

RAPID HOUSING INITIATIVE - ROUND 3

Recommendations and Update

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 \$3,993,681 (\$1,597,472 in 2023, \$2,396,209 in 2024) to recognize the anticipated receipt of Affordable Housing Partnership Program funding from Alberta Social Housing Corporation, to be spent on a multi-year basis, to fund Project 1 as outlined in Attachment 1 of the September 20, 2023, Community Services report CS01751.
2. That the 2023 revenue and expenditure operating budget for the Social Development branch be increased by \$2,698,227 on a one-time basis to recognize receipt of Rapid Housing Initiative Projects Stream funding from Canada Mortgage and Housing Corporation, to be spent on a multi-year basis, to fund Project 2 as outlined in Attachment 1 of the September 20, 2023, Community Services report CS01751.
3. That the sale of land in Holyrood from the City of Edmonton to Homeward Trust Holding Company in respect of Project 1, on the terms and conditions as outlined in Attachment 2 of the September 20, 2023, Community Services report CS01751, be approved, and that the agreement be in form and content acceptable to the City Manager.
4. That an affordable housing agreement between the City of Edmonton and Homeward Trust Holding Company, in respect of Project 1, on the terms and conditions as outlined in Attachment 3 of the September 20, 2023, Community Services report CS01751, be approved, and that the agreement be in form and content acceptable to the City Manager.
5. That a subsidy funding agreement between the City of Edmonton and Right at Home Housing Society, not to exceed \$3,388,048, in respect of Project 2, on the terms and conditions as outlined in Attachment 4 of the September 20, 2023, Community Services

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report CS01751, be approved, and that the agreement be in form and content acceptable to the City Manager.

6. That an affordable housing agreement between the City of Edmonton and Right at Home Housing Society, in respect of Project 2, on the terms and conditions as outlined in Attachment 5 of the September 20, 2023, Community Services report CS01751, be approved, and that the agreement be in form and content acceptable to the City Manager.
7. That Attachment 6 of the September 20, 2023, Community Services report CS01751 remain private pursuant to section 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

Requested Council Action		Council 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		
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 		
Related Council Discussions	<ul style="list-style-type: none"> • CS01624, Rapid Housing Initiative - Round 3 Investment Plan, City Council, March 14, 2023 • CS00432, Affordable Housing Investment Program - Spring 2021 Grant Award Recommendations, Executive Committee, May 27, 2021 		

Executive Summary

- The Rapid Housing Initiative is a federal funding program administered by Canada Mortgage and Housing Corporation (CMHC) that provides capital grants to rapidly create affordable housing for vulnerable populations. The grant program is in its third round, with funding provided under two streams: Cities Stream and Projects Stream.
- At the March 14, 2023, City Council meeting, Council directed Administration to submit an application to CMHC for Rapid Housing Initiative funding (CS01624, Rapid Housing Initiative -

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Round 3 Investment Plan). If the application was successful in full, it would have resulted in a funding contribution of \$79.8 million from CMHC to support the creation of approximately 351 affordable housing units.

- Upon consideration of the application, CMHC has allocated a \$15.2 million federal funding contribution to the City to support the creation of approximately 74 affordable housing units, through one City-led project, Holyrood Permanent Supportive Housing (PSH), and one partner-led project, St. Paul's Legacy Project. This funding amount consists of \$12.5 million in Cities Stream funding allocated to the City in advance, and an additional sum of \$2.7 million under the Projects Stream.
- In addition to the support provided by CMHC, Alberta Social Housing Corporation (ASHC) has committed a total of \$4.9 million through the Affordable Housing Partnership Program (AHPP) to support these two projects, by allocating \$4 million to the City to support the Holyrood PSH project and \$0.9 million directly to the external partner to support St. Paul's Legacy Project.
- The approved projects represent the creation of approximately 74 affordable housing units, with estimated total project costs of \$34 million. Breakdown of funding contributions includes: CMHC funding of \$15.2 million, ASHC funding of \$4.9 million, partner funding contributions of \$1.3 million, and City contributions, including previous investments in the projects, of \$12.6 million.
- Council approval is required to move these projects forward, as follows:
 - Recommendations 1 and 2 address budget adjustments to add funding from ASHC and CMHC into the City's capital and operating budgets, respectively; and
 - Recommendations 3 to 6 address agreement approvals related to the sale of land, subsidy funding and affordable housing obligations to ensure the continuous operation of these sites for affordable housing purposes, in alignment with the requirements of the aforementioned grant programs.

REPORT

The City of Edmonton helps create new affordable housing by acting as an initial contributor, with the provision of land and funding to attract additional investment from other orders of government and financing sources.

