 - The City has partnered with a federally or provincially funded Core Service provider in the community to provide employee housing for a term period
 - The rental is being used as a recruitment incentive to attract professional and/or skilled workers to work for the City of Grand Forks.
 - Council, at their discretion and through resolution, has set the rent at less than market rates
- All property rental transactions shall be conducted through the property manager.
- The property manager will be responsible for filling any vacancies and in addition to receiving positive references and other letters of assurance, will observe the following priorities when considering applicants:
 - City recruitment opportunities
 - Partnerships with other public entities providing core services in the community
 - Employees who have entered into an employment contract with a core service provider in the community and are relocating to Grand Forks
 - Skilled and professional individuals who have entered into an employment contract with an employer in Grand Forks and are relocating to the community
 - Skilled and professional individuals who currently live in the community and have an employment contract with an employer in Grand Forks
 - Individuals who have entered into an employment contract with an employer in Grand Forks and are relocating to the community

- Individuals who currently live in the community and have an employment contract with an employer in Grand Forks.
- When filling vacancies the property manager will publicize the opportunity for a minimum 1 week through various means including at a minimum the City website and social media page.

City Recruitment Opportunities:

The intent of using City owned rental properties to recruit potential City employees is a short-term recruitment strategy. The maximum rental term for a City employee will be 1 year and will be used as a buffer while new employees find permanent accommodations. In exceptional circumstances where the tenant has shown no opportunities exist or where a plan is in place that shows a definitive end date, Staff may grant an extension.

As a recruitment strategy, Staff may incentivize a potential employee by waiving up to three months rent.

Other Opportunities:

In addition to housing, as part of the Real Estate Policy the City will also look for opportunities including:

- Partnering on projects that release or create new lands for development, while ensuring that there is no assistance to business as part of any potential development.
- Stimulate the local economy
- As determined by Council, fill voids or close gaps within the community
- Meet anticipated community demands and needs including perceived growth, services and economic diversity

Conflict of Interest:

In the event that a conflict of interest arises such as nepotism or conflicts of a pecuniary nature, the CAO will conduct an investigation and make the final determination. If the conflict of interest directly involves the CAO, the matter will be reviewed by Council. Further, this policy is not meant to supersede Federal, Provincial or local legislation and requirement.

Resolutions and Amendments

- R232/22/09/20– Council Policy No. 806 Replaced with new Real Estate Policy