

Affordable Housing
Contributions

Edmonton

**What We Heard Report
September 2023**

2 City of Edmonton, Community Services Department, Social Development Branch
Affordable Housing Contributions What We Heard Report 2023

TABLE OF CONTENTS

1. [ENGAGEMENT SNAPSHOT](#)
2. [EXECUTIVE SUMMARY](#)
3. [BACKGROUND](#)
4. [PROJECT TIMELINES AND ENGAGEMENT](#)
5. [Pre-engagement: Determining Engagement Approach](#)
 - a. [Content](#)
 - b. [Feedback](#)
 - c. [Outcomes](#)
6. [Phase I: Building a Shared Foundation and Articulating the Problem](#)
 - a. [Content](#)
 - b. [Feedback](#)
 - c. [Outcomes](#)
7. [Phase 2: Workshops on Creative Options](#)
 - a. [Content](#)
 - b. [Feedback](#)
 - c. [Outcomes](#)
8. [Phase 3: Scenario Testing and Developing Recommendations](#)
 - a. [Content](#)
 - b. [Feedback](#)
 - c. [Outcomes](#)
9. [Phase 4: Expanded Engagement, Analysis and Report Writing](#)
 - a. [Content](#)
 - b. [Feedback](#)
 - c. [Outcomes](#)

ENGAGEMENT SNAPSHOT

ENGAGEMENT SUMMARY

**4 City of Edmonton, Community Services Department, Social Development Branch
Affordable Housing Contributions What We Heard Report 2023**



**Please note that some of the meetings included multiple stakeholder groups*

WHO WAS ENGAGED

5 City of Edmonton, Community Services Department, Social Development Branch Affordable Housing Contributions What We Heard Report 2023

Industry Umbrella Organizations

Canadian Home Builders Association - Edmonton (CHBA-Edmonton)
Edmonton Construction Association (ECA)
Infill Development in Edmonton Association (IDEA)
NAIOP Edmonton
Urban Development Institute (UDI)

Individual Builders and Developers

Cantiro
DIALOG
LEX3 Engineering
Plan A Affordable Housing
Regency Developments
Royal Management Services Inc.
Stantec
Sterling Homes
Virtus Developments
Westrich Pacific

Affordable Housing Providers

Brentwood Community Development Group
Civida
E4C
Edmonton Community Development Company
Green Violin Community Development Company
Habitat for Humanity Edmonton Society
HomeEd
Homeward Trust
Jasper Place Wellness Centre
La Société des Manoirs
Metis Urban/Capital Housing Corporation
Mustard Seed
Niginan Housing Ventures
Right at Home Housing Society
Salvation Army
Islamic Family and Social Services Association
Terra Centre, 2 Spirit Society
Edmonton Mennonite Centre
WINHouse
Lives in Transition
SAGE Centre
Edmonton Pride Seniors Group
Tribal Chiefs Ventures Inc. (TCVI)

EXECUTIVE SUMMARY

The Affordable Housing Contributions project organized a number of opportunities for stakeholders to provide input into the tools and options developed for this work. A total of 18 engagement discussions were held between March 2022 and June 2023, with 42 organizations represented throughout these meetings.

This document includes all the feedback gathered at these meetings. Input from stakeholders has been used to inform the tools and options that will be presented to Urban Planning Committee in December, 2023. The options that emerged from the conversations and research are outlined below.

Levy on development permits

- A cash levy on all residential development permits, excluding minor development permits

Inclusionary Housing Program

- Cash-in-lieu contribution by developers at the time of applying for a development permit

Affordable Housing Investment Fund

- Financing mechanism to provide equity financing to private developers to fund construction of additional housing units

6 City of Edmonton, Community Services Department, Social Development Branch

Affordable Housing Contributions What We Heard Report 2023

- Organizations can put forward their equity in affordable housing, which can be pledged as collateral. This creates a fund contribution.
- Funds are used to create new housing and maintain the properties who donate their equity to the fund.
- New housing and increased value is added to the equity pool, which would then be recapitalized for additional investments.
- Could be designed to stack well with other funding sources, such as the Canadian Mortgage and Housing Corporation (CMHC).
- Other investors could include: municipalities, other levels of governments, social enterprise funds, interested investors.
- Could leverage existing organizations such as the Social Enterprise Fund, an innovative loan fund designed to drive social change by providing financing to social enterprises.