Two such projects have been successful in accessing funding from Canada Mortgage and Housing Corporation's (CMHC) Rapid Housing Initiative (RHI) and from the Alberta Social Housing Corporation's (ASHC) Affordable Housing Partnership Program (AHPP). City Council approval is being sought for budget and agreements in order to move forward with the construction of approximately 74 new affordable housing units, of which approximately 63 will be supportive housing. The two projects supported with funding are:

- Project 1: City-led, Holyrood Permanent Supportive Housing Project
- Project 2: Partner-led, Right At Home Housing Society, St. Paul's Legacy Project

Attachment 1 contains additional details about these projects, including funding sources.

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Project 1: City-led, Holyrood PSH

On March 15, 2023, the City of Edmonton applied for Rapid Housing Initiative funding for the Holyrood PSH project, which is a City-led project on a site owned by the City, with land acquisition funded through the 2019-2022 budget cycle. On May 15, 2023, CMHC approved the use of the \$12.5 million in Cities Stream funding for this project. The \$12.5 million in Cities Stream funding has already been added to this same budget location under a previous report (CS01624, Rapid Housing Initiative - Round 3 Investment Plan).

Supplementing the application was a letter from ASHC, which administers funds for the AHPP, containing a commitment to provide the City with \$4.0 million in AHPP funding in support of this project.

If the recommendations are approved, capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development will be increased to reflect the additional \$4.0 million in funding approved by ASHC for the Holyrood PSH project (Recommendation 1).

Further recommendations seek approval to enter into a sale agreement and affordable housing agreement with Homeward Trust Holding Company in relation to the ownership and operation of this project upon construction completion (Recommendations 3 and 4, Attachments 2 and 3). Homeward Trust Holding Company would be responsible for contracting an operator to operate the project and for securing operating funding for the site.

Project 2: Partner-led, Right At Home Housing Society, St. Paul's Legacy Project

On March 15, 2023, the City of Edmonton applied for Rapid Housing Initiative funding for the St. Paul's Legacy Project, which is a partner-led project on a site that will be owned by Right at Home Housing Society.

This project application was supported with a previous contribution from the City in the amount of \$0.7 million in grant funding awarded under the 2019-2022 Affordable Housing Investment Program. In addition, Right At Home Housing Society was successful in obtaining \$0.9 million in AHPP funding that will be paid directly to the society.

On July 18, 2023, CMHC confirmed Rapid Housing Initiative Project Stream funding of \$2.7 million for this project. If the recommendations are approved, the 2023 revenue and expenditure operating budget of the Social Development branch will increase by \$2.7 million to recognize receipt of the Rapid Housing Initiative funding from CMHC to fund this project and subsequent transfer of those funds to Right at Home Housing Society (Recommendation 2).

As this is a partner-led development, Administration is also seeking City Council's approval of a subsidy funding agreement and an affordable housing agreement with Right at Home Housing Society for the development and continuous operation of the St. Paul's Legacy Project (Recommendations 5 and 6, Attachments 4 and 5). The \$2.7 million in CMHC funding combined with the previously committed City grant contribution of \$0.7 million will fund the \$3.4 million in subsidy funding proposed to be provided to Right at Home Housing Society.

If City Council approves Recommendations 5 and 6, that approval will supercede the previous agreement approval in respect of St. Paul's Legacy Project (Motion 3, CS00432, Affordable

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Housing Investment Program - Spring 2021 Grant Award Recommendations, May 27, 2021 Executive Committee).

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. The property for Holyrood PSH included in this report was acquired and rezoned by the City, at a total cost of \$2.6 million, before the announcement of the Rapid Housing Initiative Round 3. This eligible previous contribution for Holyrood was for the purchase of the properties, rezoning, the geotechnical studies and servicing studies.

Additionally, \$0.7 million in City grant funding was awarded to Right at Home Housing Society for the St. Paul's Legacy Project bringing the total previous City contributions to \$3.3 million funded from the 2019-2022 Affordable Housing Investment Program. CMHC has confirmed eligibility of the \$3.3 million previously allocated by the City on these projects towards the cost sharing requirements of the Rapid Housing Initiative.

Since the original approval of the City's proposed funding application to CMHC by City Council on March 14, 2023 (CS01624), additional refinement of project budgets has occurred, the City and external partners successfully applied for funding under the provincial AHPP and CMHC has confirmed which projects were approved for funding. As a result, the City contribution required has decreased from \$37.3 million (CS01624) to \$9.4 million and will be funded from approved funding in the existing capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development.

On March 14, 2023, City Council approved \$11.9 million in 2023 Pay-As-You-Go funding for capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development to be held in abeyance subject to the City being successful in obtaining Projects Stream funding from CMHC. Only one Projects Stream project was approved, meaning the abeyance condition was not met.

