

NATIONAL HOUSING CO-INVESTMENT FUND CONTRIBUTION

RECOMMENDATION

That Executive Committee recommend to City Council:

1. That the 2023 revenue and expenditure operating budget for the Social Development branch be increased by \$9,750,000 on a one-time basis, to be spent over a multi-year period, to recognize anticipated receipt of National Housing Co-Investment Fund Contribution from Canada Mortgage and Housing Corporation for the purpose of funding the project outlined in Attachment 1 of the May 3, 2023, Community Services report CS01793.
2. That the 2023 revenue and expenditure operating budget for the Social Development branch be increased by \$3,500,000 on a one-time basis, to be spent over a multi-year period, with funding from the Affordable Housing Reserve for the City contribution towards the project outlined in Attachment 1 of the May 3, 2023, Community Services report CS01793.
3. That a subsidy funding affordable housing agreement between the City of Edmonton and The City of Edmonton Non-Profit Housing Corporation, not to exceed \$13,250,000, as outlined in Attachment 1 of the May 3, 2023, Community Services report CS01793, be approved, and that the agreement be in form and content acceptable to the City Manager.
4. That capital profile 23-90-4101 - Social Housing Capital Renewal Project (City-Owned Sites) be increased by \$9,800,000 (\$5,000,000 in 2023 and \$4,800,000 in 2024) to fund the project outlined in Attachment 2 of the May 3, 2023, Community Services report CS01793, with funding from the National Housing Co-Investment Fund Contribution from Canada Mortgage and Housing Corporation.
5. That an affordable housing capital improvement agreement between the City of Edmonton and Cvida, as outlined in Attachment 2 of the May 3, 2023, Community Services report CS01793, be approved for an amount not to exceed \$20,300,000, and that the agreement 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 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		
Related Council Discussions	<ul style="list-style-type: none"> CS01384, Non-Market Affordable Housing Options, June 20, 2023, Urban Planning Committee CS01673, Updated Affordable Housing Strategy, Oct 30, 2023, Community and Public Services Committee 		

Executive Summary

- The National Housing Co-Investment Fund is a federal funding program administered by the Canada Mortgage and Housing Corporation to support the development of new affordable housing and the renovation or repair of existing affordable housing.
- On February 3, 2023, the City of Edmonton and the Canada Mortgage and Housing Corporation entered into a National Housing Co-Investment Fund Contribution Agreement, whereby the Canada Mortgage and Housing Corporation will provide \$19,550,000 to the City of Edmonton to support the repair of a minimum of 1,955 units of affordable housing and social housing owned by the City of Edmonton or its wholly-owned subsidiary, The City of Edmonton Non-Profit Housing Corporation (HomeEd).
- The City of Edmonton Non-Profit Housing Corporation (HomeEd) is proposing a major portfolio retrofit program to upgrade 1,073 existing units with a total estimated cost of \$32,000,000. The City of Edmonton would contribute \$3,500,000 along with \$9,750,000 from the Canada Mortgage and Housing Corporation (for a total of \$13,250,000), with the remainder funded from a combination of debt financing (HomeEd) and other grants including HomeEd's application towards Green Municipal Fund through the Federation of Canadian Municipalities. Further details on the agreement terms and conditions can be found in Attachment 1.
- Cividia, which manages the City's social housing portfolio, proposes to renovate a minimum of 882 units with a total estimated project cost of \$34,700,000. The City of Edmonton would contribute \$10,500,000 currently approved within the capital budget along with \$9,800,000 from the Canada Mortgage and Housing Corporation (for a total of \$20,300,000), and the remainder will be funded through a provincial grant for capital maintenance and renewal provided to Cividia. Further details on the agreement terms and conditions can be found in Attachment 2.
- The City of Edmonton funding contributions will be provided through existing capital budgets and the Affordable Housing Reserve through these agreements.
- Should the recommendations all be approved 1,955 units of affordable housing would be repaired ensuring the physical suitability of these assets for over 4800¹ Edmontonians over the next 20 years.

¹ Based on an average of 2.5 members of a household in Edmonton CMA (Statistics Canada Census 2021)

REPORT

The City of Edmonton has a long history of both supporting and owning deeply subsidized rental housing, also known as social housing. In the 1960s and 1970s, the City built this critical public infrastructure in neighbourhoods across Edmonton. In the 1990s, governments at all levels shifted their focus on investment away from social housing, leading to the shortage Edmonton is experiencing today. The City's remaining social housing portfolio, managed by Cividia, represents the vast majority of deep subsidy housing for Edmontonians with the lowest incomes. Reinvestment is critical to ensure it continues to be available.

