

Building on a Strong Foundation

homeEd's 2017-2020 Business Plan





WHO WE ARE

We are a non-profit housing provider established by the City of Edmonton in 1977 “to develop, provide, operate and maintain housing accommodation of all kinds”. Currently, our primary role is to provide affordable rental housing to a mix of lower and moderate income households, with rents starting at the low end of market.

We are governed by an independent Board of Directors. Our sole shareholder is the City of Edmonton.

WHAT WE DO

We own and operate affordable rental housing units within 19 apartment and townhouse complexes across Edmonton. Our holdings consist of properties operating under subsidy agreements with the Canada Mortgage and Housing Corporation and Alberta Seniors and Housing and properties funded through a combination of capital grants, homeEd equity and debt financing.

We also manage a number of properties on behalf of the City of Edmonton.

We strive to maintain a break-even financial position with the major source of revenues being subsidized or market rents from tenants.

WHO WE SERVE

We provide inclusive, diverse, affordable and accessible mixed housing for individuals and families who:

- are making less than median income which includes, but is not limited to, the working poor as well as those receiving AISH and income support;
- have been homeless or are at risk of becoming homeless;
- have special social or physical needs; or
- are skilled workers in transition.

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Executive Summary

The City of Edmonton's Non-Profit Housing Corporation (homeEd) has been in the business of providing affordable rental housing to low and moderate income Edmontonians for 40 years.

Building on a Strong Foundation is the second multi-year business plan adopted by homeEd since the organization was restructured in 2012. The *2017-2020 Business Plan* articulates a "bold yet prudent" approach to expanding homeEd's role within Edmonton's affordable housing sector.

- The Plan reconfirms homeEd's steadfast commitment to providing affordable rental housing to low and moderate income households in Edmonton. This has been – and will continue to be – the foundation of homeEd's work. The Plan calls for homeEd to expand its current portfolio of rental properties over the next four years by leveraging the savings which will be realized as mortgages mature on existing properties. Now is the time when homeEd's prudent approach to property management over the years will begin to pay dividends in the form of additional rental units.
- The Plan commits homeEd to exploring new and innovative opportunities to developing affordable housing in Edmonton. homeEd appreciates the unique relationship it holds with the City of Edmonton and intends to play a significant role in helping City Council implement its new Affordable Housing Strategy. The Board of Directors is highly supportive of the objectives and actions identified in the Strategy and emphasizes that homeEd is well-positioned to work with the City and other community partners to increase the supply of affordable housing in Edmonton over the next four years. During the timeframe of this plan, homeEd will explore opportunities to:
 - obtain and develop affordable housing on City-owned land (including surplus school sites);
 - play a role in the development and management of affordable housing at Blatchford;
 - manage additional City-owned affordable housing units;
 - participate in the regeneration of Edmonton's social housing portfolio;
 - become involved in the provision of supportive and supported housing through partnerships with agencies which provide such services;
 - provide a broader range of mixed-income rental options, including market rentals, on particular properties; and

- contribute to the establishment and operation of a Community Development Corporation.

The *2017-2020 Business Plan* is entirely consistent with the mandate given to homeEd by the City of Edmonton in 1977, which was:

**“to develop, provide, operate and
maintain housing accommodation of all kinds”**

While homeEd has, in the past, focused its energies and resources almost entirely on providing affordable rental housing to low and moderate income households, it plans – over the next four years – to begin to develop and operate “accommodation of all kinds”.

The *2017-2020 Business Plan* is grounded in the broadly-accepted understanding that safe and affordable housing is fundamentally important to the health, social well-being and economic prosperity of individuals, families and communities. Safe and adequate housing has long been linked to improved health and well-being...both for individuals and communities. A sufficient supply of affordable housing helps to support a healthy labour market and is crucial to enable long-term financial stability for low-income households.

