

Rapid Housing Initiative Funding Agreements

Cities Stream

RECOMMENDATION

1. That a subsidy funding affordable housing agreement between the City of Edmonton and Niginan Housing Ventures, not to exceed \$10,775,760, as outlined in Attachment 1 of the November 16, 2021, Citizen Services report CS00799, be approved, and that the agreement be in form and content acceptable to the City Manager.
2. That a subsidy funding affordable housing agreement between the City of Edmonton and The Mustard Seed Foundation, not to exceed \$10,833,510, as outlined in Attachment 2 of the November 16, 2021, Citizen Services report CS00799, be approved, and that the agreement be in form and content acceptable to the City Manager.

Report Purpose

Council decision required

Executive Committee is being asked to approve each of the affordable housing agreements presented in this report as they each exceed Administration's delegated authority amounts allowed under the City Administration Bylaw.

Executive Summary

- In July 2021, the Government of Canada announced that the City of Edmonton would receive \$14.9 million through the Rapid Housing Initiative's Cities Stream to create a minimum of 68 units of new permanent affordable housing.
- Administration is proposing that these funds be used to fund two non-market housing providers to purchase and convert two hotels into self-contained apartment housing with on-site social supports (supportive housing). Additional existing City funding would also be used as part of the City's contribution to the projects.
- The two hotel conversions would result in up to 138 new units of supportive housing, with 53 units in the former Sands Hotel and 72 to 85 units in the former Days Inn - University Avenue for vulnerable Edmontonians in severe housing need or experiencing or at risk of experiencing homelessness.

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REPORT

In September 2020, the Government of Canada announced the new \$1 billion Rapid Housing Initiative, administered by the Canada Mortgage and Housing Corporation, which provides capital funding for the construction, purchase and renovation to create new self-contained units of permanent affordable housing.

Through the first round of the Rapid Housing Initiative's Major Cities stream, the City of Edmonton received \$17.3 million to create a minimum of 80 units of new permanent affordable housing. A further award of \$17.8 million was subsequently allocated from the Project Stream to construct a further 130 units of housing, for a total of 210 units of supportive housing.

Through Budget 2021, the Government of Canada announced an additional \$1.5 billion for a second round of funding for the Rapid Housing Initiative. Edmonton's allocation through this Cities Stream to date is \$14.9 million. In order to access the funding, the City updated and resubmitted its Housing Investment Plan, originally submitted in November 2020 following the first round of funding, to the Canada Mortgage and Housing Corporation in August 2021. The updated Housing Investment Plan identified a request for funding under the Cities Stream which included two medium-size hotel conversions resulting in up to 138 units of housing.

Sands Hotel (12340 Fort Road NW and 12320 Fort Road NW)

Niginan Housing Ventures plans to renovate and convert the Sands Hotel to provide 53 self-contained units for individuals who are experiencing or are at risk of experiencing homelessness. All 53 units will focus on supports for Indigenous peoples with 15 units focused on supporting Indigenous women.

The renovations would provide a common kitchen for shared meals and spaces for ceremonies, conversations with Elders, and social gatherings, all part of the programming and 24/7 support for residents. On-site services would include three full-time equivalent independent living support workers, as well as a housing manager to oversee operations. A full-time Indigenous Elder would also provide spiritual guidance, cultural supports, and facilitate community outreach.

The conversion of the Sands Hotel as described is possible as a result of text amendments to the Zoning Bylaw 12800, where the Supportive Housing use was added to many commercial zones on November 3, 2020, in alignment with Policy C601 Affordable Housing Investment Guidelines, which seeks to ensure more opportunities for non-market developments to be located across all parts of the city.

The subsidy funding affordable housing agreement for this project would be in the maximum amount of \$10,775,760 (Attachment 1).

