

AFFORDABLE HOUSING INVESTMENT PLAN - UPDATE

RECOMMENDATION

That the June 27, 2022 Community Services report CS01188, be received for information.

Report Purpose

Information only

Committee is being provided an update on the progress of the Affordable Housing Investment Plan.

Previous Council/Committee Action

At the March 14/16/22, 2022, City Council meeting, the following motion passed:

That Administration develop an update to the 2019-2022 Affordable Housing Investment Plan, to guide the City's investment in affordable housing for 2023-2026, that continues to prioritize supportive housing for the purposes of supporting planning for the next budget cycle.

Executive Summary

- A lack of investment in affordable and supportive housing units for decades has resulted in a deficiency of affordable housing options for individuals in core housing need and has contributed to homelessness in Edmonton.
- The City of Edmonton, through the 2019-2022 Affordable Housing Investment Plan, helped stimulate new unit growth and critical social and economic investment in Edmonton through commitments to create 2,404 affordable housing units (to date) across the City with affordable housing providers. Administration projects a final total of approximately 2,843 units will be funded by the end of 2022.
- A draft Affordable Housing Investment Plan (2023-2026) has been developed to provide the basis for maintaining the significant momentum of the previous plan and to best position the City of Edmonton to leverage as much funding as possible from other levels of government.
- Administration developed three scenarios that provide a range of options for developing and refurbishing approximately 2,400 to 3,500 units in the updated Affordable Housing Investment Plan 2023-2026.

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- Administration will bring forward an updated Affordable Housing Investment Plan funding requirements for consideration by Council during the 2023-2026 budget deliberations.

REPORT

In Canada, provincial and federal governments control the most significant housing-related policy levers. Historically, municipalities had a role to play, subject to the boundaries of their authority and resources.

Municipalities are acutely impacted by homelessness and housing affordability. Over a decade of minimal new affordable housing unit growth and increasing impacts of homelessness in Edmonton have led to numerous City Council conversations on the need to take a leadership role to ensure the construction of affordable housing in Edmonton.

In 2018, building upon the momentum of successive plans to end homelessness since 2009, the City's ten-year Affordable Housing Strategy was approved in 2015. Community recognition of the importance of affordable housing in formal reports like the End Poverty Strategy and the introduction of new affordable housing funding programs from senior orders of government, resulted in City Council approving the 2019-2022 Affordable Housing Investment Plan with the goal of creating 2,500 new or renovated affordable housing units across Edmonton.

2019-2022 Affordable Housing Investment Plan

Since the launch of the 2019-2022 Affordable Housing Investment Plan, the City, in collaboration with affordable housing providers and other orders of government, has helped stimulate new unit growth and critical social and economic investment in Edmonton:

- Committed funding, through June 1, 2022, for the creation of 2,404 affordable housing units across the City through a \$115,000,000 contribution in land and grants (see Attachment 1 for a map of locations):
 - 644 supportive housing units
 - 1,760 Affordable housing units
 - Leveraged up to \$124,000,000 in investment from other levels of government and \$288,000,000 in equity from providers.
 - Total of \$527,000,000 of direct investment related to affordable housing
- Administration projects to commit to an additional 439 affordable housing units by the end of 2024 through grants and below-market land sales to affordable housing providers.
- The full amount of \$132.9 million, 2019-2022 Affordable Housing Investment Plan is projected to be fully allocated by the end of 2022 and approximately 2,843 total affordable housing units are expected to be funded by the completion of the Plan at the end of this year.

While the City has successfully created new affordable housing units, recent inflationary pressures have posed challenges to meeting housing goals. Inflationary pressures, primarily in construction, have reduced the number of affordable housing spaces that can be built with static funding levels.

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- Since the need for affordable housing continues, affordable housing providers are adapting by either reducing units at project sites or strategically pausing the tendering process to purchase when commodity prices (e.g. lumber) dip from peaks.
- Inflationary pressures on the costs of operations, including staffing contingencies due to COVID-19 and utility costs, have decreased the ability for operators to offer deeper subsidies in new and existing housing stock.
 - Affordable housing providers have been diligent in keeping rents low but have examined mixed market models that include some rents at market levels to offset higher than expected losses on subsidized units.