The Cividia Social Housing Portfolio contains 952 units across 12 locations that require major renovation. Of these, 882 units have been identified for National Housing Co-Investment funding with a total estimated cost of \$34.7 million (the remaining 70 units are being prioritized for redevelopment in the near term and are, therefore, not part of this funding agreement). The renewal of these units will extend their lifespan and mitigate the significant risk to the supply and sustainability of Edmonton's social housing inventory. The renewal will also improve tenant experience through new accessibility features, updated suites (new carpets, countertops, better lighting etc.), building life-cycle performance, sustainability and energy efficiency. The City's investment demonstrates its commitment to these sites and will further leverage other governments' funding contributions.

This housing has remained affordable through long-term funding agreements between all three orders of government. Operating grant funding agreements between the City of Edmonton and the Government of Alberta for the 12 City-owned, Cividia-operated, social housing properties are set to expire in January 2026. The expiry of these operating agreements, combined with the condition of the properties, put this critical social infrastructure at significant risk in terms of maintaining the supply of social housing in Edmonton. In addition to the proposed renewal project which will extend the life of the building, there is mutual interest between the City and the Government of Alberta to extend or renew the existing operating funding agreements prior to the expiration date. These major steps will help ensure the long-term affordability of these units.

In addition to the renewal of the City-owned/Cividia managed social housing sites, there is an opportunity for investment within The City of Edmonton Non-Profit Housing Corporation (HomeEd)'s portfolio. HomeEd is a non-profit corporation, of which the City of Edmonton is the sole shareholder. HomeEd provides a variety of affordable housing throughout the city. HomeEd developed a Portfolio Retrofit Program that involves the renovation of its existing townhomes and apartments to substantially improve energy efficiency and sustainability to align with the City of Edmonton's goal of creating access to safe, adequate and affordable housing and climate goals. The existing buildings will undergo renovations to both the interior layout and the exterior envelope in order to improve and enhance the existing environmental and accessible design of the buildings. HomeEd is looking to renovate 1,073 existing units as part of this project with an overall estimated cost of \$32 million. An overview of both proposed projects can be found in Attachment 3.

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On November 2, 2022, the Canada Mortgage and Housing Corporation (CMHC) extended a preliminary funding offer to the City of Edmonton to provide financial support towards the renewal of the City's affordable and social housing stock. The offer was negotiated and revised to include more units and additional funding, totalling \$19,550,000 to repair a minimum of 1,955 units of affordable housing and social housing owned by the City of Edmonton or its wholly-owned subsidiary, HomeEd. The City has executed a form of National Housing Co-Investment Fund Contribution Agreement with an effective date of February 3, 2023.

The total project cost of the repair and renewal of 1,955 units is \$66.7 million. In accordance with the National Housing Co-Investment Fund Contribution Agreement, the CMHC contribution of \$19,550,000 shall only be used to repair "Municipally Owned Affordable Housing Units" (a defined term that includes units owned by the City or its wholly owned subsidiary). The CMHC requires that at least 30 per cent of units of the portfolio must be below 80 per cent of median market rent and must be maintained for a commitment period of 20 years. Additional requirements are outlined in Attachment 4.

The funding sources for the renewal project have been identified as follows:

- \$10,000/Unit - \$19,550,000 (29.3 per cent) Canada Mortgage and Housing Corporation contribution
- \$7,161/Unit - \$14,000,000 (21 per cent) City of Edmonton contribution
- \$33,150,000 (49.7 per cent) Government of Alberta and other sources

Previously completed repairs in 2021-2022 that meet the energy efficiency upgrades requirements are also eligible project costs. A breakdown of costs is shown on Attachment 5.

Next Steps

If the recommendations are approved, Administration will enter into an agreement with each of Cividia and HomeEd in respect of the housing renewal projects. The City will disburse the funding over the three-year repair period beginning in Q2 2023 to enable Cividia and HomeEd to take advantage of the 2023 summer construction season.

Budget/Financial Implications

Total expected costs for the HomeEd and Cividia renewal projects are \$66.7 million. No new funding is required from the City of Edmonton. The City's contributions towards the agreements with HomeEd and Cividia will come from the \$19.55 million in funding received from CMHC, as well as \$14 million from existing funding (\$3.5 million from the Affordable Housing Reserve and \$10.5 million approved within the 2022-2026 capital budget).

If the recommendations are approved, the City would be contributing up to \$13.25 million towards the HomeEd renewal project by way of a subsidy funding affordable housing agreement, with \$9.75 million funded from the CMHC National Co-Investment Fund Contribution received by the City and \$3.5 million from the Affordable Housing Reserve, spent over a multi-year basis.

In addition, the City would be contributing up to \$20.3 million towards the Cividia renewal project by way of an affordable housing capital improvement agreement, with \$9.8 million funded from the

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CMHC National Co-Investment Fund Contribution received by the City and \$10.5 million contained with the standalone capital profile 23-90-4101 Social Housing Capital Renewal Project (City Owned Sites), spent over a multi-year basis.

