

2023 AFFORDABLE HOUSING SITES - SALE OF LAND BELOW MARKET VALUE AND GRANT FUNDING

RECOMMENDATION

1. That the sale of land in Boyle Street (Rowland Road), at below market value, as outlined in Attachment 1 of the March 1, 2023, Financial and Corporate Services report FCS01574, be approved, and that the agreement(s) be in form and content acceptable to the City Manager.
2. That the grant funding affordable housing agreement for Boyle Street (Rowland Road), as outlined in Attachment 2 of the March 1, 2023, Financial and Corporate Services report FCS01574, be approved, and that the agreement(s) be in form and content acceptable to the City Manager.
3. That the sale of land in Boyle Street (Koermann Block), at below market value, as outlined in Attachment 3 of the March 1, 2023, Financial and Corporate Services report FCS01574, be approved, and that the agreement(s) be in form and content acceptable to the City Manager.
4. That the grant funding affordable housing agreement for Boyle Street (Koermann Block), as outlined in Attachment 4 of the March 1, 2023, Financial and Corporate Services report FCS01574, be approved, and that the agreement(s) be in form and content acceptable to the City Manager.

Requested Council Action		Decision required	
ConnectEdmonton's Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work as we achieve our strategic goals.		Urban Places	
City Plan Values	LIVE		
City Plan Big City Move(s)	Inclusive and compassionate	Relationship to Council's Strategic Priorities	Nobody is in core housing need Community Safety and Well Being
Corporate Business	Serving Edmontonians		

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Plan	
Council Policy, Program or Project Relationships	A short list of the most relevant items, including but not limited to: <ul style="list-style-type: none">• Climate Resilience Policy (C627)• Public Engagement Policy (C593A)• City Land Assets for Non-Profit Affordable Housing (Council Policy C437A)
Related Council Discussions	<ul style="list-style-type: none">• FCS00680, 2021 Affordable Housing Sites, Executive Committee, August 23, 2021

Executive Summary

- Administration is seeking Executive Committee pre-approval for the below market sale and grant funding for two affordable housing sites in the Boyle Street neighbourhood. The sites were acquired wholly using restricted funds from the Government of Alberta for affordable housing. These funds were initially provided in 2008.
- The approval of the below market sales will expedite the process of disposing of these sites for affordable housing development.
- If approved, the two sites will be offered using the process established by Council Policy C437A - City Land Assets for Non-Profit Affordable Housing.

REPORT

Background

The City's new four-year Affordable Housing Investment Plan presented during the 2023-2026 budget deliberations calls for 2,700 new affordable housing units by 2026, including an estimated 409 new supportive housing units.

To achieve future affordable housing targets, in 2021 City Council approved Council Policy C437A - City Land Assets for Non-Profit Affordable Housing. Policy C437A established a process to annually identify suitable City land assets for sale or lease at below market value to non-profit organizations for affordable housing development. The process facilitates the regular and predictable provision of long-term affordable housing in Edmonton.

The Boyle Street neighbourhood currently has a non-market housing (government subsidized housing rented to low or moderate income households at less than market rent) ratio of 18 per cent, which is greater than the 16 per cent target for non-market housing across all neighbourhoods adopted by City Council on August 21, 2018, pursuant to report CR_5073 (City Policy - City-Wide Affordable Housing Framework). If the two sites recommended for sale are sold to a non-market housing provider(s), the non-market housing ratio in the area will increase; however, the ratio is expected to lessen over time as other properties in the Boyle Street neighbourhood are redeveloped.

Boyle Street Land

From 2008 to 2018, the City acquired two properties in the Boyle Street neighbourhood with funds from the Government of Alberta that were restricted to use for affordable housing. The

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sites were acquired before City Council implemented Policy C601 - Affordable Housing Investment Guidelines, which does not apply to City-owned land purchased with dedicated affordable housing funds prior to the approval of the policy. The Quarters Downtown Area Redevelopment Plan calls for a diversity of housing types to be provided in the area to accommodate a range of household types, ages, and incomes.

The Rowland Road site is located at the intersection of Rowland Road and 95 Street NW and is close to schools, parks, grocery stores and the Quarters LRT Station. Administration does not currently have an estimate of how many new affordable housing units may be developed at this site, as the number will depend on the proposals received and proportion of units dedicated to affordable housing within each proposal. The proposals will need to align with the Quarters Downtown Area Redevelopment Plan.

The second site, Koerman Block, located on the southwest corner of 96 Street NW and 102A Avenue NW, is close to recreation centres, restaurants, schools, grocery stores and the Quarters LRT Station. The proposals for the Koermann Block will be required to align with the Quarters Downtown Area Redevelopment Plan, invite pedestrian-oriented streetscape fronting onto 102A Avenue NW and 96 Street NW, and include street-oriented main floor activation, with mixed use and mixed market housing on floors above street level. The Koermann Block site may require remediation. Built in 1911, the Koermann Block building is one of the earliest and few-remaining original historic properties in the Quarters area. The building is on the Inventory of Historic Resources in Edmonton and qualifies to be designated as a Municipal Historic Resource. The sale will be conditional on the buyer obtaining designation of the Koerman Block building as a Municipal Historic Resource under the *Historical Resources Act*, as well as the buyer entering into a Rehabilitation Incentive and Maintenance Agreement as part of the designation. A new buyer may be eligible to receive rehabilitation grant funding from the Heritage Conservation program once the building is designated.

