

RAPID HOUSING INITIATIVE - ROUND 3 INVESTMENT PLAN

RECOMMENDATION

That Executive Committee recommend to City Council:

1. That capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development be increased by \$12,533,074 in 2023 to recognize receipt of Rapid Housing Initiative funding from the Canada Mortgage and Housing Corporation Rapid Housing Initiative Cities Stream to fund the Cities Stream project, as outlined in Attachment 1 of the March 1, 2023, Community Services report CS01624.
2. That capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development be increased by \$11,876,000 in 2023 with funding from Pay-As-You-Go to fund the City's maximum matching contribution required under the Rapid Housing Initiative Projects Stream, as outlined in Attachment 1 of the March 1, 2023, Community Services report CS01624, and that the funding be held in abeyance subject to the City being successful in obtaining the Projects Stream funding.
3. That Administration submit an Investment Plan to Canada Mortgage and Housing Corporation based on the Rapid Housing Initiative Investment Plan, as outlined in Attachment 1 of the March 1, 2023, Community Services report CS01624.
4. That Attachment 1 of the March 1, 2023, Community Services report CS01624 remain private pursuant to sections 21 (disclosure harmful to intergovernmental relations), 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.
5. That Attachment 2 of the March 1, 2023, Community Services report CS01624 remain private pursuant to sections 24 (advice from officials) and 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

Requested Council Action	Decision required
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals
CONNECTED This unifies our work to achieve our strategic goals.	Healthy City
City Plan Values	LIVE

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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 Plan	Serving Edmontonians		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> Policy C601 - Affordable Housing Investment Guidelines Policy C437A - City Land Assets for Non-Profit Affordable Housing 		
Related Council Discussions	<ul style="list-style-type: none"> CS00137, Plan To Meet Immediate Housing Need - Progress Report, November 16, 2020, City Council CS00733, Rapid Housing Initiative - Updated Housing Investment Plan, August 16, 2021, City Council CS00799, Rapid Housing Initiative Funding and Agreements - Cities Stream, November 16, 2021, Executive Committee CS00898, Rapid Housing Initiative Hotel Conversion, Coliseum Inn, February 2, 2022, Executive Committee / February 7, 2022, City Council CS01188, Affordable Housing Investment Plan - Update, June 27, 2022 - Community and Public Services Committee 		

Executive Summary

- The Rapid Housing Initiative is a federal funding program administered by Canada Mortgage and Housing Corporation (CMHC) for the purposes of rapidly constructing affordable housing geared to people experiencing or at risk of experiencing homelessness. The City of Edmonton received funding in two prior funding rounds, which led to the construction of 453 units of supportive housing.
- Administration is currently confirming funding for the next (third) round. As part of the application process, CMHC requires an Investment Plan outlining:
 - How the City intends to use the \$12,533,074 allocated to Edmonton under the Cities Stream; and
 - A list of development projects that the City approves to pursue for additional funding through the Projects Stream, a merit-based, competitive evaluation process.
- This report seeks City Council's approval for two key decision points:
 - Allocating the \$12,533,074 Cities Stream funding to capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development.
 - Approving the City of Edmonton's draft Rapid Housing Initiative Investment Plan. If approved by Council and fully funded by the CMHC, this plan has the potential to create an additional 351 new units of supportive and affordable housing using \$72.6 million in Rapid Housing Initiative funding and \$37.3 million in new funding from the City on top of \$11.1 million already invested.
- Administration will return to City Council to present the successful development projects, both City-led and partner-led, for further decision points, including approval of

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additional budget required beyond the existing affordable housing budget and agreements, where needed.

REPORT

On November 10, 2022, the CMHC announced the third round of its Rapid Housing Initiative program. \$1.5 billion in capital grants will be provided through two program streams for Canada:

- Cities Stream: \$500 million directly to municipalities (including Edmonton); and
- Projects Stream: \$1 billion open to all orders of government, Indigenous governing bodies and organizations, and non-profit organizations.

