

Corporate Planning & Financial Services Report to
Executive Committee
2025 July 22

ISC: UNRESTRICTED
EC2025-0716

Attainable Homes Calgary Corporation Loan Guarantee Bylaw Increase and Borrowing Bylaw for Guarantee

PURPOSE

The purpose of this report is to seek Council approval of proposed Bylaws 39M2025 and 7B2025 (collectively the “Bylaws”).

Proposed Bylaw 39M2025 seeks to increase The City of Calgary’s (“The City”) existing guarantee from \$10 million to a maximum of \$40 million, and to extend the term of the guarantee from 2026 June 30 to 2035 December 31, to align with Attainable Homes Calgary Corporation’s (“AHCC”) proposed increase to its revolving loan facility (the “Credit Facility”) with their third-party financial institution (“Third-Party Lender”). This supports AHCC’s Strategic Plan 2025-2028 and enables it to significantly scale up production of much needed non-market housing, as aligned with Council direction under *Home is Here: The City of Calgary’s Housing Strategy 2024-2030* (“Home is Here Strategy”).

Proposed Bylaw 7B2025 authorises The City to borrow funds in the event that The City’s guarantee for the Credit Facility is called upon by the Third-Party Lender.

PREVIOUS COUNCIL DIRECTION

The City, as sole shareholder, through Council provided approval of AHCC’s Strategic Plan on 2025 June 20.

Council approved the Home is Here Strategy on 2023 September 16 (CD2023-1749).

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RECOMMENDATION(S):

That Executive Committee recommends that Council:

- 1) Give first reading to Bylaw 39M2025 (Attachment 2), being the proposed bylaw to authorize The City to amend Bylaw 41M2014, as amended by Bylaws 17M2021 and 5M2023, to increase the amount and extend the term of The City's guarantee of AHCC's revolving loan facility;
- 2) Give first reading to Bylaw 7B2025 (Attachment 3), being the proposed bylaw to authorize The City to borrow the required funds should The City's guarantee, authorized per proposed Bylaw 39M2025, be called upon;
- 3) Withhold second and third readings of the attached proposed Bylaws until the advertising requirements set out in the *Municipal Government Act*, RSA 2000, c. M-26, have been met;
- 4) Direct Administration to amend any existing agreements between The City and AHCC, as applicable, to reflect AHCC's credit facility renewal with its financial institution, the content of the above-referenced Bylaws and The City's Credit Documentation – Loans and Loan Guarantees Policy and Procedures;
- 5) Direct this Report and Attachments be forwarded to the 2025 July 29 Regular meeting of Council as an urgent item of business; and
- 6) Direct that Attachment 5 remain confidential pursuant to Sections 19 and 30 of the *Access to Information Act*, SA 2024, c A-1.4, and review the confidential status of Attachment 5 by 2028 July 15.

RECOMMENDATION OF THE EXECUTIVE COMMITTEE, 2025 JULY 22:

That Council:

1. Give first reading to Bylaw 39M2025 (**Revised** Attachment 2), being the proposed bylaw to authorize The City to amend Bylaw 41M2014, as amended by Bylaws 17M2021 and 5M2023, to increase the amount and extend the term of The City's guarantee of AHCC's revolving loan facility;
 2. Give first reading to Bylaw 7B2025 (**Revised** Attachment 3), being the proposed bylaw to authorize The City to borrow the required funds should The City's guarantee, authorized per proposed Bylaw 39M2025, be called upon;
 3. Withhold second and third readings of the attached proposed Bylaws until the advertising requirements set out in the *Municipal Government Act*, RSA 2000, c. M-26, have been met;
 4. Direct Administration to amend any existing agreements between The City and AHCC, as applicable, to reflect AHCC's credit facility renewal with its financial institution, the content of the above-referenced Bylaws and The City's Credit Documentation – Loans and Loan Guarantees Policy and Procedures; **and**
 5. Direct that Attachment 5 remain confidential pursuant to Sections 19 and 30 of the *Access to Information Act*, SA 2024, c A-1.4, and review the confidential status of Attachment 5 by 2028 July 15.
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Excerpt from the Minutes of the Regular Meeting of Executive Committee, 2025 July 22:

The following documents were distributed with respect to Report EC2025-0716:

- Revised Cover Report;
- Revised Attachment 2;
- Revised Attachment 3; and
- Revised Attachment 4.”

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Les Tochor, Chief Financial Officer and General Manager of Corporate Planning and Financial Services concurs with this report subject to the staged increase of The City’s guarantee and the ability for City Treasury to assess overall financial impacts of AHCC projects prior to internal AHCC board project approvals (at stage 4) as further discussed in this report.