The current Direct Control zoning on the Koerman Block site allows up to 75 units. It is expected that proposals received for the site will propose a rezoning and the potential number of future affordable housing units will depend on the proposals received.

Next Steps:

If the recommendations are approved:

- Administration will select a non-profit housing provider for each site through a competitive process in Q1 and Q2 of 2023, prioritizing non market housing proposals, affordability, ability to operate the development, and proven experience in successfully developing affordable housing.
- Once the non-profit housing providers are selected in Q3 and Q4 of 2023, Administration and the respective non-profit housing provider for each site will enter into a Sale Agreement(s) and Affordable Housing Agreement(s).

Budget/Financial Implications

The market value of the two sites is approximately \$6 million. Since 2015, City Council has approved below market value land sales to non-profit housing providers with cumulative market

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values totalling \$27.8 million. Portions of the sites held in land inventory require funding of \$528,000 in order to cover the cost of acquiring the land which will be funded by Affordable Housing and Homelessness using the Affordable Housing Reserve and Provincial Block Funding.

As part of the site specific affordable housing proposals, applicants can request a grant that would be applied to the property to offset costs associated with building affordable housing on the sites. Affordable housing grants that the City offers typically do not exceed 25 per cent of a project's total cost. The contribution of a grant on the sites would be factored against the cost of the below market proposed price of the land and not exceed 25 per cent of total project cost. During the City's competitive review of the proposals, it will be determined if a grant is warranted. The maximum grant amount would be up to \$1,000,000 at the Rowland Road site (Attachment 2) and up to \$1,500,000 at Koerman Block (Attachment 4). As the site listing will be competitive, Administration will use the proposed purchase price and grant request submitted by applicants in scoring.

In December 2022, Council approved \$18.7 million in ongoing operating funding for the Affordable Housing Investment Plan, which would be used to fund the grants. The ongoing operating expenses will be the responsibility of the successful non-profit housing providers.

Legal Implications

As per section 70(2) of the *Municipal Government Act*, a disposition of land for below market value does not need to be advertised if it is to be used by a non-profit organization as defined in section 241(f) of the *Municipal Government Act*. As the proposed approval is for the disposition of the land to a non-profit organization, advertising is not required.

Section 35 of City Bylaw 16620 (City Administration Bylaw) enables the City Manager to approve agreements for disposition of a fee simple interest in land for fair market value or more, up to certain monetary limits. Approval is sought as the sale agreements at issue relate to disposition of fee simple interests in land for below fair market value.

Section 42.2 of City Bylaw 16620 (City Administration Bylaw) enables the City Manager to approve grant funding for affordable housing agreements valued under \$1,000,000.

Community Insight

The City will update community stakeholders as the development process progresses. Following the selection of a non-profit housing provider(s), the City will support a developer-led Communications and Public Engagement Plan for each site.

GBA+

Housing is a significant barrier for anyone who lacks personal references, employment or has limited resources, compelling them to stay in living arrangements that do not meet their needs for stable and secure housing. According to Statistic Canada, a household is considered to be in "core housing need" if its housing falls below at least one of the adequacy, affordability or suitability standards and it would have to spend 30 per cent or more of its total before-tax

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income to pay the median rent of alternative local housing that is acceptable (meets all three housing standards).

The affordable housing built on these sites will align with the City of Edmonton's goal of building an inclusive city where everyone can enjoy safety, stability, and the opportunity to build a life. That begins with ensuring there are housing options for all Edmontonians.

Many Edmontonians, including low-wage workers, seniors, single-income families, and people who need income support, struggle to cover their housing costs. Housing insecurity and homelessness impacts everyone from all backgrounds in Edmonton.

Administration will evaluate all the submissions equally and the potential buyer's plans for development will be considered and evaluated accordingly. The sites will be publicly listed for sale, which will allow any non-profit organization to provide a submission for consideration. The evaluation of the submissions will be based on content, not language use or communication style. Applicant identity factors will not be considered in the evaluation process.

ATTACHMENTS

1. Boyle Street (Rowland Road) - General Terms and Conditions of the Sale Agreement(s)
2. Boyle Street (Rowland Road) - General Terms and Conditions of the Grant Funding Affordable Housing Agreement(s)
3. Boyle Street (Koermann Block) - General Terms and Conditions of the Sale Agreement(s)
4. Boyle Street (Koermann Block) - General Terms and Conditions of the Grant Funding Affordable Housing Agreement(s)