Even with the success of the 2019-2022 Affordable Housing Investment Plan, there is a deficiency in the supply of affordable housing as Edmontonians continue to experience housing insecurity. As a result, further affordable housing is required to meet the needs of vulnerable Edmontonians. To achieve The City Plan's goal of ensuring no household is in core housing need, it is projected that an additional 49,830 units over the next 10 years, at rent levels less than \$1,100/month, will need to be developed within Edmonton.

Continued funding for affordable housing (by the City, other orders of government, not-for-profit and private sector housing providers, and other funders) is critical to ensuring new units are developed. This will help to achieve the Plan's long-term social infrastructure goals.

2023-2026 Affordable Housing Investment Plan

In 2021 and 2022, the Government of Canada prioritized the creation of new affordable housing units and the Government of Alberta developed a new ten-year affordable housing strategy. To meet the increased demand for affordable housing and to ensure alignment of strategy to capitalize on potential funding that can be leveraged from other orders of government, the City is updating its Affordable Housing Investment Plan.

The updated Affordable Housing Investment Plan will recommend continuing the momentum of the previous plan, aligning to ConnectEdmonton, The City Plan, the City's Community Safety and Well Being Strategy and complementing strategies and initiatives from the other orders of government.

With inflationary pressures, subsequent investments will need to match or exceed the results of the current plan in order to maintain momentum and address the increased housing needs due to two years of pandemic pressures. Investment areas within the updated Plan have been developed to maximize access to potential funding from other levels of government, create flexibility in approach to respond to emergent opportunities and issues and to target the supply gaps identified by the City's housing needs assessment.

The updated Affordable Housing Investment Plan proposes the following prioritized investment goals for 2023-2026:

1. Build new permanent supportive housing

Recognized as a priority within the Affordable Housing Investment Plan, the City continues to identify additional sites and is looking to allocate funding that can be leveraged with

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support offered by other orders of government, including the recently announced third round of the Federal Rapid Housing Initiative funding program to create new supportive housing units. Potential new units may follow the modular build and hotel conversion model from the current Plan or be constructed using traditional methods.

2. Continue to stimulate new affordable housing unit growth in all parts of the City by leveraging City land assets and grants through continued investment in the Affordable Housing Investment Program

The updated Affordable Housing Investment Program will continue providing grant funding to eligible non-profit and private sector entities to encourage affordable housing development in the city.

Under the City Land Assets for Non-Profit Affordable Housing Policy - C437A, City of Edmonton land assets are an important resource for enabling affordable housing development. Administration will continue to proactively review potential surplus City-owned lands for suitability for affordable housing and, where appropriate and in alignment with statutory and delegated authority limits, make them available to housing providers.

New within the 2023-2026 Plan is funding to support the pursuit of co-location of affordable housing in current and prospective City projects. This may include the development of affordable housing at Blatchford, Exhibition Lands, the Quarters, and City services sites like Fire Stations, as described in the June 27, 2022, Community Services report CS01295, Walker Fire Station Co-Location Update.

3. Supporting the growth of Indigenous-led housing providers

Recognizing the City's commitments under the Indigenous Framework, the Missing and Murdered Indigenous Women and Girls Calls for Justice, and the long-term goal of reconciliation with Indigenous people, the proposed Investment Plan proposes a grant stream specific to funding projects by Indigenous-led housing providers. The grant may also be supplemented by the additional support and work resulting from the recommendations described in the June 27, 2022, Community Services report CS00433, Indigenous Affordable Housing Strategy.