There are three eligible types of projects:

- Acquisition of land and the construction of new affordable multi-unit housing;
- Acquisition of land and buildings for the purpose of conversion of non-residential into affordable multi-unit housing;
- Acquisition of land and buildings in disrepair or abandoned for rehabilitation into affordable multi-unit housing.

The minimum requirements for projects are:

- Minimum of five units or beds.
- Minimum \$1 million request from CMHC, cost sharing opportunities will be prioritized.
- Operator experience of at least five years.
- Accessibility of new construction needs to exceed local accessibility requirements in their jurisdiction by at least five per cent.
- Energy efficiency of new construction needs to meet or exceed the 2015 or 2017 National Energy Code, as applicable.
- All units must be kept affordable (household paying less than 30 per cent of gross income on housing costs) for a minimum period of 20 years.
- Expediency for project completion (18 month timeline is required, priority for faster completion).
- Priority is given to vulnerable populations and units dedicated to women, women and their children, Indigenous peoples and Black Canadians.

Under the Cities Stream, the Government of Canada allocated funding to 41 municipalities based on the number of renters in severe housing need, regional coverage, and local market housing cost in their respective rental housing markets. Each municipality is required to submit recommended projects for Cities Stream funding that demonstrate alignment with the Rapid Housing Initiative criteria. Additionally, municipalities can also submit within the competitive Projects Stream. Cities Stream and Projects Stream projects must be submitted to the CMHC by March 15, 2023, with the project approvals and funding confirmation expected from CMHC by May 15, 2023 (Cities Stream) and June 15, 2023 (Projects Stream).

City of Edmonton Round 3 Investment Plan

Administration compiled a draft Investment Plan for submission to CMHC for the third round of the Rapid Housing Initiative Program. The Plan is composed of two types of projects: City-led projects and partner-led projects.

City-led Projects

Administration proposes three City-led developments on three City-owned sites (land acquisition was funded through the 2019-2022 budget cycle) within the Investment Plan. One project is for the Cities Stream and two projects are for the Projects Stream. Administration recommends developing three sites to leverage the funding opportunities presented by Round 3 of the Rapid Housing Initiative. Each site is zoned with a land use consistent with supportive housing.

As with the buildings constructed by the City of Edmonton under the first round of the Rapid Housing Initiative, Administration intends to transfer the completed developments to Homeward Trust Holding Company. Homeward Trust Holding Company is a non-profit private company, of which Homeward Trust Foundation is a shareholder, that was created with the goal of owning and managing rental properties for low income residents and Indigenous communities. Homeward Trust Foundation is Edmonton's community based organization / designated entity for aggregating operating funding from all orders of government for the purpose of ending homelessness.

For each City-led project that proceeds, Administration will:

1. Return to Committee/Council to obtain any further approvals as may be necessary in order to address budget and procurement matters and to enter into a sale agreement and affordable housing agreement with Homeward Trust Holding Company. Homeward Trust Holding Company will be responsible for securing operating funding and contracting an operator to operate each of the buildings as supportive housing.
2. Share information about the development with neighbours and community stakeholders through letters, site signage, web content and social media and ensure neighbours have a point of contact for questions that may arise during and after construction.
3. Work with Homeward Trust Holding Company and the operator selected to operate each building to ensure the community remains well informed throughout the development process and after each building is occupied.

Administration recommends using the \$12.5 million pre-allocated to the City of Edmonton via the Cities Stream to advance the first City-led project. Combined with an additional investment of \$7.5 million of City funding, on top of \$2.9 million already invested on land purchase and improvements, the project will allow for the construction of a 63 unit building. In addition, the two City-led developments submitted through the Projects Stream could yield an additional 97 units with \$18.9 million in Rapid Housing Initiative funding and \$12.6 million in new funding from the City on top of the \$2.8 million already invested on land purchase and improvements. In total, 160 new units of supportive housing would be built by the City on City land. Attachment 1 (in private) provides further information on these projects..