The *2017-2020 Business Plan* was built to address the economic and demographic realities of Edmonton's housing market. It recognizes that while Edmonton's rental vacancy rate is expected to climb over the next few years, average rents are also expected to continue to rise. The Canada Mortgage and Housing Corporation (CMHC) projects that the average rent for a two-bedroom apartment in Edmonton will rise to \$1,320 in 2017, far beyond what low and moderate income households can afford to pay.¹ The City of Edmonton estimates that some 47,000 Edmonton renter households spend more than 30% of household income on housing, the commonly accepted threshold which defines housing affordability.²

The *2017-2020 Business Plan* defines homeEd's intention to pursue the achievement of three key outcomes over the next four years:

- Maintenance of current operations, including realization of adequate funding for capital repairs and market-ready renovations.
- Expansion of existing non-profit and affordable housing portfolios.
- Involvement in new and innovative affordable housing developments.

¹ Canada Mortgage and Housing Corporation, *Housing Market Outlook: Edmonton CMA*, Fall 2015, p. 5.

² City of Edmonton, *Affordable Housing Strategy, 2016-2025*, p.5.

1. Our Organization

The City of Edmonton's Non-Profit Housing Corporation (homeEd) was established by City Council 40 years ago to develop rental housing under the terms of various federal and provincial housing programs. While it has faced a number of challenges over the years, homeEd has developed a reputation for being a:

- **caring and respectful landlord and property manager.** homeEd properties are maintained to provide safe and appropriate housing for tenants and to be well received by, and assimilated into, surrounding neighbourhoods.
- **prudent financial manager.** As a non-profit housing provider, homeEd's operating objective is to maintain a break-even financial position. Rental revenues and government grants generate sufficient revenue to cover annual operating costs and to establish replacement reserves.
- **reliable partner.** Simply put, homeEd works well with others. It works in partnership with:
 - its tenants to create positive living environments;
 - the City of Edmonton to ensure alignment with civic priorities;
 - service agencies to ensure supports are in place to help many of our tenants to meet their needs, and
 - Edmonton Police Services and social agencies to maintain safe and peaceful housing complexes.

Our Mandate

While homeEd was given a mandate in 1977 "to develop, provide, operate and maintain housing accommodation of all kinds", based on identified unmet need, it has chosen over the years to focus almost exclusively on providing affordable rental housing to lower and moderate income households.

homeEd's Board of Directors is committed to continuing to provide affordable rental housing to low and moderate income households. It is also keenly interested in exploring opportunities which will enable homeEd to achieve its full mandate of providing "housing accommodation of all kinds".

Broadening its scope of services to align with its original mandate will enable homeEd to:

- serve a broader range of Edmontonians;

- provide different types of affordable housing in the city; and
- better support the implementation of City Council's Affordable Housing Strategy.

Our Governance Structure

homeEd's governance model has evolved over time. Today, the organization is governed by a seven-member board appointed by its sole Shareholder, the City of Edmonton.

In 2012, the Shareholder approved a change in governance structure, which provides the Board of Directors with the decision-making capacity necessary to independently execute the organization's mandate. The Board focuses on:

- ensuring an unbroken chain of accountability from the Shareholder to corporate performance;
- defining corporate expectations; and
- assuring organizational performance through its chief executive.

