

## HOUSING REDEVELOPMENT GRANT PROGRAM UPDATE

### RECOMMENDATION

That the October 25, 2022, Community Services report CS01235, be received for information.

Requested Council Action		Information only	
ConnectEdmonton's Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work as we work to achieve our strategic goals.		Urban Places	
City Plan Values	LIVE		
City Plan Big City Move(s)	A community of communities  Inclusive and compassionate	Relationship to Council's Strategic Priorities	Community safety and well-being
Corporate Business Plan	Transforming for the future		
Council Policy, Program or Project Relationships	CR_8070 Housing Redevelopment Grant Pilot Program CR_7749 Problem Properties Action Plan		
Related Council Discussions	Derelict Residential and Non-Residential Properties - Grant Program and Draft Policy		

### Previous Council/Committee Action

At the April 11, 2022, Community and Public Services Committee meeting, the following motion was passed:

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That Administration provide an update on the Housing Redevelopment Grant program, including lessons learned and opportunities to align with efforts around problem properties.

### Executive Summary

- At the June 29, 2020, City Council meeting, Council approved the use of \$1.5 million from the Affordable Housing Reserve to support a pilot grant program for the redevelopment of up to five problem properties to help reduce the number of problem properties and increase the supply of safe and affordable housing in Edmonton (CR\_8070).
- The pilot program received three applications: two from Métis Urban Housing Corporation of Alberta, Inc. and one from Right at Home Housing Society. All three applications were approved for funding, totalling \$1,349,484 and are currently in the development process.
- Administration identified challenges with the current application process, including the timing of applications, acquisition cost and scalability, in addition to issues encountered by prospective applicants seeking properties to purchase for redevelopment.
- Lessons learned and potential corrective actions of the pilot program include:
  - Simplifying the application process and possible reduction of document requirements.
  - Inclusion of property acquisition cost as an eligible cost for the grant funding.
  - Pre-qualification of non-profit housing providers to enable a more nimble application process.
  - Although there were no tenants to relocate in this round of redevelopment, potential new redevelopment programs should further consider the form of replacement supportive housing conducive to vulnerable population needs. This should be paired with integrated services that provide information, education, and system navigation support for tenants facing relocation.
- The grant program application closed on May 24, 2021. Although the projects supported will be of benefit to the community, the grant program did not optimally achieve the goals put forward by Council. Any future iteration of a grant program for problem properties would require additional consideration of the lessons learned and budget allocation from City Council.

## REPORT

Problem Properties are defined as properties with significant detrimental impact to surrounding properties, including but not limited to nuisance conditions, property deterioration, safety issues or concerns, structural integrity, and/or fire risks and hazards.

In June 2020, City Council approved the use of \$1.5 million from the Affordable Housing Reserve to support a pilot Housing Redevelopment Grant program (CR\_8070). The program aimed to provide funding for the redevelopment of up to five problem properties, reduce the number of problem properties and to increase the supply of safe and affordable housing in Edmonton. Under this pilot program, Administration collaborated with non-profit organizations who led the land acquisition and redevelopment of the sites. For successful applicants, the grant provided funding of up to 40 per cent towards the capital construction costs of the project. To ensure the property was used for affordable housing, the successful applicant was required to enter into an

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affordable housing agreement that is registered on title for a maximum term of 40 years. Properties selected for redevelopment had to meet the minimum requirements of the grant program, as outlined in Attachment 1, Grant Funding Affordable Housing Term Sheet.

### Program outcomes and lessons learned

The pilot program accepted applications from February 22, 2021, to May 24, 2021, and received three applications, two of which were from Métis Urban Housing Corporation of Alberta, Inc. and one from Right at Home Housing Society. The three applications were each evaluated and met the minimum criteria for approval of grant funding. Métis Urban Housing Corporation of Alberta, Inc. was approved for up to \$657,484 in grant funding to redevelop eight affordable housing units on two sites: one in the Alberta Avenue neighbourhood (four units contained in a semi-detached complex with legal suites) and one in the Beacon Heights neighbourhood (four units contained in semi-detached complex with legal suites). Right at Home Housing Society was approved for up to \$692,000 in grant funding to redevelop a site it acquired in the Montrose neighbourhood into eight units of affordable housing. Builders for each project have been selected and are currently going through the necessary steps to obtain development and building permits. Final building costs will be determined at the time of issuance of building permits. Project details for each site are in Attachment 2, Project Details - Successful Applicants.

The Housing Redevelopment Grant pilot program required a relocation plan for existing tenants, if any. However, as these properties were unoccupied, there was no need for a relocation plan for residents.

The redevelopment of problem properties by non-profit affordable housing providers will add safe and affordable housing in the communities that need it. However, the pilot program was not effective in the redevelopment of the most challenging problem properties, such as properties with recurring complaints and safety concerns.

These properties are complex in nature, often requiring the coordination of multiple enforcement agencies and social supports. These properties generate extraordinary demand on services and represent an ongoing risk to the vibrancy of a neighbourhood. Prospective applicants noted that the reason they were unable to purchase such problem properties was largely due to the fact that such properties were either not on the market or the asking prices were too high to make redevelopment feasible, especially given that the grant did not fund property acquisition.