Partner-led Projects

The Rapid Housing Initiative's Projects Stream is an important opportunity to secure additional funding for affordable and supportive housing. The Projects Stream is a competitive stream with points awarded based on factors such as speed, depth and duration of affordability, energy efficiency, accessibility, and target populations served. Considerable weight is given toward projects that have at least 40 per cent of the project budget funded by a non-CMHC source at the time of application (Eg: City contribution, or non-profit equity). In addition to advancing the remaining two City-led projects for funding through the Projects Stream, Administration has worked with local non-profit housing providers to identify a list of partner-led projects that meet Rapid Housing Initiative eligibility requirements under the Projects Stream.

In December 2022, Administration asked non-profit housing providers to present viable projects or express their interest in collaborating with the City to develop new supportive or affordable housing units. Since then, Administration met with 18 non-profit organizations and five Indigenous governing bodies or organizations to evaluate over 35 potential projects against the CMHC criteria. Out of the potential projects evaluated, five partner-led Projects Stream developments were identified. These projects include the purchase and conversion of a hotel and the development of small to medium scale supportive and affordable housing projects.

Although the potential Indigenous-led projects or partnership opportunities were not deemed eligible or feasible through this process, Administration will ensure City-led projects continue to prioritize Indigenous operators and partnerships. This will ensure culturally appropriate services and units are prioritized for Indigenous people.

As in previous rounds, Administration recommends prioritizing a combination of City-led developments and partner-led developments, based on project readiness and alignment with City priorities, with City fund investment also required for each project. All proposed developments in the Investment Plan support City Council's goal of increasing the supply of supportive and affordable housing for people experiencing or at risk of experiencing homelessness in Edmonton, can be executed within the accelerated timelines required by the Rapid Housing Initiative program and are being led by either the City or a non-profit housing provider with a history of successful project development.

Partner-led developments could yield an additional 191 units of supportive and affordable housing for marginalized communities with an approximate future city contribution of \$17.3 million on top of \$5.3 million from the 2019-2022 Affordable Housing Investment Plan and a CMHC contribution of \$41.2 million.

Four proposed partner-led developments have property already acquired or under agreement to purchase and have obtained or are in the process of preparing packages to obtain development permits.

If the City's Projects Stream applications are successful, Administration will return to Committee/Council for further approvals relating to budget and affordable housing agreement authority as may be needed.

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Next Steps

The City entered into a Rapid Housing Initiative Contribution Agreement with CMHC in respect of the \$12.5 million in City Stream Funding offered to the City, with funds paid to the City within 10 days of agreement execution.

From there, the City must submit an Investment Plan to CMHC by **March 15, 2023**, to set out the City's proposed project for the Cities Stream funding, as well as proposed projects for consideration for Projects Stream funding. Funding decisions for proposed projects are expected from CMHC by **May 15, 2023** (Cities Stream) and **June 15, 2023** (Projects Stream). Further agreement forms or schedules will follow from CMHC in respect of approved projects, which can be addressed within Administration's delegated authority.

If submitted projects are approved by CMHC, Administration will return to Committee/Council to obtain any further approvals as may be necessary to address budget and agreement authority matters, so as to enable project commencement in a timely fashion.

The Rapid Housing Initiative does not provide operational funding. Administration is continuing operational funding commitment discussions with Homeward Trust Foundation and the Government of Alberta to secure operating support.

Budget/Financial Implications

Administration acquired land on an opportunity basis for supportive housing through 2019-2022 in preparation of programs that would leverage funds from other orders of government. Four properties included in the Investment Plan were acquired, and in some cases serviced and rezoned, before the announcement of the Rapid Housing Initiative Round 3. Existing City contributions on Investment Plan projects total \$11.1 million and were funded in the 2019-2022 Affordable Housing Investment Plan. Discussions with CMHC on the eligibility of the \$11.1 million previously spent on the individual sites by the City of Edmonton is still occurring. If any invested value is deemed eligible, it may decrease the potential future City contribution needed. On the return to Council subsequent to the outcome of the Projects Stream application, any reduction in contributions in light of past investment will be identified.