Affordable Housing Development Partnership Program

- A coalition involving all levels of governments, affordable housing providers and private sector builders and developers
- Could be structured along a spectrum from:
 - A simple roster of affordable housing providers and developers
 - More complex program where government, housing providers and developers could come together to contribute their unique skills
 - Developers would be responsible for capital construction
 - Housing providers would be responsible for operations
 - City would be responsible for offering incentives and acting as the coordinating body

An additional tool was also raised as part of this engagement:

Increase to general property tax

- Increase property tax rates for all homeowners in Edmonton, to support affordable housing

Some of the key themes coming out of these engagement sessions included:

- The private sector is responsible for delivering market goods such as housing, and the government is responsible for social goods such as non-market housing. It is not the responsibility of the private sector to deliver non-market housing.
- Any additional fees charged to developers will be passed on to home purchasers. It is not the responsibility of a small segment of private consumers to engage in income-redistribution activities via a targeted consumption tax.
- Industry is already contributing to affordable housing
- Increasing general property tax may be a more appropriate approach
- Government efforts should be focused on removing barriers to supply and providing incentives in order to improve overall affordability of housing in Edmonton.
- Incentives that would help facilitate additional development include: provision of land, tax grants/tax relief, expedited permitting approvals
- Concerns that development costs are increasing
- Affordable housing providers would welcome support from builders and developers to navigate through the development process from concept to construction
- Important for the City to develop targets for any potential policy
- Any potential policy needs to consider evaluation metrics

7 City of Edmonton, Community Services Department, Social Development Branch **Affordable Housing Contributions What We Heard Report 2023**

A more comprehensive understanding of the feedback provided by stakeholders is outlined in the body of this report, broken down by phase of engagement. This feedback will also be summarized as an attachment in the report to Committee.

BACKGROUND

Previously, the City of Edmonton had established Policy C582, *Developer Sponsored Affordable Housing*, which was in place between 2006 and 2021 (officially as of 2015).

This policy required developers seeking enhanced developments for multi-unit housing projects under the City's zoning bylaw to offer the City the option to purchase 5% of the units in the development at 85% of the market value, or provide cash-in-lieu or a comparable public benefit (such as heritage preservation). Purchased units were managed by HomeEd and rented below market rates.

Policy C582 was repealed because the policy resulted in relatively few units and cash contributions (28 units, and \$110,000). In addition, it had high program and operating costs. City Administration recommended repeal of C582, which was approved by City Council in 2021, and passed the following motion:

That Administration develop a replacement approach for securing affordable housing contributions through the development process, including:

- A. A work program with deliverables and milestones informed by engagement with industry and housing stakeholders; and***
- B. Policy options for providing affordable housing as a function of the development process.***

This multi-phase project has involved collaboration with industry umbrella organization representatives and affordable housing providers to develop policy options in response to the Council motion. These policy options will be brought back to Committee in Fall, 2023.

