

TO: CITY MANAGER **DATE:** 2020 August 27
FROM: DIRECTOR FINANCE **FILE:** 7300-01
SUBJECT: HOUSING CAPITAL RESERVE FUND

PURPOSE: To establish the Housing Capital Reserve Fund and bring forward the Reserve Fund Transfer Bylaw to authorize the transfer of the sale proceeds for 6438 Byrnespark Drive from the Corporate Tax Sale and Land Reserve Fund to the Housing Capital Reserve Fund.

RECOMMENDATION:

1. **THAT** the Housing Capital Reserve Fund Bylaw and Reserve Fund Transfer Bylaw be brought forward for Council's consideration, in accordance with the motion adopted by Council on 2019 December 02.

REPORT**1.0 INTRODUCTION**

At the 2019 December 2 Open Council meeting, the following motion was adopted:

1. **THAT** the City Solicitor be authorized to bring forward a bylaw to establish a Housing Capital Reserve Fund, pursuant to Part 6, Division 4 (Section 188) of the Community Charter to be used for the development of community housing.
2. **THAT** upon the deposit of the sale proceeds from 6438 Byrnespark Drive into the Corporate Tax Sale and Land Reserve Fund, the City Solicitor be authorized to bring forward the bylaw to transfer the amount of the sale proceeds from the Corporate Tax Sale and Land Reserve Fund to the newly created Housing Capital Reserve Fund.
3. **THAT** staff be directed to bring forward a report to implement the establishment of the Housing Capital Reserve Fund and the above transfer.

The purpose of this report is to bring forward the above-referenced bylaws in order to establish the Housing Capital Reserve Fund and implement the fund transfer. The bylaws appear elsewhere in the Council agenda.

2.0 POLICY SECTION

Goal

- A Thriving Organization
 - Financial viability –
Maintain a financially sustainable City for the provision, renewal and enhancement of City services, facilities and assets

3.0 HOUSING CAPITAL RESERVE FUND

The sale of 6438 Byrnepark Drive completed at the end of 2020 July following Council's final adoption of bylaw #14061 – Burnaby Zoning Bylaw 1965, Amendment Bylaw No. 27, 2019 – Rez. # 18-09 (6438 Byrnepark Drive) at the 2020 July 27 Council Meeting.

The sale proceeds in the amount of \$31,255,000 were received and deposited into the Corporate Tax Sale and Land Reserve Fund, as required by section 188 of the *Community Charter* for the disposition of City land and improvements. Council adopted a motion at the 2019 December 02 Open meeting to transfer these proceeds to a Housing Capital Reserve Fund to be established to receive and expend funds for the development of community housing. Under Section 189 of the *Community Charter*, money in a statutory reserve fund established for capital purposes can only be transferred to another capital statutory reserve fund. The City's Affordable Housing Reserve is not a statutory reserve fund. As such, it is necessary to establish, by bylaw, a statutory Housing Capital Reserve Fund to receive the transfer of funds from sale proceeds for 6438 Byrnepark Drive. As directed in Council's 2019 December 02 motion, the Housing Capital Reserve Fund will be established for the purpose of the development of community housing. It is proposed that the funds be available for capital costs of community housing, including the following types of housing initiatives:

- units developed under senior government as non-profit housing programs;
- price controlled, limited-equity market units;
- units controlled, managed, or owned by non-profit housing groups providing affordable housing;
- guaranteed rental units; and
- housing for people with special needs such as those with physical or mental disabilities, or victims of violence.

These types of housing initiatives are consistent with the eligible affordable and special needs housing for density bonus under section 6.22 of the City's Zoning Bylaw. The funds within the Housing Capital Reserve Fund will be available for housing initiatives on a City-wide basis.

The bylaw to establish the Housing Capital Reserve Fund appears elsewhere in the Council agenda. As per Section 189 of the *Community Charter*: "*money in a reserve fund, and interest earned on it, must be used only for the purpose for which the fund was established.*" As a result, the Housing Capital Reserve Fund will be an interest-bearing reserve fund.

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4.0 RESERVE FUND TRANSFER

Pursuant to section 189 of the *Community Charter*, if the amount in a statutory reserve fund is greater than required for the purpose of that fund, Council may by bylaw transfer all or part of the amount to another statutory reserve fund. Before the deposit of the sale proceeds from the sale of 6438 Byrnepark Drive, the Corporate Tax Sale and Land Reserve Fund had a balance of \$276,895,960.18. This is sufficient for the purposes of this statutory reserve fund. As such, it is permissible for the amount of the sale proceeds to be transferred to the newly established Housing Capital Reserve Fund.

In order to transfer the funds from the Corporate Tax Sale and Land Reserve Fund to the Housing Capital Reserve Fund, a bylaw needs to be approved by Council pursuant to Section 189 (2) of the *Community Charter*. The Reserve Fund Transfer Bylaw, appearing elsewhere on the Council agenda, provides for the transfer of \$31,255,000, plus accrued interest, as the money was deposited into the Corporate Tax Sale and Land Reserve Fund on 2020 July 28 and has been accruing interest since then.

Any future expenditures from the Housing Capital Reserve Fund will be budgeted in the City's 5-Year Financial Plan and funding will be requested through a bylaw.

5.0 RECOMMENDATION

It is recommended that the Housing Capital Reserve Fund Bylaw and Reserve Fund Transfer Bylaw be brought forward for Council consideration, in accordance with the motion adopted by Council on 2019 December 02. Following adoption of these bylaws, the amount of \$31,255,000 from the sale of 6438 Byrnepark Drive, plus accrued interest, will be transferred from the Corporate Tax Sale and Land Reserve Fund to the Housing Capital Reserve Fund, to be used for the development of community housing.



for Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

NK:RG / md

Copied to: City Manager
City Solicitor
Director Public Safety and Community Services
Director Planning and Building