Days Inn - University Avenue (10333 University Avenue NW)

The Mustard Seed Foundation plans to convert the Days Inn - University Ave to provide a minimum of 72 and a maximum of 85 self-contained units for individuals who have a history of chronic or episodic homelessness and who have barriers to maintaining independent housing. The operator is committed to ensuring a distribution of the units amongst vulnerable tenants who are indigenous, are homeless/at risk of homelessness, or are women. The operations of the

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building would include 24/7 onsite tenancy management support and wrap-around services that are designed to promote wellness and foster independent living.

The maximum funding amount of \$10,833,510 requested is to ensure flexibility to address the potential unit count range of 72 and 85 units. In this regard:

- The Mustard Seed Foundation will need to provide a minimum of 72 units for affordable use in order to align with requirements and accelerated deadlines of the Rapid Housing Initiative. Administration would use a subsidy funding affordable housing agreement to provide The Mustard Seed Foundation with an appropriate portion of the maximum funding amount to address this minimum unit count, sourced specifically from Rapid Housing Initiative funds and supplemented by City funding contributions.
- Beyond this minimum unit count, The Mustard Seed Foundation intends to pursue a text amendment to the current DC1 zoning to potentially enable the conversion of a further 13 units on the ground floor at this same location for affordable housing use. The text amendment will be brought forward for City Council's consideration and debate in accordance with statutory requirements at a future public hearing as required by the *Municipal Government Act*.

If additional units are feasible, and located at the site acquired with the assistance of Rapid Housing Initiative funds, Administration would enter into prompt and reasonable discussions with Canada Mortgage and Housing Corporation to amend the contribution agreement to address the additional unit count, including conversion timelines and priority occupants, where appropriate. These particular amendments fall within Administration's delegated authority for capital grant funding paid to the City. In addition, Administration would also amend, or enter in a further, subsidy funding affordable housing agreement form to provide The Mustard Seed Foundation with a further appropriate portion of the maximum funding amount to address the conversion of the additional units for affordable use, sourced specifically from City funding contributions.

If additional units are not feasible, Canada Mortgage and Housing Corporation has indicated that the acquisition and conversion of a minimum of 72 units is still sufficient in respect of its contribution amount being provided for this project under the Rapid Housing Initiative program.

The subsidy funding affordable housing agreement will ensure Administration has agreement approval authority for up to the maximum funding amount of \$10,833,510 with flexibility to address the unit count range of between 72 and 85 units by way of one or more agreement forms as may be needed (Attachment 2).

Operating Supports

Administration and Canada Mortgage and Housing Corporation are continuing conversations about the operational funding requirements to provide enhanced supports at each site. Each development has operating plans that are self-sustaining, drawing from rents and charitable contributions. The planned on-site supports are sufficient to meet basic levels of supportive living

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but additional operating supports in the form of enriched programming and on-site professionals would be required to support individuals who have more complex needs. Administration is currently in discussions with Homeward Trust and the Government of Alberta to identify additional operating funding to expand opportunities to use these facilities to serve people with higher complexity of need.

If approved, these housing conversions would be able to open quickly, with some occupancy potentially available within three to six months depending on how the work is staged. Both conversions would be completed within the stipulated funding program requirements.

Budget/Financial Implications

The requested City contributions for both projects total up to \$21,609,270. This total request would be funded through the previously approved \$14.9 million in federal Rapid Housing Initiative funds, which would be transferred directly to the City of Edmonton by the Canada Mortgage and Housing Corporation, as well as \$6.7 million of funding currently approved within the 2021 budget for the Social Development branch. This \$6.7 million was comprised of \$5 million allocated from provincial block funding and \$1.7 million transferred from the City's of Edmonton's Affordable Housing Reserve. No new funds are being requested.

Legal Implications

The City Administration Bylaw enables the City Manager to approve affordable housing agreements that do not exceed \$1 million. As each of these agreements exceeds the delegated authority of the City Manager, Administration is requesting approval from Executive Committee.

Administration is also in the process of completing a Rapid Housing Initiative Contribution Agreement with Canada Mortgage and Housing Corporation to enable the transfer of Rapid Housing Initiative funds directly to the City of Edmonton for allocation to these projects. The draft template agreement has been provided to the City for review and, upon execution by the City's Chief Financial Officer, will place requirements on the City as the funding recipient.