HIGHLIGHTS

- Increase The City’s loan guarantee from \$10 million to \$40 million and extend the term of the guarantee from 2026 June 30 to 2035 December 31, to support AHCC’s Strategic Plan 2025-2028.
- The increase in AHCC’s credit limit is to support AHCC’s Strategic Plan 2025-2028 to deliver over 1,500 housing units from 2025-2028, including an increase in affordable factory-built modular homebuilding.
- The increased credit limit to \$40 million enables AHCC to secure interim financing for project costs that are later repaid by grants, permanent mortgage debt financing, or other financial contributions.
- Details of a project’s financing arrangement are included in AHCC’s internal stage approval documents, as per the AHCC Development Policy. AHCC board approval is required, including certainty to complete financing and compliance with covenants of third-party grants, financing and other financial contributions, prior to starting a new project.
- AHCC will engage City Treasury prior to AHCC board approval, to assess AHCC projects at stage 4 in AHCC’s internal development review process to assess the financial feasibility of each project, prior to amending the guarantee amount. The guaranteed amounts will be increased or decreased according to projected needs of AHCC and when clear line of sights are available for repayment sources.

DISCUSSION

Supports the AHCC Production Continuity Schedule 2025-2028, which was included as part of the 2025 June 20 approved AHCC Strategic Plan 2025-2028, which lays out a strategy to build up to 500 factory-built new affordable housing units per year.

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AHCC's Third-Party Lender has agreed to renew, increase and extend the Credit Facility to support AHCC's ongoing operations and development activity subject to renewal, increase and extension of The City's guarantee for the Credit Facility. The City does not guarantee all of AHCC's credit facilities. Proceeds from the Credit Facility are used as bridge financing for land acquisitions, down payments, preconstruction costs, and in lieu of equity in typical real estate financing transactions, as it has been used in the past. It is anticipated that this bridge financing will be repaid by grants, permanent mortgage debt financing, or other financial contributions.

There is uncertainty in repayment sources from federal government affordable housing financial supports (traditionally administered through CMHC), other external financing, grant funding and potential timing variabilities. Certainty and flexibility of funding is one of the key factors to ensure continuous production of affordable factory-built production-line based affordable housing. AHCC employs a 5 stage project development review process. AHCC experienced financial challenges in 2019 due to external pressures such as pricing of rentals, interest rates and demand for its inventory. AHCC was able to restore financial sustainability by the end of 2022.

In accordance with AHCC's Development Policy, internal AHCC committee or board approvals are required at various stages in the development cycle. The 5 stage process is an industry standard used to manage risk from stage 1 - pre-feasibility (reviewing the potential to develop a real estate asset) to stage 5 - project wrap up/completion. City Treasury will assess financing details and feasibilities at stage 4 (which is the construction approval stage), and prior to AHCC board approval.

Proposed guarantee Bylaw 39M2025 increases the amount and extends the term limit of the guarantee. The City intends to include rights within its credit agreement with AHCC to notify and amend the guarantee quantum, dependent on project financing needs, to better mitigate and govern risks. Outstanding indebtedness on AHCC's revolving loan facility increased from \$4.0 million at the beginning of 2025 to \$7.4 million at 2025 May 31 to support development of 1007 6 Avenue SW, Calgary Alberta. Loan guaranteed amounts are incorporated in The City's debt limits. Non-guaranteed debt is consolidated with The City's financial statements and will be assessed by credit rating agencies.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Internal engagement was completed with the Chief Housing Officer's office. AHCC was consulted in writing of this report.

IMPLICATIONS

Social

Calgary is in a housing crisis and needs significantly more housing supply. Homes built by AHCC serve Calgarians in desperate need of housing at below-market prices.

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The recommendations in this report strongly align with the Home is Here Strategy, which includes a target of 3,000 new non-market homes per year. There is specific alignment with Outcome 3: “Enable the City’s housing subsidiaries to improve service delivery”. Further, Action 3.B.1 is to “support the capital development programs for both City of Calgary housing subsidiaries, as appropriate and aligned with their respective strategic plans”.

Environmental

The lack of affordable housing may cause people to seek affordable housing away from the centre of our community, and outside The City’s boundaries, increasing our collective environmental footprint caused by longer commutes. AHCC’s pipeline of projects supports capital development in established communities, near transit routes which enable active mobility and will contribute to reducing Calgary’s greenhouse gas emissions.

Economic

Housing affordability is essential for propelling economic growth and prosperity. Through talent attraction and retention, attracting businesses, job creation, local economic activity, and generation of tax revenue, housing is a key component in creating a vibrant, sustainable, and economically resilient city.

Service and Financial Implications

No anticipated financial impact

The City, as guarantor, is guaranteeing to pay the debts and liabilities of AHCC up to the maximum sum guaranteed for applicable credit facilities should AHCC’s Third-Party Lender decide to call upon The City’s guarantee.

The City receives 0.10% cent per annum administration fee on loan guaranteed amounts.

RISK

Non revolving risk: The credit facility is to help bridge AHCC’s need to stack all external sources of funding to progress on a project.

- Uncertainty on timing of federal government or CMHC backed construction loans and federal grant proceeds

Increasing debt levels with volatile revenues:

- Substantial debt levels held at AHCC with housing unit sales and grants as the primary source of funds to repay debt in the next two years.

Delivery on the Home is Here strategy:

- Certainty on funding.

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ATTACHMENT(S):

1. Previous Council Direction, Background
2. **Proposed Bylaw 39M2025**
3. **Proposed Bylaw 7B2025**
4. **Revised** Presentation
5. Financial information (confidential)

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor	CPFS	Approve
Reid Hendry	Housing	Consult

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City Clerks: A. Adegunwa / C. Doi