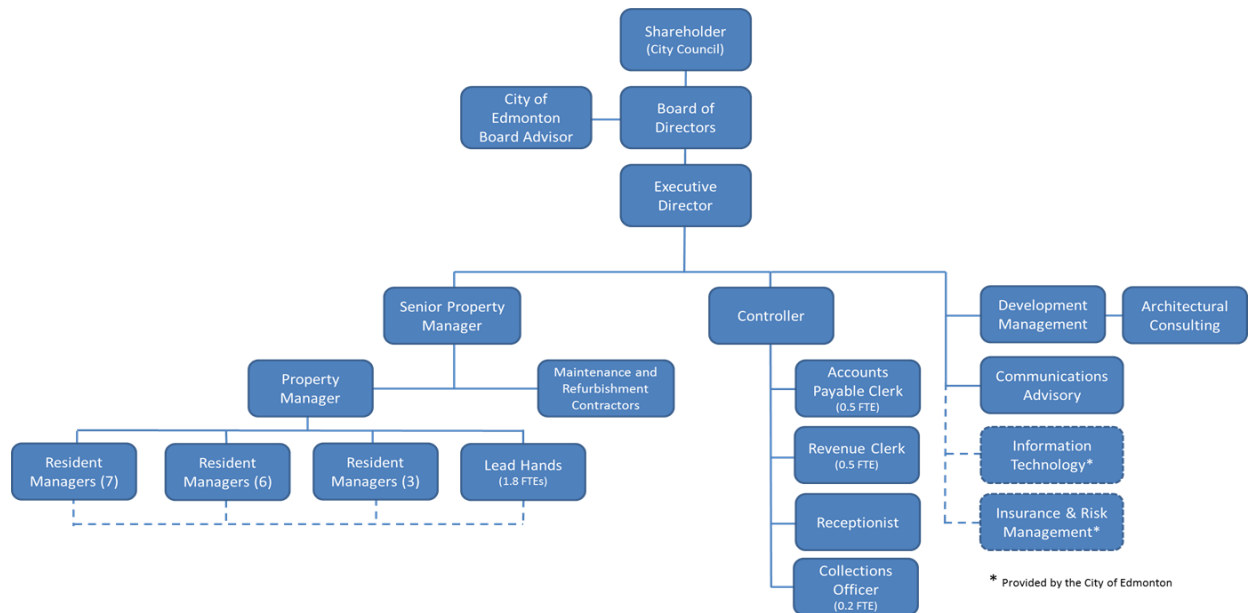
Our Operational Model

homeEd's operational model relies on in-house property management expertise and a solid working relationship with housing, finance, risk management, insurance, legal, and information technology staff in the City of Edmonton.

As illustrated in the following organizational chart, the Executive Director is the Board's official link to operational achievement and conduct and, as such, the position manages the operations of homeEd to ensure affordable housing benefits, financial sustainability and asset preservation with a view to future opportunities for enhancing the portfolio. The Executive Director works closely with the Board of Directors to develop strategic and business plans to guide the organization.

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homeEd's senior leadership team is comprised of its Executive Director, Controller and Senior Property Manager. Development management services and architectural consulting services are provided through external contracts with industry leaders in the field of multi-family real estate planning and development.

With the support of Lead Hands, Resident Managers, located at each of homeEd's 19 housing complexes, are responsible for day-to-day operation of their respective sites. Resident Managers play a key role in achieving homeEd's property management goals and objectives.

Maintaining an ongoing administrative working relationship with the City of Edmonton provides homeEd with opportunities to:

- access information technology, insurance and risk management services on an as required basis; and
- liaise with the City's expert resources on affordable housing and homelessness.

Over the past three years, homeEd has undergone significant organizational transition to achieve the operational model approved by its Shareholder. In tandem with achieving greater independence, homeEd remains committed to maintaining strong working relationships with the City of Edmonton. Those tried and true relationships position homeEd to support the implementation of City Council's *Affordable Housing Strategy*.

Our Portfolio

homeEd's housing portfolio is comprised of 807 affordable rental housing units located in 19 apartment and townhouse complexes located across the city.

Fourteen (14) of these properties are within homeEd's non-profit housing portfolio. The remaining five (5) properties are within its affordable housing portfolio. The map on the following page illustrates the location of these properties.

In 2010, homeEd began to provide property management services at some City-owned properties. At this time, property management services are provided at six properties (41 affordable housing units) on behalf of the City of Edmonton, which includes 23 inclusionary housing units at five of the six sites.

Non-Profit Housing

homeEd's non-profit housing portfolio is comprised of 14 properties.