If the recommendations in this report are approved, the City would mirror relevant requirements from the Rapid Housing Initiative Contribution Agreement in its affordable housing agreements with Niginan Housing Ventures and The Mustard Seed Foundation. There is risk to the City in that a breach of an affordable housing agreement could have a domino effect that impacts the ability of the City to fulfill its own contractual obligations under the Rapid Housing Initiative Contribution Agreement.

COMMUNITY INSIGHT

City Policy C601- Affordable Housing Investment Guidelines - provides guidelines for the City to follow in making affordable housing investment decisions, including considerations for appropriate engagement. The City will require a good neighbour plan be developed by the owner/operator as part of the subsidy funding affordable housing agreements, which provides a commitment by the owner/operator to maintain neighbourhood relations related to the construction, operation, and maintenance of the development, along with an issue resolution process. Good neighbour plans are tools for building a relationship of trust and transparency

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between the owner/operator and the community. Administration will work with the owner/operator through the process of establishing a good neighbour plan with the community.

Administration does not conduct engagement regarding who lives in affordable housing, nor does it engage on what locations are appropriate for affordable housing.

As the land on Fort Road at the Sands Hotel location is appropriately zoned for the conversion work being internal to the buildings, public engagement will focus on the development of a good neighbour plan. The land on University Avenue at the Days Inn location has Direct Control zoning that will allow for the immediate conversion of all but the main floor into multi-unit housing, and a good neighbour plan will also be required. A text amendment would be required to permit the conversion of an additional 13 units on the main floor into housing, with statutory requirements for advertising and a public hearing. Regardless of the outcome of the text amendment, the overall project would still be positioned to proceed with the conversion of 72 units for affordable housing. Administration has conducted outreach to key community stakeholders and established websites to inform the public of the conversion plans for both hotels and future opportunities for public engagement with the broader community.

GBA+

People experiencing homelessness are marginalized in many ways. They may have difficulty finding acceptance, housing, food and healthcare, and are often victims of trauma prior to becoming unhoused or while living in a state of homelessness. People who have experienced systemic barriers and intergenerational or historic trauma are also overrepresented among people experiencing homelessness. For example, in Edmonton Indigenous people comprise approximately 60 percent of those experiencing homelessness despite being only 5 percent of the total population.

Land use regulations can inadvertently create barriers to access to housing for people who have been impacted by systemic discrimination, including those experiencing homelessness. Treating affordable housing developments differently than other residential developments, because of who will be living there, can reinforce negative stereotypes related to people experiencing poverty and limit the ability of some Edmontonians to access housing.

The City of Edmonton's Zoning Bylaw has been amended to adopt a more inclusive definition for supportive housing and to add this as an approved use to a broader range of zones, which has created greater opportunity to permit this use more broadly across the city and in alignment with City Policy C601 - Affordable Housing Investment Guidelines, which seeks to ensure affordable housing is available in all parts of the city.

Equity measures implemented through this initiative include:

- The Rapid Housing Initiative seeks to assist cities in addressing the lack of affordable housing by providing funding to acquire and construct new affordable housing or acquire and convert existing buildings into affordable housing for marginalized people.
- Administration is working closely with non-market housing providers to make submissions to the Canadian Mortgage and Housing Corporation for funding the creation of up to 138 new affordable housing units.

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- Administration is assisting with project development plans and providing additional funding above the contributions from the Canada Mortgage and Housing Corporation to ensure additional units of affordable housing are created, up to 138 total units as opposed to the initial minimum of 68 units.
- Administration is prioritizing projects that provide units offered at rates affordable for people with extremely low incomes.
- Each development described in the report has a minimum number of units focused on Indigenous people and women.

ATTACHMENTS

1. Niginan Housing Ventures Subsidy Funding Affordable Housing Agreement General Terms and Conditions
2. The Mustard Seed Foundation Subsidy Funding Affordable Housing Agreement General Terms and Conditions