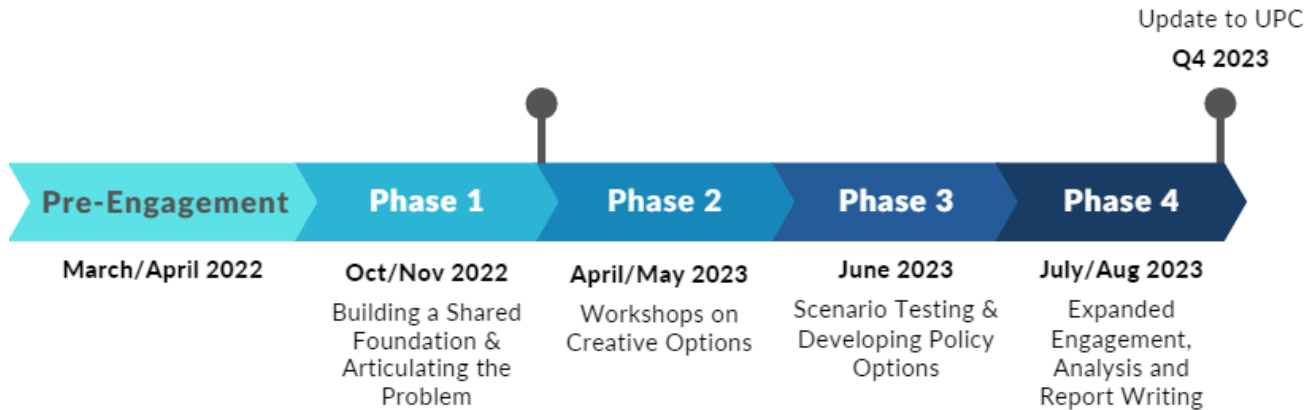
PROJECT TIMELINES AND ENGAGEMENT

Engagement for the project commenced in March 2022 and wrapped up in June 2023 in several phases:

- Pre-Engagement: Determining engagement approach
- Phase 1: Building a Shared Foundation and Articulating the Problem
- Phase 2: Workshops on potential policy tools and options
- Phase 3: Testing Scenarios, Options and Developing Recommendations

Phase 4 of the project focuses on additional analysis and writing the Council Report.

8 City of Edmonton, Community Services Department, Social Development Branch Affordable Housing Contributions What We Heard Report 2023



Pre-engagement: Determining Engagement Approach

Content

Pre-engagement included three engagement sessions, held in March and April of 2022. Two sessions were held with industry umbrella organizations and one session with affordable housing providers. The sessions provided an overview of the project, intended timelines, and explored how engagement could be most effective throughout the project.

Feedback

Guiding principles for the approach to engagement, as identified by stakeholders at the initial sessions, included:

- Stakeholders indicated that, given that they do not typically work in the affordable housing space, it would be beneficial for the City to provide context regarding affordable housing and housing need prior to any technical discussions regarding specific tools
- Discussions should be structured to achieve the following:
 - Clearly defining the problem to solve
 - Exploring the policy tools
 - Focus on realistic solutions for the long term
 - Exploring creative/out of the box solutions that are as easy and straightforward as possible.
 - Recognize that it is unlikely to find one silver bullet - multiple solutions are more likely, given the complexity of the issue
- Key logistical considerations:
 - Allow time for each industry umbrella organization to consult with its members
 - Provide multiple means of sharing information (i.e. web pages, shared documents, emails),
 - Ensure stakeholders have ample time to review agendas, background materials, questions/problem to solve, key messages/summarized content
 - Lay out a clear project plan with timelines
 - Ensure meetings are scheduled well in advance
 - Consider striking a temporary committee for this project
 - Consider relaxed or conversational approaches (such as dinners or over beers) - will help to move past old silos and focus on solutions
 - Consider appropriate forums for meetings, based on content (i.e. virtual for information sharing, in person for problem solving. If in person, only towards end of day)

9 City of Edmonton, Community Services Department, Social Development Branch Affordable Housing Contributions What We Heard Report 2023

- Consider engaging with professional developers and builders, as well as the industry umbrella organizations - they will have different insights
- Consider engaging with tenants of affordable housing
- Policy considerations:
 - Need to be clear regarding how proceeds from any tool would be utilized
 - Need to be mindful of any unintended consequences
 - Policy needs to be effective and sustainable
 - Create an environment where affordable housing providers are not competing with each other for limited government funding, or in conflict with the private sector

Outcomes

As a result of pre-engagement feedback, Phase I engagement was designed with an overall intent for staged information sharing to articulate the context and need for affordable housing in Edmonton, in order to define the problem to solve and the tools available to use.

Phases 2 and 3 focused on creating space for exploring creative alternatives and developing further understanding of tools. Industry umbrella organizations, their members, and affordable housing providers were invited to participate throughout the process.

