

Affordable Housing Target Methodology

This attachment describes the data sources and methodology for the long-term affordable housing target.

1. Data Sources

Affordable Housing Needs

Housing affordability guidelines established by the Canadian Mortgage and Housing Corporation state that housing costs should not exceed 30 percent of a household's annual before-tax income. This standard is used by the Canadian Mortgage and Housing Corporation, Statistics Canada, and is applied by provinces and municipalities across Canada. This threshold is also used by the United States Department of Housing and Urban Development.

In 2016, 48,550 renter households in Edmonton spent more than 30 percent of their annual before-tax income on housing costs (based on the 2016 federal census data).

Of these households, 22,350 spent more than 50 percent of their household income on housing. The Canada Mortgage and Housing Corporation describes households in this category as experiencing severe housing affordability challenges.

Affordable Housing Inventory

The City of Edmonton maintains an inventory of affordable housing units in the city. The inventory is updated every two years based on a survey that is completed by affordable housing providers. In addition, Administration completes updates on an ongoing basis as new affordable housing projects are completed and announced. The next scheduled update will be completed in 2019.

Limitations

Every effort has been made to maintain an accurate and comprehensive inventory of affordable housing in Edmonton. As the data is self-reported by providers, there may be occasional errors or omissions. Administration is working with the Analytics Centre of Excellence to explore methods for improving data collection methods for the inventory.

What's Included?

The affordable housing inventory includes the following affordable housing types:

- near-market affordable housing
- social or community housing

- affordable seniors independent living
- permanent supportive housing
- supportive housing units
- co-operative housing units

See Attachment 1 for definitions of these terms.

What's Not Included?

The affordable housing inventory does not include:

- emergency shelter spaces
- transitional accommodation
- market affordable housing (private market housing that is made available at below average market rates)
- private market rental or ownership units

These housing types are not included because they do not meet the City's definition of affordable housing.

How Many Affordable Housing Units are there in Edmonton?

Based on the City's affordable housing inventory, there are a total of 18,406 affordable housing units in Edmonton.

Out of the 18,406 total affordable housing units, 7,548 are specifically targeted to seniors (generally age 65 and over). The remaining 10,858 are made available for any age group, and may also provide housing to individuals age 65 and over.

2. Target Methodology

Administration recommends an affordable housing target of 16 percent for every neighbourhood in Edmonton. This target represents the total number of units required to meet the affordability needs of all Edmontonians.

The target was calculated based on three inputs:

- The number of households spending more than 30 percent on shelter costs (from the 2016 Federal Census): 48,550.
- The number of households currently living in an affordable housing unit: 18,406.
- The total number of dwelling units in Edmonton (from the 2016 Municipal Census): 409,236.

The target was calculated as follows:

- 66,956 units are required to meet the affordable housing needs of Edmontonians. This number incorporates the unmet needs of the 48,550

- households spending more than 30 percent of household income on shelter costs and the 18,406 households currently living in affordable housing.
- 66,956 units represents 16.4 percent of the 409,236 total dwelling units in Edmonton.

3. Previous Target Calculation

In July 2017, Administration identified a possible city-wide affordable housing target of 10 percent. This target was calculated based on the number of households spending more than 50 percent of household income on shelter costs. Households in this category are experiencing “severe” affordability challenges and are in the greatest need of affordable housing units.

This target was suggested as an ‘aspirational guideline’ intended to be reflective of need but recognizing that the City of Edmonton must rely on support from the federal and provincial governments as well as nonprofit organizations.

4. Additional Considerations

In developing this policy framework, Administration considered multiple approaches to setting the city-wide affordable housing target. Including setting this target on a neighbourhood basis versus a ward basis and the specific target ratio.

Neighbourhood vs. Ward

Measuring the city-wide affordable housing target by ward would allow for additional flexibility in siting affordable housing because it would effectively enable different targets to apply to different parts of the ward boundaries. This could make it easier to achieve the target as it recognizes that not all neighbourhoods have the same degree of opportunity for increasing the supply of affordable housing (eg. available land). It could provide a boost to efforts to achieve additional desirable outcomes, for example, increased affordable housing near LRT.

However, Administration recommends the target be applied on a neighbourhood basis because this will provide more certainty for neighbourhoods that already have a significant amount of affordable housing. As well, the notion of a city-wide affordable housing target is based on the premise that to the extent it is possible, all parts of the city are treated the same and the variability enabled by a ward-level target could undermine this premise.

The risks associated with using the neighbourhood as a level of analysis are somewhat mitigated by the inclusion of the requirement to consider the broader geographic context as well as the presence of four additional investment guidelines for consideration, including the degree of housing affordability, funding from other sources, proximity to services and supports, and overall project design.

As part of the process to develop a new City Plan, Administration is considering a new focus on district planning, which, as an additional unit of geographic analysis between a neighbourhood and a ward in size, could provide another option for the application of the affordable housing target.

Percentage Target

Administration recommends City Council adopt a city-wide affordable housing target of 16 percent. The 16 percent target reflects an increase over the previously discussed 10 percent target.

The new target is recommended by Administration on the basis that it captures the need for affordable housing within Edmonton using a nationally-recognized standard (households spending more than 30 percent of their income on shelter costs). The target is evidence-based and can be updated as new census data becomes available and as regular affordable housing inventory updates are completed. While the target is long-term and aspirational, it describes the true need for affordable housing not only today but also as our city grows.

Benefits of this approach include:

- The target reflects the actual need calculated according to a nationally-established housing affordability standard.
- The target can be updated routinely as new census and other statistical data is collected.
- A higher threshold reduces the short term impacts on housing providers who have existing inventories of land.
- Setting an ambitious target now will help prepare Edmonton for any additional affordability challenges associated with future city growth.
- This approach can set a precedent to be applied to future regional housing plans.
- Setting a target based on need allows for a strong message to other orders of government about the size and scale of the need for investment in affordable housing in our city.

Potential challenges to this approach include:

Attachment 3

- The target is ambitious and achieving the target is not in the City of Edmonton's direct control.
- Some stakeholders will feel the ratio is too high.
- Some stakeholders will feel the ratio is too low.
- Not all parts of the city will have equal opportunity to achieve the goal in the short or medium terms.

Administration will implement City Policy C601 using the affordable housing target approved by City Council.