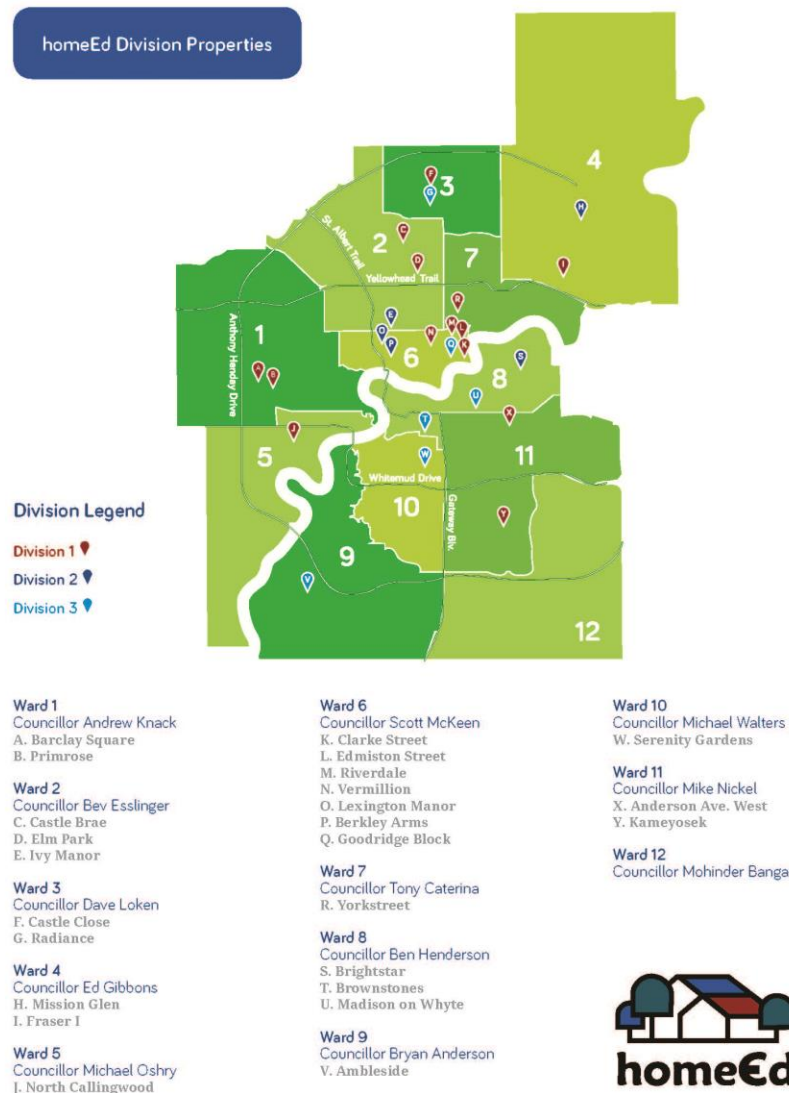
- Six of these properties (314 units) are subject to terms with the Canada Mortgage and Housing Corporation (CMHC). These properties operate under separate 35-year project operating agreements signed and put into effect between 1981 and 1983. In 1997, CMHC issued an addendum to provide for additional financial contributions beyond the original agreement. The mortgages on these properties began to mature in 2016.
- Six of these properties (259 units) are subject to terms with the Alberta Social Housing Corporation (ASHC). Five of the properties operate under a project operating agreement dated 1982. The term of both CMHC and ASHC agreements are the same.
- One of the properties (28 units) is mortgage-free and owned by homeEd.
- One property (57 units) is subject to the terms of a loan from the City of Edmonton.

Under the terms of these agreements, CMHC and/or ASHC make annual contributions to homeEd. These contributions allow homeEd to accommodate its operational costs on an annual basis. With the exception of York Street, which is fully funded by the Government of Alberta, the annual contribution is based on a subsidy of up to 2% of the declining mortgage.

homeEd is currently renting approximately 70% of these units at low-end-of-market rates. The remaining 30% of these housing units are rented at either a set minimum rent or rent-geared-to-income.

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Affordable Housing

homeEd's affordable housing portfolio is comprised of five properties. The 148 units within this portfolio are rented to lower income tenants, homeless individuals and people with special needs.

These properties were purchased through grants from all three levels of government, homeEd equity and debt financing. Four of the properties are subject to terms and conditions of the City's Cornerstones Plan Agreement and the Province's Affordable Housing Partnership Initiative.

The properties were provided one-time funding at the time of purchase and retrofit. The units do not receive annual operating subsidies. homeEd manages these units on a break-even basis, including a contribution to a replacement reserve.

Our Tenants

As a provider of inclusive, affordable and accessible housing, homeEd serves a diverse range of Edmontonians who would otherwise struggle on a daily basis to meet their housing needs.

Our tenants include individuals and families who are making less than median income and cannot afford to pay market rents. They are a small portion of the 47,000 households in Edmonton who struggle with housing affordability. Without access to a homeEd apartment or townhouse, our tenants would be among the estimated 40% of Edmonton renter households spending in excess of 30% of their income on housing costs.

Some of our tenants can be counted amongst the city's "working poor", Edmontonians who are working full-time and earning less than \$15 per hour. They may be newcomers to Edmonton, single parents or people who lack the education, skills or abilities to quickly find a job in Edmonton.