Phase I: Building a Shared Foundation and Articulating the Problem

Content

Phase 1 included four sessions with industry umbrella organizations. The sessions focused on building a shared understanding of the affordable housing landscape in Edmonton. Much of this phase was focused around City of Edmonton staff sharing information that would help to inform a broader understanding of the scope and depth of the issue of affordable housing need in Edmonton. These sessions covered the following topics: an overview of the [Housing Needs Assessment](#) to develop a better understanding of the scope and depth of housing need in Edmonton, societal impacts of homelessness, and an overview of the ecosystem of players working to address these complex issues.

Feedback

Some of the feedback provided by industry umbrella organizations to the City of Edmonton during Phase 1 regarding a policy included:

- Consider alternatives to a hard and fast policy that stifles creativity
- Contributions need to consider relationships to help move things forward
- Explore trends regarding secondary suites
- Consider options for retrofitting existing stock (with current costs for construction)
- Support affordable housing providers with grant writing and development approvals process
- Consider ideas from something like the Resolve campaign in Calgary
- It isn't the role of private industry to address affordable housing
- Traditional solutions such as utilizing general property tax and tax supported debt would be an appropriate way to subsidize housing
- A more practical approach would be to leverage federal and provincial funding sources who collect the general income tax

10 City of Edmonton, Community Services Department, Social Development Branch **Affordable Housing Contributions What We Heard Report 2023**

- Any additional fees charged to developers would be passed down to the consumer, which would ultimately result in pushing households out of the homeownership market, thereby increasing the overall need for affordable housing in Edmonton
- It is not the responsibility of a small segment of private consumers to engage in income-redistribution activities via a targeted consumption tax that should be borne by society overall through income redistribution mechanisms.
- This is a highly inequitable approach which distorts the marketplace and penalizes a small segment of the population
- Efforts should be focused on removing barriers to supply, such as regulatory requirements and additional levies and taxes in an effort to improve the overall affordability of housing in Edmonton, including non-market housing
- The City's assets (land in particular) could be leveraged to generate money for affordable housing projects or income/rent supplements, potentially through a dedicated fund
- The project should be structured to identify key drivers for affordability in Edmonton and determine how to improve affordability overall

Outcomes

Feedback from industry umbrella organizations and learnings from internal consultations led to a change in design for Phase 2 engagement. While the initial intention was for these meetings to focus on mandatory tools, given the stated preference to explore voluntary and creative options, Phase 2 was redesigned to provide space for these discussions. This phase enabled discussion of any creative options that would result in additional affordable housing in Edmonton.

Phase 2: Workshops on Creative Options

Phase 2 included a total of eight sessions: four sessions with industry umbrella organizations, two meetings with affordable housing providers and two meetings with individual builders and developers. The sessions focused on exploring and refining creative options and potential partnerships for supporting affordable housing.

Affordable housing providers were engaged to better understand their experience with the development process and identify challenges faced by affordable housing providers when working through the development process. This information served to highlight potential areas for partnership with the development industry.

Content

The housing spectrum was reviewed in order to better understand the space where the development industry support could appropriately provide support for affordable housing.

Several presentations were provided to help understand possible opportunities for Affordable Housing development, which included:

- Calgary RESOLVE Campaign, which resulted in an additional 1,850 affordable housing units
- Skills Society presented their long-standing partnership with Leston Holdings to provide affordable housing for individuals with disabilities in Edmonton communities.
- RMS Developments presented their partnership with Civida to provide near-market housing that is profitable for both parties.

