



# REQUEST FOR DECISION

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SUBJECT:	<b>Funding Request – Heart River Housing</b>		
SUBMISSION TO:	REGULAR COUNCIL MEETING	REVIEWED AND APPROVED FOR SUBMISSION	
MEETING DATE:	July 22, 2025	CAO:	MANAGER:
DEPARTMENT:	COMMUNITY SERVICES	DIR: EK	PRESENTER: LL/MPH
STRATEGIC PLAN:	Culture, Social & Emergency Services	LEG: SS	

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## RELEVANT LEGISLATION:

**Provincial** (cite) – N/A

**Council Bylaw/Policy** (cite) – N/A

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## RECOMMENDED ACTION:

**MOTION:** That Council accepts the report on the Heart River Housing for the Red Willow Lodge Enhanced Living Addition project in Valleyview, Alberta, for information, as presented.

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## BACKGROUND/PROPOSAL:

Heart River Housing is a provincially established Housing Management Body serving 11 municipalities across 38,000 square kilometres in northwestern Alberta. With 85+ staff, it manages 635 units and supports over 900 individuals, along with 265 units for the Lesser Slave Lake region. The central office is located in High Prairie.

A representative from Heart River Housing presented the project assessment for the enhanced living addition for the Red Willow Lodge on May 27, 2025. Following the presentation, Council has received a formal letter of request for \$10,000,000 towards the building of the Red Willow Lodge Enhanced Living Addition project.

The enhanced living project will include the addition of 30 enhanced lodge units designed to meet the needs of independent seniors who require some supports. The units will feature 1- and 2-bedroom suites, full kitchens, in suite laundry and optional support services such as housekeeping and meals.

The total cost of the renovation project is \$22.3 million. Heart River Housing is requesting \$10 million in upfront funding from the MD of Greenview, which represents 53% of the current requisition base. This investment upfront will reduce the need to raise requisitions long term and ensure sustainability of Lodge operations.

The *Housing Act* provides parameters for how housing management bodies may requisition member municipalities for operating deficits and reserve funds. Housing management bodies may requisition funds for the operating deficit of the previous year as well as any reserve funds, both capital and operating, as agreed upon between the management body and the member municipalities. However, the current Act and Regulation lacks clarity regarding the scope of housing management body requisitions, specifically relating to capital project costs. In practice, Seniors Housing Management Bodies and municipalities often work together through agreements to manage capital project costs and ensure the funding is used appropriately for seniors' housing.

## Funding Options

1. Borrowing – Greenview has the ability to borrow funds in response to emerging needs. As outlined in the proposed Debt Management policy, Greenview will explore the use of debt in times of favourable interest rates and where the cost associated with growth can be spread across the generations which will be enjoying the benefits. Greenview's 2024 remaining debt limit is \$214,019,239.

Greenview has a current credit facility agreement which sets the cost of borrowing at 5.49%. A \$10 million loan payable over 20 years would see payments of \$826,853.63 annually, with the total cost of borrowing (interest paid) being \$6,537,073.

2. Reserves – Council also has the option to fund this request from reserves. Administration would recommend this be withdrawn from the Road Infrastructure Reserve as this would have the least amount of impact on the long-term capital funding plan. The Road Infrastructure Reserve has a projected uncommitted balance for 2025 of \$87.7 million.

Greenview's current hurdle rate or minimum acceptable return for investments is 5.87%. The hurdle rate is the minimum required rate of return or target rate that Greenview is expecting to receive on an investment. The potential interest earned on \$10 million at the current hurdle rate, also considering that inflation can erode purchasing power in the future, is \$14,978,062. However, since investment returns can fluctuate over time, this figure is an estimate based on current rates.

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### BENEFITS OF THE RECOMMENDED ACTION:

1. The benefit of accepting the recommended motion is that it will give Council information on potential funding options for the request.

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### DISADVANTAGES OF THE RECOMMENDED ACTION:

There are no perceived disadvantages to the recommended motion.

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### ALTERNATIVES CONSIDERED:

**Alternative #1:** Council has the alternative to approve the capital contribution request and approve a funding source. Given that current rates favour investment over borrowing, Administration recommends that, should Council approve the funding request, the funds be borrowed.

**ALTERNATIVE MOTION:** That Council approves funding of \$10,000,000 to Heart River Housing for the Red Willow Lodge Enhanced Living Addition project.

**ALTERNATIVE MOTION:** That Council direct Administration to prepare a borrowing bylaw in the amount of \$10,000,000 for the Heart River Housing for the Red Willow Lodge Enhanced Living Addition project.

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### FINANCIAL IMPLICATION:

There are no financial implications to the recommended motion.

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### STAFFING IMPLICATION:

There are no staffing implications to the recommended motion.

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**PUBLIC ENGAGEMENT LEVEL:**

Greenview has adopted the IAP2 Framework for public consultation.

**INCREASING LEVEL OF PUBLIC IMPACT**

Inform

**PUBLIC PARTICIPATION GOAL**

Inform - To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.

**PROMISE TO THE PUBLIC**

Inform - We will keep you informed.

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**FOLLOW UP ACTIONS:**

There are no follow up actions to the recommended motion.

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**ATTACHMENT(S):**

- Request for Funding Letter