

Rapid Housing Initiative Hotel Conversion

Coliseum Inn

RECOMMENDATION

That Executive Committee recommend to City Council:

1. That the 2022 revenue and expenditure operating budget for the Social Development branch be increased by \$10,980,828, to recognize anticipated receipt of Rapid Housing Initiative funding from the Canada Mortgage and Housing Corporation Rapid Housing Initiative Project Stream (revenue), as well as operating contributions (expenditure) to an external organization for the purpose of funding the project described in Attachment 1 of the February 2, 2022, Community Services report CS00898.
2. That the 2022 revenue and expenditure operating budget for the Social Development branch be increased by \$7,320,552 with funding from the Affordable Housing Reserve for the City contribution towards the project described in Attachment 1 of the February 2, 2022, Community Services report CS00898.
3. That a subsidy funding affordable housing agreement between the City of Edmonton and Homeward Trust Holding Company, not to exceed \$18,301,380, as outlined in Attachment 1 of the February 2, 2022, Community Services report CS00898, be approved, and that the agreement be in form and content acceptable to the City Manager.
4. That Attachment 2 of the February 2, 2022, Community Services report CS00898 remain private pursuant to sections 21 (disclosure harmful to intergovernmental relations), 24 (advice from officials) and 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

Report Purpose

Council decision required

City Council is being asked to approve the budget adjustments and subsidy funding affordable housing agreement motions presented in this report, as they exceed Administration's delegated authority under Bylaw 16620 City Administration Bylaw.

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Executive Summary

- On August 16, 2021, City Council directed Administration to submit an updated Housing Investment Plan application to Canada Mortgage and Housing Corporation, which outlined priority projects for consideration for funding under the Rapid Housing Initiative's second round of funding.
- This second round of funding was divided into two funding streams — the Cities Stream and the Project Stream.
- With respect to the Project Stream, the City's updated Housing Investment Plan application included two proposed hotel conversion projects, one of which (Coliseum Inn) was successful with an award of \$10,980,828 of Rapid Housing Initiative funding.
- If any of the Project Stream submissions were awarded funding, Administration committed to seek approval from City Council to allocate these funds to the appropriate operating budget, and to address a further City of Edmonton funding contribution. This report addresses these approval requests.
- If approved, the Coliseum Inn project would result in 98 new units of supportive housing for vulnerable Edmontonians in severe housing need and experiencing or at risk of experiencing homelessness.

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. This funding program has two streams, the Cities Stream and the Projects Stream. In the first round of funding, the City of Edmonton was awarded funds under the Cities Stream to enable the development of five modular supportive housing projects.

As a part of Budget 2021, the Government of Canada announced an additional \$1.5 billion for a second round of funding for the Rapid Housing Initiative program. 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 City's allocation of Rapid Housing Initiative funding through the Round 2 Cities Stream was \$14.9 million. This funding was designated for two medium-sized hotel conversions being developed and managed by Niginan Housing Ventures and The Mustard Seed Foundation resulting in up to 138 units of housing.

In November 2021, Canada Mortgage and Housing Corporation advised Administration that a third project had been approved for Rapid Housing Initiative funding in the amount of \$10,980,828 under the Round 2 Projects Stream. This project includes the acquisition and conversion of the Coliseum Inn into supportive housing. With a requested City contribution of \$7,320,552, the total subsidy funding affordable housing agreement (Attachment 1) for this project would be the maximum amount of \$18,301,380.

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Coliseum Inn (11845 Wayne Gretzky Drive Southbound NW)

The Coliseum Inn has served as bridge housing since April 2020, offering a place of temporary accommodation to individuals experiencing homelessness as they await permanent housing. With federal funding covering the head lease for the hotel's 98 rooms, Homeward Trust contracted The Boyle Street Service Society to operate the hotel for bridge housing. The hotel provided immediate access to housing for people experiencing homelessness while housing teams worked to bridge clients to permanent housing that meets specific needs.