11 City of Edmonton, Community Services Department, Social Development Branch

Affordable Housing Contributions What We Heard Report 2023

Feedback

Some of the feedback provided by industry umbrella organizations to the City of Edmonton during Phase 2 regarding a policy included:

- Keep in mind barriers to development, such as the guarantees required by the bank when financing any project.
- Other barriers/uncontrollable factors, such as insurance, development/building permit fees, and property tax
 - 35-40% of rent goes to these factors
 - Property tax could be tied to built form to help keep property tax rates low.
 - Would be beneficial if the City of Edmonton waived property tax, or permit fees
- Office building conversions represent another opportunity to partner
- Land is worth approximately 16-18% of overall project
- Site location is critical
- Infrastructure plays a significant role in determining site feasibility
- Partnerships, such as with Civida, to provide tenants through existing waitlists
- Large scale development catalyzes additional large scale developments
- City of Edmonton has significant land holdings
- Rezone all surplus school sites to RA8 - then 12 sites ready to go
- Significant risk in presenting any options to Committee that have no clear funding mechanism
- Need to harness the spirit of working with the energy that is already in the market, rather than to try to force the market along a different path
- Need to attract additional investment, rather than increase fees that will deter investment in Edmonton

Two broad options began to take shape as a result of these discussions:

Edmonton-based Resolve Campaign

- Industry leads a partnership with affordable housing providers and the City to contribute and build Affordable Housing

Partnerships with Affordable Housing Providers

- Industry supports affordable housing developers in navigating funding/financing through the development process, and contributes skills and expertise
- Ongoing Shovel Ready Coalition to jointly identify opportunities for development
- Create roster of available expertise industry could contribute to Affordable Housing Providers

The City of Edmonton hosted two additional sessions with individual builders, developers, and affordable housing developers. Key feedback provided during these two sessions included:

- Important to consider metrics for overall evaluation of the tool
- Levy on a development permit:
 - In core neighbourhoods, cost to build is higher than in suburbs. Any additional costs will create significant issues. Suggest only charging the levy in the suburbs. Set it aside for developers who build in the core.
 - Charge a levy in greenfield to fund infill
 - Focus on how to reduce barriers to development - not increasing barriers

12 City of Edmonton, Community Services Department, Social Development Branch Affordable Housing Contributions What We Heard Report 2023

- Low density greenfield is land that cannot be re-taxed. Add a levy when initially developed.
 - Once infrastructure is aging and maintenance is needed, take \$\$ from that development to allow for higher density and minimize impact on utilities.
- Concern that an additional levy will impact overall investment in Edmonton
- Inclusionary Housing:
 - Concerns that a policy could be complicated without any tangible results
 - Contributions to equity, reductions to overall timelines, tax relief would be beneficial cost offsets to developers
- Innovation Fund:
 - Source of initial seed funding?
 - Innovation generally adds costs to a project - Definition of “innovation” is critical
 - Are funds restricted? What are the conditions?
 - Innovative projects are generally more risky. Innovative = things not currently done in Edmonton.
 - Need to ensure ongoing financial sustainability
 - Preference to provide incentives to builders to develop in areas where development currently isn't happening (such as in core neighbourhoods)
 - If it stacks well with CMHC, would enable developers to provide more units. Less equity for the developer and investors allows the developer to double the units.
 - CMHC will want first position on title - will the City of Edmonton be willing to take second position?
 - Partner with an affordable housing provider to manage the units
 - Uncouple affordable with climate targets (currently coupled with CMHC). Meeting climate targets means it generally erases the amount of the grant.
 - Will this cover only capital costs?
 - MLI Select provides 30% over current code requirements.
 - Costs are piling up for developers. Would prefer that the City waive building permit and development permit fees, provide tax breaks when operating. That would be a lot easier than an investment fund - just help developers cut costs.
 - CMHC programs will disqualify mixed use buildings as the commercial component is typically valued too high - cap is at 30% of valuation of the building. These types of projects could have the best opportunity for subsidization and affordability, which could then be flowed back into the project.
- Partnership Program:
 - Could provide seed funding and project planning support to get projects to shovel ready stage.
 - An Administrative association that helps developers get projects to shovel ready, then go to CMHC and indicate it can be completed within 12 months. Would help to streamline.
 - Need an evaluative component
 - Create a frictionless process - set developers up with a development officer with them the entire time. Discount other fees with the city. Expedite EPCOR processing. No service fees.
 - Caution: don't push the need priorities too much - will throw proformas out of whack so projects will no longer be viable (i.e. 3+ bedroom units)
 - Interest in exploring this option
- Adapt existing structures for higher density. Many buildings (i.e., in the core) are underutilized
- Another opportunity: an investment co-op. Send the returns to co-op investors.
- EPCOR charges are unpredictable and vary widely.
- Expedite building and development permits - perhaps a checkbox on the development permit application to indicate this is for affordable housing
- Don't need a levy, inclusionary housing program or fund - just help developers cut costs

