

City Policy C582 - Developer Sponsored Affordable Housing Policy

Repeal and Replacement

Recommendation

That Urban Planning Committee recommend to City Council:

1. That City Policy C582 Developer Sponsored Affordable Housing, be repealed.
2. That Administration develop a replacement approach for securing affordable housing contributions through the development process and return to Urban Planning Committee in 2022, including the following:
 - a. Develop a work program with deliverables and milestones informed by engagement with industry and housing stakeholders; and
 - b. Policy options for providing affordable housing as a function of the development process.

Executive Summary

In 2020, Administration conducted a review of City Policy C582 - Developer Sponsored Affordable Housing. The findings of the review indicated that the policy has not resulted in a significant number of affordable housing units, only 28 units since 2006, nor has it achieved its objectives. Administering the policy is time-consuming and resource-intensive both for Administration and industry. Repealing the policy will save time and resources, reduce municipal red tape, and set the context for working with stakeholders and industry on a replacement approach to securing affordable housing contributions as a part of the land development process.

Report

City Policy C582 - Developer Sponsored Affordable Housing has been in place informally since 2006, and formally since 2015, and has only yielded 28 units of near-market affordable housing during that time. As a result of a review by the City Auditor, Administration and a consultant, Administration has determined the policy is not efficient or effective.

Under the policy, Administration is required to seek a developer sponsored affordable housing clause in the text of any rezoning that uses Direct Development Control Provisions (DC1) or Site Specific Development Control Provisions (DC2), meets the minimum project size of 12 proposed dwellings and increases the development rights

from base zoning. Inclusion of the clause is customarily a condition of Administration's support for the rezoning. Administration's current practice within the report accompanying the rezoning application is to clearly outline that the developer-sponsored affordable housing clause has either been included or been omitted and the reasons for its omission.

Given the outcome of the review and Administration's continued experiences with the policy, Administration is proposing that the policy be repealed.

If the recommendations of this report are approved, the impact on direct control rezonings are summarized as follows:

- 1) Land already zoned Direct Development Control Provisions (DC1) or Site Specific Development Control Provisions (DC2) with the C582 agreement requirement, where the agreement is already signed.
 - Signed agreements would continue in accordance with its terms.
- 2) Land already zoned Direct Development Control Provisions (DC1) or Site Specific Development Control Provisions (DC2) with the C582 agreement requirement, where the agreement is not yet signed.
 - An agreement would be required in accordance with the zoning, as stated.
- 3) Future Direct Development Control Provisions (DC1) or Site Specific Development Control Provisions (DC2):
 - Affordable housing clauses would no longer be included and Administration would not negotiate for affordable housing contributions until a new approach is approved.

Next Steps

Administration will continue discussions with industry and other stakeholders to determine alternative approaches to affordable housing contributions by developers as part of the development process. The work plan will include the process and timeline for a replacement approach to City Policy C582 and return to Urban Planning Committee in 2022.

Budget/Financial Implications

Currently, there is no budget specifically dedicated to implementing Policy C582, so repealing the policy will not result in budget or financial implications. Historically, when the City purchased a unit from a developer under Policy C582, the City's cost averaged \$155,000 per unit. During the same period, the City's cost to deliver a unit in partnership with a non-profit housing provider was approximately \$73,000 per unit.

Costs on a per unit basis under the developer-sponsored approach and with non-profit housing providers have increased.

Legal Implications

City policies are passed by resolution by City Council and therefore can only be repealed by City Council.

Public Engagement

Public engagement was not conducted for this report.

Corporate Outcomes and Performance Management

Corporate Outcome: The City of Edmonton has sustainable and accessible infrastructure			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Increased supply of affordable housing in all areas of the City	Number of new affordable housing units supported (by all affordable housing programs)	2021: 159 2020: 286 2019: 648 2018: 189 TOTAL: 1264	2,500 from 2019-2024
	Number of new affordable housing units supported (by Developer Sponsored Affordable Housing Program)	2006-2021: 28	TBD

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
If recommendation is approved						
Political Influence	City Council may decide not to implement an alternative approach/policy /program	1- Minor	1 - Minor	1 - Low	City staff continue to inform Council on the need for affordable housing and outcomes achieved by existing policy and program.	City staff will provide an updated work plan to discuss policy options and approaches which will exceed the performance of existing policy/program.
If recommendation is not approved						

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Public Perception	Government is not responding to stakeholder / industry feedback	3 - Possible	2 - Moderate	6 - Low	City staff have been listening through consultations with industry.	City staff will continue to engage the stakeholders and industry on a new approach to affordable housing contribution.
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Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- K. Fallis-Howell, Acting City Solicitor