Applicants reported that the grant application requirements were onerous, even for experienced applicants, and could potentially be unmanageable for less experienced applicants. It was noted that the cost of fulfilling these requirements was a significant deterrent to applying. Some stated that the City's application process did not align in terms of timing on the purchase offer for the available property. Prospective applicants are not able to take advantage of problem properties that became available in the market once the grant application intake period ended.

Challenges with the current application process, application timing, acquisition cost and scalability, in addition to the issues encountered by prospective applicants seeking properties to purchase for redevelopment, mean that the pilot program in its current state is not

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recommended to continue. However, should a similar program be pursued in the future, there are opportunities to improve the program to achieve better outcomes.

### **Other option explored - tax forfeiture**

Options for City acquisition by way of tax forfeiture process exist, however relatively few properties become available to the City through this process. The tax forfeiture process is highly prescribed in the *Municipal Government Act* and is designed to support municipalities in collecting unpaid taxes while protecting the rights of property owners.

### **Redevelopment impacts to problem properties tenants**

Based on anecdotal and primary information sources, including interviews of individuals with lived experience conducted as part the engagement insights from the April 11, 2022 Community Services report CS00896 Problem Properties Initiative Update, it appears that residents in problem properties are likely to have lived or living experience of complex challenges resulting from conditions such as disability, mental health, physical health, trauma, poverty, substance use disorders or addiction. As such, tenants of problem properties are not likely to have alternative affordable housing options and may require social support and services in order to maintain their housing, which leaves them in vulnerable and precarious housing situations. Redevelopment programs must account for the potential displacement of vulnerable tenants and ideally include a tenant support and relocation element to ensure the safe and appropriate transition of existing residents.

Problem property redevelopment alone will not address the needs of vulnerable people currently living in problem properties. Alternative forms of affordable housing supply, from supportive housing to single room occupancy, are likely needed to ensure that vulnerable residents have options that meet their individual or household needs.

Furthermore, vulnerable residents can benefit from services and resources that provide information, education, and system navigation support. These types of resources are ideally suited for integration into potential redevelopment scenarios.

## **Conclusion**

Administration is not recommending that the pilot Redevelopment Grant Program continue in its current form. However, as outlined in Attachment 3, Lessons Learned on the Grant Pilot Program and Attachment 4, What We Heard - Opportunities for Improvement, there are ways to improve the program that would help achieve its goals of reducing the number of problem properties while ensuring the needs of vulnerable tenants are met in potential redevelopment.

Administration will continue to work closely with both Right at Home Housing Society and Métis Urban Housing Corporation of Alberta, Inc. to best ensure that the projects approved through the pilot Redevelopment Grant Program are successful and further lessons are learned through the process up to occupancy on the projects.

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### Budget/Financial Implications

In June 2020, through Community Services report CR\_8070, Housing Redevelopment Grant Pilot Program - Redeveloping Problem Properties, Council approved one-time funding for the pilot project from the existing Affordable Housing Reserve, with no impact on the tax levy. Any future iteration of the Redevelopment Grant Program would require additional funding which, if directed by Council, would be requested through a future supplemental operating budget adjustment.

### COMMUNITY INSIGHT

Housing security is critical to a healthy city. Residents have informed the City through previous public engagement efforts that there is an insufficient affordable housing supply in the city, as many struggle finding an affordable home, especially in areas where problem properties are located. The pilot Grant Program not only aimed to provide affordable housing but also reduce the number of problem properties in the city.

The pilot Grant Program required a public engagement plan and good neighbor plan from each applicant to demonstrate their commitment with the community. The public engagement plan provides background information on the project and a list of stakeholders and community engagement activities related to the project. The good neighbor plan includes commitments from the housing operator to the community which includes issues resolution framework.

Affordable Housing providers were engaged in lessons learned and have taken their input into consideration for future iteration of the Grant Program (if considered).

### GBA+

Many people staying in at problem properties may be from vulnerable populations including those dealing with challenging housing needs, mental health issues, experiencing episodic homelessness, low income, substance abuse issues, as well as people living with disabilities, people who were formerly incarcerated and newcomers to the city. Housing is a significant barrier for anyone who lacks personal references or employment or has a criminal record, forcing them to stay in living conditions that are not up to minimum safety standards.

The 2023 to 2026 Problem Properties Strategy acknowledges intersectionality where other factors such as education, language, culture, income, social status and lived experience of those in problem properties are considered when developing and delivering initiatives to address problem properties. There is access to supports, but websites on how to use the supports can be difficult to navigate and hard to access.

A GBA+ review identified a number of findings, including:

- that marginalized individuals disproportionately live in poverty and experience barriers in accessing information
- inexperienced landlords may lack the knowledge to provide tenants with appropriate living conditions and address conflict
- the scope of problem properties and the number of agencies involved can make it difficult for the community to know who is responsible for what or who they can call

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- orders to remediate unsafe living conditions can lead to a displacement of the people living in the properties
- problem properties absorb a significant amount of time and resources to investigate and bring into compliance

To address these findings, Administration identified several mitigation strategies, including creating a toolkit that is available in multiple media and for various audiences, a centralized model to govern and oversee the work formally, the ability to access support and referrals on-site, and focus on preventative services (CS00896).

## **ATTACHMENTS**

1. Grant Funding Affordable Housing Term Sheet
2. Project Details - Successful Applicants
3. Lessons Learned on the Grant Pilot Program
4. What We Heard - Opportunities for Improvement