The budget adjustments to bring in capital funding from the CMHC to the City's budget, and to transfer funds from the Affordable Housing Reserve, exceed the City Manager's delegated authority under the City Administration Bylaw (Bylaw 16620).

The remaining funding of \$33.15 million will be provided through provincial grants and debt taken on by HomeEd as detailed further in Attachment 5.

Legal Implications

The National Housing Co-Investment Fund Contribution Agreement made between the City and the CMHC places requirements on the City (as the funding recipient) as to how funds are to be used with progress reporting and a minimum 20 year affordability commitment. In turn, the City would need to enter into parallel agreements with HomeEd and Cvida that impose matching obligations. Notwithstanding the use of such agreements, the City does at all times remain liable to the CMHC for the fulfillment of obligations under the National Housing Co-Investment Fund Contribution Agreement. A breach of the parallel agreements could impact the City's ability to fulfill its own obligations to the CMHC under the National Housing Co-Investment Fund Contribution Agreement.

As pertains to agreement approval authority, Bylaw 16620 - City Administration Bylaw enables the City Manager to approve (a) a subsidy funding affordable housing agreement that does not exceed \$1,000,000; and (b) a non-competitive procurement agreement that does not exceed \$1,000,000 with a maximum term of 10 years, regardless of whether there is a trade agreement exception. The proposed agreements with HomeEd and Cvida, respectively, exceed the City Manager's delegated authority limits, with Council approval of agreements sought accordingly.

In respect of the procurement agreement (Cvida), the following trade agreement exceptions apply:

Trade Agreement	Exception
New West Partnership Trade Agreement/Trade, Investment and Labour Mobility Agreement	<i>Procurements from a public body or a non-profit organization</i>
Canadian Free Trade Agreement	<i>Procurement of goods and services from non-profit organizations, or between one government body and another government body</i>
Comprehensive Economic and Trade Agreement/ Canada-United Kingdom Trade Continuity Agreement	<i>Procurement by a procuring entity from a government entity</i>

COMMUNITY INSIGHT

The City of Edmonton has recently completed its own Housing Needs Assessment², presented at the September 26, 2022, Community and Public Services Committee meeting in Community Services report CS01088, based on 2021 Statistics Canada census data which examined and contextualized the housing need in Edmonton. This work involves the synthesis of census data and qualitative data to understand who is in core housing need in Edmonton, anticipate housing trends, and determine which forms of housing are most needed.

The City of Edmonton's methodology for the housing needs assessment was supplemented with qualitative interviews with housing sector organizations as well as individuals with lived and living experiences. The combination of quantitative and qualitative research methods resulted in a report rich with data, resulting in a better understanding of the housing challenges and needs of Edmonton residents.

By 2026, it is anticipated that 30,000 households in Edmonton will require monthly rental rates of less than \$1,125, while 2,500 households will need rent levels of less than \$375. Another 6,900 households with slightly higher incomes may be able to afford slightly higher rents but are also far more likely to need multi-bedroom units, with more than half requiring four or more bedrooms. Social housing addresses this gap in the housing spectrum and provides rental housing for individuals in core housing need with deep government subsidies.

GBA+

The City of Edmonton Housing Needs Assessment found that there is a critical need for affordable and supportive housing. More than 2,000 households in Edmonton earn an annual income of less than \$15,000 and live in housing need. Most of these households would benefit from Rent Geared to Income subsidies as deep subsidies may be out of their reach. There are an additional 25,000 renter households in Edmonton who earn an annual household income of less than \$45,000 and who live in housing need. These households would benefit from deep subsidy housing. In addition to this, there are more than 5,500 households with an annual income higher than \$45,000 who live in housing need. These households are in need of affordable housing. Given that there are several exclusions from households counted as being in housing need, these numbers likely underestimate the true need for deep subsidy and affordable housing in Edmonton.

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. There are nearly 35,000 renter households in Edmonton that include someone with a physical health or mobility challenge living in housing need. There is a significant need for additional accessible housing units.

This funding program will help ensure that affordable units will stay as part of the City's housing stock and are not lost due to disrepair.

² <https://pub-edmonton.escribemeetings.com/filestream.ashx?DocumentId=162297>

ATTACHMENTS

1. The City of Edmonton Non-Profit Housing Corporation - Subsidy Funding Affordable Housing Agreement General Terms and Conditions
2. Civida - Affordable Housing Capital Improvement Agreement General Terms and Conditions
3. Project Overview
4. National Housing Co-Investment Fund Contribution Requirements
5. Funding Source and Cost Breakdown