13 City of Edmonton, Community Services Department, Social Development Branch **Affordable Housing Contributions What We Heard Report 2023**

- Developers aren't aware of all the various grant programs. All have different windows, eligibility requirements. Streamlining or creating awareness would be helpful.
- Need a working group focused on implementation.

The City of Edmonton hosted two engagement sessions with affordable housing providers. Some of the feedback provided by affordable housing providers included:

- Positive aspects of the development process that work well:
 - Engagement requirements
 - Multiple funding sources
 - Availability of City of Edmonton team
 - Availability of land for purchase at nominal sum
 - Site rezoning for flexible use
 - Community advocacy
 - City of Edmonton pre-development meeting process
- Challenges with the development process:
 - Varying requirements for each funding source
 - Need for initial design funding
 - Cost of acquisitions is too high, in particular redevelopment of derelict properties in certain parts of the city
 - Complexity and inconsistency of funding sources
 - Costly access to financing due to low equity levels
 - Zoning requirements - lengthy and costly process to rezone
 - Engagement requirements are burdensome, lengthy, and discriminatory
 - No effective infill cost-sharing mechanism along nodes and corridors
 - Sale of under-zoned land with affordable housing developers required to up-zone. Preference for purchasing land that has already been zoned appropriately.
 - Surprise utility fees without explanation
 - Need for additional funding for utility fees
- Support needed in the development process:
 - How to navigate the process from concept to construction - land development, policy, regulation, zoning, funding, partnerships
 - Alignment of funding requirements
 - Developer expertise
 - Funding for operations
 - Adding deferred maintenance liabilities
- Opportunities for partnering with developers
 - Knowledge sharing
 - Development process
 - Chasing affordable home ownership
 - Selling the final product
 - Could use assistance from developers even before design - understanding where land is available, assistance with a long-term proforma, zoning
 - Assistance with permit application process
 - Assistance with completion of drawings
- Challenges regarding partnering with developers
 - Need more than just construction of units - wrap around supports are critical
 - Different visions can create challenges
- Feedback regarding a specific policy included the following:
 - The City could establish a small tax on private development to create a dedicated revenue source for affordable housing

14 City of Edmonton, Community Services Department, Social Development Branch Affordable Housing Contributions What We Heard Report 2023

- Consider financial strategies to maintain deep affordability over time
- Privately held problem properties are currently underutilized - consider making them available to affordable housing developers
- Would be valuable to include the City as a landowner and developer. Joint use sites that integrate a public use/facility with affordable housing are opportunities for the City to share development costs and not shift the burden of subsidization to the private sector, which ultimately increases housing costs. Can be win-win, in particular on transit-connected sites
- Innovation Fund:
 - Will always welcome additional funding sources
 - Sometimes parameters of funding exacerbate restrictions and counteract the funding itself (i.e., sustainability targets add costs to the project)
 - Would additional funding enable developers to scale quickly?
 - Need to be ready to walk the walk and be innovative, if innovation is part of this fund. Net zero ready does not result in significant changes.
- Shovel Ready Coalition:
 - How to ensure consistent participation from builders and developers if voluntary?
 - If developers are volunteering their time off the corner of their desk, they may not provide the best expertise available.
 - There is a risk of this becoming another committee that doesn't accomplish much
 - Broad coalition could become administratively complicated and resource intensive
- Levy on development permits:
 - Would require transparency regarding how the proceeds are used
 - Perhaps an opportunity to combine the innovation fund and development levy. Get credits for innovative ideas.