4. Continued Surplus School Site development to support the City's infill and affordable housing distribution goals

Administration is preparing an evolved approach to the development of surplus school sites for affordable housing. This approach will allocate dedicated staff resources, consider the insights gleaned from recently completed market demand and technical servicing studies as well as the results from the pilot engagement processes used to support the development of the first two sites under the Building Housing Choices Program. Administration is also in discussions with the Canada Mortgage and Housing Corporation about the possibility of tying seed funding or other future forms of federal housing support to each site, given the locations are known in advance. This information will guide

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the development of these sites as they are prepared for sale or lease. Finally, Administration also plans to review and provide recommendations to Council on Policies the Policy to Govern the Use of Funds from the Sale of Surplus School Sites - C468A and Guidelines for Development of the 2009 Surplus School Sites Policy - C583 which govern surplus school sites. Policy C468A was last reviewed in 2014 and C583 in 2015.

5. Ensuring the City-owned (deep-subsidy) social housing inventory is preserved

Civida, the largest provider of social and near market housing in the Edmonton region, manages 12 properties and 952 homes on behalf of the City of Edmonton. Civida and the City have developed a capital plan to conduct needed maintenance on 870 of these units within the Investment Plan. Scenario planning is also occurring on redevelopment opportunities on these sites, which would offer the potential of expanding the existing social housing inventory in Edmonton.

Administration has developed three potential scenarios that demonstrate the options for developing and refurbishing between 2,471 to 3,596 units in the updated Affordable Housing Investment Plan (2023-2026). City contributions to affordable housing within the scenarios range between \$163,400,000 to \$246,400,000 over a four year period (Attachment 2).

Budget/Financial Implications

Per previous Council direction, Administration will be bringing forward the updated Affordable Housing Investment Plan funding requirements for consideration by Council during the 2023-2026 budget deliberations. Administration will continue to explore funding opportunities with other orders of government, not-for-profit and private sector housing providers, and other funders as part of the investment plan to support affordable housing needs in the city.

GBA+

The number of Edmontonians experiencing homelessness has almost doubled since the beginning of the pandemic. Homeward Trust's By Name List serves as a real-time record of all known people currently experiencing homelessness across Edmonton. As of May 2022, there are more than 2,800 people on this list. Of those 2,800+ people, over 1,150 are either currently staying in a shelter or sleeping outdoors, with the remainder provisionally accommodated (couch-surfing, short-term housing, etc.) Despite making up only five per cent of Edmonton's overall population, over 60 per cent of these individuals are Indigenous. Housing is needed that incorporates the needs of Indigenous residents, including multigenerational families, and which reflect cultural beliefs and create space for traditional ceremonies.

Of the more than 2,800 individuals experiencing homelessness, approximately 45 per cent identify as female. Women are more likely to be represented in the "hidden homeless" population. Women are less likely to use shelters, services and other services for individuals experiencing homelessness. As a result, they are often under-reported in homelessness counts. In 2016, there were 7,795 renter single mothers/female heads of household living in core housing need, which constituted two-thirds of all single mothers/female heads of household.

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In addition to the ongoing barriers individuals experiencing homelessness face in accessing public services like transportation, regular and appropriate health care, food, and shelter, the identities of those individuals intersect with other equity-seeking groups. The experience of racialized and two-spirit, lesbian, gay, bisexual, transgender, queer/questioning, and plus (2SLGBTQ+) community members experiencing homelessness is uniquely challenging in that they face additional discrimination and lack of appropriate support when trying to access existing shelter, housing, and social service systems.

People with disabilities and significant health challenges are overrepresented among those experiencing homelessness and in housing need – being homeless worsens health issues and itself is a cause of poor health and an elevated risk of death. Many services available to people experiencing homelessness are not designed to meet the needs of people with significant and complex physical and mental health challenges, including substance use disorders. In 2016, there were 15,715 renter households who had an individual dealing with a psychosocial disability living in core housing need. Administration has heard there is a critical need for additional mental health supports and housing units to support individuals.

ATTACHMENTS

1. Map of 2019-2022 Affordable Housing Investment Plan Projects
2. Prospective 2023-2026 Affordable Housing Investment Plan Scenarios