At the time of writing this report, the City has received a commitment letter from ASHC for \$4.0 million towards the City-led Holyrood PSH project, with work underway to finalize the AHPP funding agreement between the parties. This report is seeking Council approval to proceed with the budget adjustment to recognize anticipated receipt of funding based on the commitment letter (Recommendation 1). In the event this funding agreement does not come to fruition or is otherwise not possible, Administration would need to access \$4.0 million of the \$11.9 million Pay-As-You-Go funding in capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development. Beyond this, the \$11.9 million is also planned to be retained in capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development for future opportunities for the City to leverage funding from other orders of government. If no opportunities are identified prior to the Fall 2024 Supplementary Budget, funding will be released.

The subsidy funding agreement between the City of Edmonton and Right at Home Housing Society for the St. Paul's Legacy Project, not to exceed \$3.4 million (Recommendation 5), will be funded from a combination of the \$0.7 million previously awarded City grant funding from the

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2019-2022 Affordable Housing Investment Program and the \$2.7 million CMHC approved funding outlined in this report.

Legal Implications

With respect to the receipt of funding from CMHC and ASHC, the City must enter into legal agreements with these entities that impose requirements as to how the funds can be used, with progress reporting and affordability requirements ranging up to 40 years. The City, as recipient of the contributions, will need to cascade requirements (as and where applicable) into agreements with third parties entities. A breach by a third party entity could impact the City's ability to fulfill its own obligations to CMHC and ASHC.

For the proposed sale agreements and affordable housing agreements, authority considerations include the following:

- 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 the proposed approval is for the disposition of the land to a non-profit organization as defined in section 241(f) of the *Municipal Government Act*, 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 agreement at issue relates to disposition of fee simple interest in land for below fair market value.
- Section 43 of City Bylaw 16620 - City Administration Bylaw enables the City Manager to approve subsidy funding agreements that do not exceed \$1.0 million. Approval is necessary where the subsidy funding agreement at issue exceeds these delegated authority limits.

Additional legal implications, a portion of which were previously presented to City Council pursuant to CS01624 with continued relevance, are attached as Attachment 6 in private for information and awareness.

Community Insight

The Holyrood Community League and immediate neighbours of the Holyrood site received notifications related to the rezoning of the project site in 2022. The City's intention to develop supportive housing was shared at that time. One resident shared concerns about the impact on parking in the area during this notification period. As this project progresses, Administration will share information with residents and stakeholders of the Holyrood community 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. Administration will work with Homeward Trust Holding Company and the contracted operators to ensure the communities remain well informed throughout the development process and ownership transfer.

On the St. Paul's Legacy Project, Administration will support Right at Home Housing Society in their communications and relationship building efforts with the goal of long-term success for the new affordable housing development.

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GBA+

There is a critical need for supportive and affordable housing to support marginalized and vulnerable individuals, as indicated by the City of Edmonton's Housing Need Assessment and Homeward Trust's By Name List (a real-time record of all known people currently experiencing homelessness in Edmonton).

- As of August 2023, there are more than 3,100 people on this list, of which approximately 1,300 are either currently staying in a shelter (624) or sleeping outdoors (672), with the remainder provisionally accommodated (couch-surfing, short-term housing, etc.).¹
- Women are more likely to be represented in the "hidden homeless" population. Women are less likely to use shelters and other services for individuals experiencing homelessness. As a result, they are often under-reported in homelessness counts.²
- 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 often face additional discrimination and lack of appropriate support when trying to access existing shelter, housing and social service systems.³
- 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.⁴
- 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.⁵

ATTACHMENTS

1. Rapid Housing Initiative - Round 3 Projects
2. Homeward Trust Holding Company - Sales Agreement (Holyrood) - General Terms and Conditions
3. Homeward Trust Holding Company - Affordable Housing Agreement (Holyrood) - General Terms and Conditions
4. Right at Home Housing Society - Subsidy Funding Agreement - General Terms and Conditions
5. Right at Home Housing Society - Affordable Housing Agreement - General Terms and Conditions
6. (PRIVATE) Privileged Information

¹ "Data, Analytics & Reporting". <https://homewardtrust.ca/data-analytics-reporting/>. Homeward Trust.

² edmonton.ca/sites/default/files/public-files/assets/PDF/Housing-Needs-Assessment-August-2022.pdf

³ "2SLGBTQIA+ Housing Needs and Challenges." [https://www.cmhc-schl.gc.ca/en/blog/2022/](https://www.cmhc-schl.gc.ca/en/blog/2022/2slgbtqia-housing-needs-challenges)

2slgbtqia-housing-needs-challenges. Canadian Mortgage and Housing Corporation.

⁴ edmonton.ca/sites/default/files/public-files/assets/PDF/Housing-Needs-Assessment-August-2022.pdf

⁵ edmonton.ca/sites/default/files/public-files/assets/PDF/Housing-Needs-Assessment-August-2022.pdf