



OFFICE OF THE
City Auditor

First Place Edmonton Home Ownership Unit Draw

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The Office of the City Auditor conducted
this project in accordance with the
*International Standards for the
Professional Practice of Internal Auditing*

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1. Introduction

The City of Edmonton has initiated First Place - An Edmonton Home Ownership Program in partnership with the Government of Alberta, Edmonton Catholic School District and Edmonton Public School Board. This program is designed to help qualified first-time home buyers own their homes. Twenty unused school sites in Edmonton neighbourhoods will be transformed into new town homes which will be available through an advertised unit draw. The program is intended to develop moderately priced two or three bedroom town homes in mature, serviced neighbourhoods for purchase by households that meet prescribed eligibility criteria. Two pilot sites have been selected for implementation and the experience gained will be used to enhance the implementation process for the remaining sites. A total of 85 units are available in the pilot sites including one accessible unit¹ in each site.

The City of Edmonton's role in the program involves land sales and bringing the program partners together to create an innovative opportunity for first-time home buyers. The City is deferring payment on the land for five years and Canada Mortgage and Housing Corporation is offering a reduced mortgage insurance rate for program participants. A Steering Committee and a Working Committee with representatives from relevant City departments are responsible for implementation. The Chair of the Working Committee requested that the Office of the City Auditor (OCA) provide proactive risk and control-related feedback on the unit draw process and observe the unit draw for the pilot sites. The OCA gave priority to this project and undertook it as an emerging request.

2. Objective

The OCA's overall objective was to ensure that potential risks were identified and controls implemented to ensure that the unit draw process was fair and equitable.

¹ Accessible units will be single storey and will provide features such as conveniently located accessible parking space, "0" step entrance and hand rails; door widths, floor surfaces and room layouts accommodating wheelchair use; and accessible laundry area.

3. Scope and Methodology

The OCA participated as an advisor only and did not undertake operational tasks, make decisions or set direction for the implementation process. The OCA's role was limited to providing proactive risk and control-related feedback on the unit draw process and observing the unit draw for the two pilot sites. The risks and controls of the overall program and its implementation, as well as the roll-out to the remaining 18 sites were not included in the scope of this project.

The OCA's involvement in this project focused on:

- Meeting with relevant City staff, reviewing their plans and information packages for the unit draw, and providing risk and control-related advice as required.
- Facilitating detailed planning for the logistics of the unit draw process by the Property Sales staff to ensure that potential risks were identified and controls implemented to ensure a secure, fair and equitable process.
- Confirming that the unit draw procedures were: documented, confirmed during a dry-run meeting, and conveyed to all Property Sales staff participating in the process.
- Observing the assembly of the unit draw boxes and confirming that they were empty when they were sealed and signed off by the Property Sales staff.
- Confirming that the applicable procedures were followed for a representative sample of applications received from July 8 to August 8, 2008.
- Observing the unit draw on August 12, 2008 for all applications received for the two pilot sites, and confirming compliance with the agreed-upon process.
- Confirming the accuracy and completeness of the unit draw results that were posted on the First Place website and those that were conveyed to the respective builders.
- Participating in a post-evaluation meeting with the Property Sales staff involved in the unit draw process and ensuring that all learnings and improvements suggested were formalized for use in the roll-out of the program to the remaining sites.

4. Summary of Results

Eleven applicants submitted applications for the unit draw of which four applied for both pilot sites, Canon Ridge and Greenview. Registration forms with unique serial numbers were issued by Property Sales staff for each application received. In total, there were 15 registration forms drawn, six for Canon Ridge and nine for Greenview. No applications were received for the accessible units. City Officials were of the opinion that the response levels are appropriate given current real estate market conditions and that this program addresses an ongoing, long-term need.

The unit draw process was designed for situations where the number of applications exceeds the number of units available. For these situations, the unit draw procedures would have ensured that the process was fair and equitable and all applicants had a fair and equal chance of being selected. In this pilot, since there were fewer applications than available units, the registration forms of all applicants were drawn. The unit draw

process was used to establish the order in which the applicants will be contacted by the builders to commence the unit selection and purchase process.

Based on our proactive involvement and observation of the unit draw process, we confirmed that the unit draw process was accurate, fair and equitable, and was conducted in accordance with agreed-upon procedures. During the unit draw, steps were taken to ensure the accuracy and completeness of the contact information of applicants, confirm that there were no duplicate applications for the same site, and that each registration form had an equal chance of being drawn.

The Chair of the Steering Committee also observed the unit draw to confirm that the process followed was as outlined to the Steering Committee.

The OCA's major contributions to the unit draw process were to protect the interests of the applicants and the City by:

- Ensuring compliance with relevant sections of the Freedom of Information and Protection of Privacy (FOIP) Act and City requirements.
- Providing recommendations to strengthen the eligibility criteria that applicants would have to meet to qualify for the draw.
- Recommending accountability controls for all methods accepted by the City for applicants to submit their applications or make subsequent changes prior to the unit draw closing if required.
- Providing suggestions on the clarity of instructions to potential applicants.
- Facilitating the detailed planning for the unit draw scenarios, observing the unit draw process, and sample testing for compliance to the agreed upon procedures to ensure a secure, fair and equitable process.

The order of the draw was posted at <http://www.firstplaceedmonton.com> within hours of the unit draw. No personal information was posted on the website. Only the registration numbers were posted so that applicants could check their placement using the copy of the registration form and the unique number that was provided to them at the time they registered. The order of the draw and the contact information of the applicants were sent to the respective builders to commence the unit selection and purchase process. We confirmed that registration numbers posted on the website and the names and contact information conveyed to the builders were in the order drawn at the unit draw of August 12, 2008. The First Place website indicates that additional buyers can now contact the two builders directly to select the remaining units.

The OCA organized a post-evaluation meeting with the Property Sales staff involved in the unit draw process. Learnings and improvements from this meeting have been formalized for use in the roll-out of the program to the remaining sites. The unit draw procedures will serve to establish in a fair and equitable manner, the number of applications that will be accepted by the City for each remaining site. The procedures are also designed to determine the order in which the applicants will be contacted by the builders to commence the unit selection and purchase process. The major learnings

pertained to better planning and scheduling of the related administrative tasks and more detailed definition of roles and responsibilities for finalizing the unit draw packages.

During our proactive involvement in the unit draw process, our focus was to provide risk and control-related feedback and recommendations in a team environment. Therefore, other than requesting the incorporation of learnings and improvements suggested at the post-evaluation meeting, no formal recommendations are being made by the OCA in this report.

The City has hired an external consultant to evaluate the overall First Place Program. Their scope is to assess the effectiveness of the key processes that were utilized, including the unit draw process. The resulting recommendations with respect to process improvements will assist in implementing this program for the remaining sites.

5. Conclusions

We are proud to have contributed to this innovative housing option which is part of the City's multi-pronged housing strategy. Based on our proactive involvement and observation of the unit draw process, we confirmed that the unit draw process was accurate, fair and equitable, and was conducted in accordance with agreed upon procedures.

Positive feedback was received from City staff on our proactive involvement and the risk and control expertise provided in the unit draw process for the pilot sites. Learnings and improvements suggested at the post-evaluation meeting have been formalized for use in the roll-out of the program to the remaining sites. The unit draw procedures developed during the pilot will serve in ensuring a secure, fair and equitable unit draw process as required in the future.

We thank the Chair and members of the First-time Homebuyers Working Committee, the Property Sales staff and all other City staff that assisted us with this project for their cooperation and support.