Industry developed a **Project Outcome** as follows:

Create a successful program for leveraging industry contributions to affordable housing

Principles for the program would include:

- Reliable
- Predictable
- Transparent - ensuring clarity that any money collected from industry is allocated to Affordable Housing purposes
- Consistent
- Sustainable
- Expedient - supports the rapid development of new units
- No significant impact on Market Affordability
- Consider the broader context for success
 - Incent natural behaviour of industry
 - ensuring that industry challenges such as labour shortages are considered
 - Engaging all levels of government (municipal, provincial and federal) to participate
 - Consider the potential to leverage existing buildings in providing affordable housing supply

Key considerations for building the program would include:

- Scope: The appropriate scope/spectrum of Affordable Housing market for Industry's participation
 - *Determined as those in the "near market" affordable housing space, with the flexibility that some solutions may address some deeper market needs*
- Industry umbrella organization commitment: determine the extent of contributions that industry is already making to affordable housing, in order to leverage their participation

15 City of Edmonton, Community Services Department, Social Development Branch Affordable Housing Contributions What We Heard Report 2023

- At the April 28 meeting, industry umbrella organization representatives agreed to connect with their respective memberships to inventory the quantity and nature of contributions to affordable housing already underway
- City's role:
 - Coordination of all players (affordable housing providers, builders and developers, other levels of government)
 - Land donation, and identifying shovel ready land
 - Identification of housing targets

Outcomes

As a result of the discussions, the specific **options** were refined for further exploration as follows:

Option 1: The Affordable Housing Investment Fund - the City creates a fund for supporting industry investment in affordable housing:

- Financing/investment tool to fund additional development of housing units
- Fund designed for development industry in Edmonton seeking non-traditional funding sources for their developments
- Would provide a portion of the down payment as an equity partner
- Consider modelling the fund after principles of [MLI Select](#) offered by the Canadian Mortgage and Housing Corporation (CMHC). MLI Select is a multi-unit mortgage loan insurance product focused on affordability, accessibility, and climate compatibility. Key principles:
 - Low interest loans
 - Points system for key targets such as affordability, accessibility and climate compatibility
 - Requires that 10-25% of units are kept affordable for 10 years

Option 2: Affordable Housing Development Partnership Program

- Arm's length organization from the City of Edmonton
- Focus on projects that align with identified areas of need (based on the Housing Needs Assessment)
- City, affordable housing providers and developers would contribute unique skills

City Role:

- Identifying available land for development
- Offering incentives - such as expedited permitting, funding to cover the pre-application process and some utility fees, and coordination and support throughout the project
- Aligning projects to identified need
- Identifying housing targets to be met

Development Industry Role:

- Responsible for land development and project planning expertise

Affordable Housing Provider Role

- Responsible for operations once constructed

The program would measure success by developing a baseline (of previous program and city's programs) for comparison of the following metrics:

- Investment of different sectors
- Cost per unit
- Speed to units
- Total number of units created

Phase 3: Testing Scenarios, Options and Developing Recommendations

Content

Phase 3 took place over one meeting with industry umbrella organizations. Discussion items focused on refining the four options on the table, evaluating each of the options, identifying the risks to be considered, compiling a list of pros and cons for each option and an assessment of overall feasibility.

Feedback

The following points were heard during Phase 3 engagement:

- It isn't as easy as saying to reduce the overall profits that go to developers. Developer money is actually bank money, with responsibility to pay back.
- A fifth option was suggested around putting out Requests for Proposals. "Give me an RFP and I'll tell you what I can build you"
- Articulation that the City needs to provide targets for industry organizations to respond to
- Affordable housing is an issue that impacts all of society. More than 75% of Edmontonians support the City doing more for affordable housing - even if it means increasing property taxes.
- Need a definition of affordable housing.
- Infill developers will not support any size of levy on development permits
- A levy on development permits does not give industry any clarification in where the money will go. Concern that the money will go to pay staff salaries.
- A \$500 levy would result in \$5 M annually - can't build a lot of units with this. An increase to property taxes would have a more significant impact
- Best outcome for the Council Report: additional money from the provincial government
- Request to change the Committee date so no impact to Zoning Bylaw Renewal.