Homeward Trust Holding Company ("Homeward Trust") plans to acquire and convert the Coliseum Inn to provide 98 supportive housing units for individuals who are experiencing or are at risk of experiencing homelessness, with 58 of those units specifically targeted to Indigenous peoples. Homeward Trust is currently planning to take a phased approach to transitioning bridge housing clients out of the Coliseum Inn and converting the hotel suites to self-contained dwelling units with kitchenettes. Homeward Trust would select an operator to oversee day-to-day operations, providing 24/7 onsite support for residents, including a range of health, wellness and life skills training. The hotel's existing kitchen would be maintained as a food service facility for residents and enable the operator to consider catering as a potential social enterprise opportunity. The building would also have spaces for residents to enjoy shared meals, and partake in ceremonies and social gatherings.

The conversion of the Coliseum Inn as described is possible within its current zoning under the Zoning Bylaw 12800, where the Supportive Housing use is permitted in many commercial zones.

Budget/Financial Implications

The projected cost of the Coliseum Inn conversion is \$18,301,380. If approved, the \$10,980,828 allocated to this project through the Rapid Housing Initiative funding would be directed to the Administration's operating budget. The City would contribute an additional \$7,320,552 toward this project from existing funds within the Affordable Housing Reserve and a total of \$18,301,380 would be granted to Homeward Trust to fund the purchase and conversion of Coliseum Inn.

City Council approval is required for these budget adjustments as the Rapid Housing Initiative funding is new funding and the transfer of existing reserve funds exceeds the \$1 million authorization threshold of the City Manager as outlined in the City Administration Bylaw.

Project costs described in this report are high level estimates and final costs won't be known until detailed design is complete and project delivery is confirmed. The estimates described in the report are informed by preliminary estimates from Homeward Trust and represent agreed upon purchase prices and estimated conversion costs.

Legal Implications

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

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Administration is also in the process of completing an amending agreement to the 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 this project. 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 agreement with Homeward Trust Holding Company. 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.

Additional legal considerations are provided in Attachment 2.

COMMUNITY INSIGHT

The City of Edmonton's service partners, such as Homeward Trust, have articulated the need for safe, supportive housing for individuals who are experiencing or are at risk of experiencing homelessness. Through work on other projects like RECOVER, the City understands that it is important for residents of supportive housing to feel that they are safe, welcome and belong in their new community. The City of Edmonton relies on its service providers to provide service in a way that supports residents' sense of belonging and well-being.

City Policy C601- Affordable Housing Investment Guidelines provides guidelines for the City to follow in making affordable housing investment decisions, including appropriate engagement to support the housing development's integration into the broader neighbourhood. The City will require a good neighbour plan be developed by the owner/operator as part of the subsidy funding affordable housing agreement, 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 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.

With the site of the Coliseum Inn on Wayne Gretzky Drive being appropriately zoned for supportive housing and the majority of the conversion work being internal to the building, community conversations and public engagement will focus on the development of a good neighbour plan. Administration has worked with Homeward Trust to ensure outreach to key community stakeholders occurred and information was shared with the public regarding the conversion plans for the Coliseum Inn, along with 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

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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 per cent of those experiencing homelessness despite being only five per cent 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.

Recent changes to the City's Zoning Bylaw provide a more inclusive definition for supportive housing and allows it in a broader range of zones to help address these systemic barriers to housing by creating 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 has worked closely with Homeward Trust to make submissions to the Canadian Mortgage and Housing Corporation for funding the creation of 98 new affordable housing units.
- Administration is assisting with project development plans and providing additional funding above the contributions from the Canada Mortgage and Housing Corporation to ensure affordable housing units are created.
- Administration has prioritized projects that provide units offered at rates affordable for people with extremely low incomes.
- The development described in the report will prioritize a minimum of 58 units specifically for Indigenous people experiencing homelessness.

ATTACHMENTS

1. Homeward Trust Holding Company Subsidy Funding Affordable Housing Agreement General Terms and Conditions
2. Project Considerations - PRIVATE