Through the Rapid Housing Initiative's Major Cities Stream, CMHC allocated \$12.5 million for funding the purchase and construction of housing developments. These funds will be directed to Capital Profile 19-90-4100 Affordable Housing Land Acquisition & Site Development. This funding, combined with a City contribution of \$7.5 million, from the existing 2023 capital budget, and \$2.9 million from the 2019-2022 Affordable Housing Investment Plan to acquire and prepare the site will allow the City to design and construct a supportive affordable housing development on the City land.

The total funding being applied for under the Projects Stream is \$60.1 million with \$29.9 million in new City funds needed on previous investments of \$8.1 million. Should the City be 100 per cent successful in this application, total future City contributions for both the Cities Stream and Projects Stream would be \$37.3 million on existing investments of \$11.1 million. Current projections indicate that funding approved within the existing capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development could contribute \$25.5 million

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towards this amount leaving a shortfall of \$11.9 million, which would require a capital budget adjustment with a funding source identified. There are limited funding sources available in the current environment. Administration is examining eligible funding sources which includes Pay-As-You-Go, Financial Strategies or the Financial Stabilization Reserve. In the immediate term, Administration recommends the pre-commitment of Pay-As-You-Go funding but will examine all available funding sources. As such recommendation 2 in the report requests adding \$11.9 million in Pay-As-You-Go funding to Capital Profile 19-90-4100 Affordable Housing Land Acquisition & Site Development in order to pre-commit Pay-As-You-Go funding to fully leverage the RHI project stream funding. Upon completion of review of other funding sources, Administration will return to Council subsequent to the outcome of the Projects Stream application potentially with a recommended budget adjustment and proposed funding source options, which could include potential year end releases from the 2022 Capital Budget for projects that were substantially completed as well as other funding that may become available as a part of the 2023 Spring Supplemental Operating Budget Adjustment.

New Rapid Housing Initiative City Funding Prospective Spending (\$ thousands)	
City future contribution to Cities Stream	\$7,467
City future contribution to Projects Stream	\$29,860
Potential New Investment on Rapid Housing Initiative Round 3	\$37,327
Allocation of 2023 Capital	\$21,925
Project Specific 2019-2022 Carry Over	\$3,526
Identified City Funds for Rapid Housing Initiative Round 3	\$25,451
Funding Gap	(\$11,876)

Project costs described in this report are high level estimates and final costs will not be known until detailed design is complete and project delivery is confirmed. The estimates described in the report are informed by preliminary estimates from non-market housing providers and represent agreed upon purchase prices and estimated construction costs.

Legal Implications

The Rapid Housing Initiative Contribution Agreement places requirements on the City, as the recipient, as to how the funds are used with progress reporting and a minimum 20 year affordability commitment. The City, in its capacity as the recipient of the contribution, could enter into parallel agreements that impose matching obligations on the housing providers, with any and all necessary approvals sought from Committee/Council in respect of those agreements.

Notwithstanding the use of parallel agreements, the City does remain at all times liable to the CMHC for the fulfillment of obligations under the Rapid Housing Initiative Contribution

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Agreement. A breach of the parallel agreement could impact the City's ability to fulfill its obligations to the CMHC under the Rapid Housing Initiative Contribution Agreement.

Attachment 2 (in private) reviews additional legal implications.

COMMUNITY INSIGHT

Non-profit affordable housing providers are engaged regularly on challenges and opportunities in the sector, including quarterly "shovel ready" meetings where these subjects are discussed and information is exchanged. Leading up to the launch of the third round of the Rapid Housing Initiative program, affordable housing providers were encouraged to determine projects in their development pipeline that may be eligible under the CMHC program parameters. When the third round was launched, affordable housing providers were encouraged to submit prospective projects to the City via an online form. More than 20 affordable housing providers or representatives contacted Administration on more than 35 potential project submissions.

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 February 2023, 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 reflects cultural beliefs and creates 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.

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

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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.

As per the City of Edmonton Housing Need Assessment, there is a critical need for supportive housing units to support marginalized and vulnerable individuals.

ATTACHMENTS

1. The Rapid Housing Initiative Investment Plan - Private
2. Advice from Officials and Privileged Information - Private