Outcomes

Option 1: The Affordable Housing Investment Fund

Benefits:

- Reduced costs for developers
- Potential to construct homes at a quicker rate
- Ability to partner with organizations such as the Social Enterprise Fund, which is already set up with the authorities and the infrastructure in place
- Housing constructed will align with identified areas of need

Drawbacks and risks:

- Significant capital required up front
- Unclear where seed funding will come from
- Does not meet the intent of the Council motion
- Timeline and process to create fund

Option 2: Affordable Housing Development Partnership Program

Benefits:

17 City of Edmonton, Community Services Department, Social Development Branch **Affordable Housing Contributions What We Heard Report 2023**

- Expedited process from shovel ready to completion, bringing additional units online
- Reduced costs for developers working through the project
- Readily available partners for operational management and tenant support, de-risking the operations
- Affordable housing wait lists will help to provide readily available tenants
- Housing constructed will align with identified areas of need

Drawbacks and risks:

- Potential for additional bureaucratic red tape
- Potential for additional administrative costs to support the partnership
- Challenging to measure success in terms of units

Tool 1: Levy on Development Permits

Benefits:

- Additional cash available to the City of Edmonton to construct units
- Consistent source of funding
- Does not require significant resources to maintain this, once established

Drawbacks and risks:

- A form of market intervention - critical to calibrate policy with market reality
- Slippery slope. May start with a small levy but it could grow over time.
- Developers don't have clarity on where the money would be going.
- One more hoop for developers to jump through
- May not result in a lot of units being constructed (based on 10,000 housing starts annually)

Tool 2: Inclusionary Housing: cash-in-lieu program required upon applying for a development permit

Benefits:

- Relatively straightforward if cash-in-lieu
- May be preferred to provide cash than units
- Additional cash available to the City of Edmonton to construct units

Drawbacks and risks:

- A form of market intervention - critical to calibrate policy with market reality
- Subject to the inclusionary housing powers remaining within the Edmonton City Charter
- Economic outlook presents additional threats (Interest rate increases have undermined price growth, inflationary pressure and labour constraints are significantly impacting construction costs)
- A one-size-fits-all policy approach is not recommended - impacts will not be linear across neighbourhoods. Best to calibrate to weakest markets (if using a one-size-fits-all approach)
- Need transition policies
- Need to consider unintended consequences
- Opportunity for significant policy offsets is limited in Edmonton
- There is a risk in proceeding without offsets or sensitive implementation strategy
- Rapid devaluation could discourage investment
- Margin for value capture appears to be narrow

Phase 4: Expanded Engagement, Analysis and Report Writing

Content

Phase 4 included two meetings with equity stakeholders who support individuals with high rates of core housing need. Stakeholders who were engaged for the Housing Needs Assessment were contacted and invited to provide feedback. Discussion items focused on the four options on the table.

18 City of Edmonton, Community Services Department, Social Development Branch **Affordable Housing Contributions What We Heard Report 2023**

Feedback

The following points were heard during Phase 4 engagement:

- An off-site levy could be very helpful
- Concerns that the four options are more supportive of developers than they are of creating additional affordable housing
- Alignment to values of the sector could be stronger
- Partnership program could work well, as evidenced by existing partnerships between developers and affordable housing providers.
- Challenges with housing: how do we go from an idea to implementation?
- Need to be careful that we aren't assuming affordable providers have greater space to take on more responsibilities than they currently do. There is a significant risk that when it comes to implementation, the City will find that there are no organizations available to take on the operations of additional housing
- Inclusivity needs to be baked into the grant structure
- Housing forms that are developed are not currently catering to the needs of the various communities
- Important that we look to diversify the affordable housing providers we work with
- Specific population groups often get missed in discussions around housing; i.e., seniors groups
- A levy or inclusionary housing program needs to ensure to exempt affordable housing providers from any requirements

Outcomes

Feedback from these discussions was incorporated into the Council Report and into the What We Heard document.