Some of our tenants are attending school or participating in work training and skills development. Others are skilled workers in transition who are simply starting a new phase of life.

A number of our tenants are facing health challenges or disabilities and may be receiving Assured Income for the Severely Handicapped (AISH) or Income Support. Some of these individuals have severe handicaps which limit their ability to earn a living and pay for their housing. Others have special social or physical needs.

Finally, a number of our tenants have been homeless or were at risk of becoming homeless. With access to a homeEd apartment or townhouse, they are able to avoid becoming one of the estimated 2,300+ Edmontonians³ who do not have a place which they can call "home".

³ City of Edmonton, *Affordable Housing Strategy, 2016-2025*, p. 6.

2. The Importance of Affordable Housing

Housing is an important determinant of both physical and mental health and well-being. It provides a foundation for obtaining employment, for raising children, and for building relationships with neighbours and the broader community. Dwelling units that are well maintained and suited to the needs of occupants contribute to positive social and community outcomes. Housing that is affordable leaves households with sufficient financial resources to participate fully in the community at large. Households unable to access affordable housing are potentially at a disadvantage from a variety of perspectives.

Our Shareholder believes that safe, adequate and affordable housing is:

- directly linked to improved individual physical and mental health;
- fundamental to the physical, economic and social well-being of individuals, families and communities;
- required to support a healthy labour market; and
- crucial to the long-term financial stability of low-income households.

homeEd agrees wholeheartedly.

Physical and Mental Health

The primary factors that shape the health of Canadians are not limited to medical treatments or lifestyle choices. Rather, the health of Canadians is affected, in large part, by a number of social determinants of health, particularly the housing conditions they experience on a daily basis.

A very wide body of research clearly indicates that affordable housing is directly related to improved health outcomes. Housing is an absolute necessity for living a healthy life. Living in unsafe, unaffordable or insecure housing increases the risk of many health problems.

The correlation between safe and affordable housing and positive health outcomes is particularly important for low income households. As low income households are often forced to pay an excessive proportion of their income on housing, they have limited resources for other essentials, including food and clothing. This type of tradeoff threatens the health of family members, especially children.

Poor living conditions have a profound impact on physical and mental health. For example, stress brought about by paying too much for housing or living in unsafe or inappropriate conditions weakens the body's resistance to diseases and increases one's sense of despair. Access to safe and affordable housing offsets these stressors by enabling low income households to use their available resources for food, clothing and health care rather than

housing costs. Stable and affordable housing also supports mental health by limiting stressors related to financial burden or frequent moves.

The presence of lead or mould, poor heating, inadequate ventilation, vermin and over-crowding are all determinants of adverse health outcomes. Children who live in low quality housing conditions have a greater likelihood of poor health outcomes in both childhood and as adults. Dampness, for example, can lead to respiratory illness and worsen pre-existing health conditions. It is not easy to separate the effects of housing from other factors since poverty, poor housing and pre-existing illnesses often inter-relate, but studies that have separated them show poor housing conditions to be independent causes of adverse health outcomes.

Finally, affordable housing can also serve as a platform for providing supportive services to improve the health of vulnerable populations, including the elderly, people with disabilities, and homeless individuals and families.

Individual, Family and Community Well-Being

At its most basic, housing satisfies people's fundamental need for shelter. Every individual, every family and every community – regardless of economic, demographic or social circumstance – requires safe and affordable housing. Our homes are where we nourish ourselves, rest and relax, raise our children, care for one another, study, and prepare for our futures. Trying to do these things without the support and stability of adequate shelter is a daunting and, for some, an insurmountable task.

A safe and comfortable place to live is fundamental to our sense of well-being. When housing is inadequate or unavailable, individual, family and community well-being may suffer.

A growing body of research suggests that safe and affordable housing may increase children's opportunities for educational success. A supportive and stable home environment can complement the efforts of educators, leading to improved student achievement. Affordable housing may foster the educational success of low-income children by supporting family financial stability; reducing mobility; providing safe, nurturing living environments; and providing a platform for community development.⁴

Housing supports many formal social interactions and entitlements, such as getting a job, joining a club, exercising the right to vote, or accessing health services. The inability to readily contact people without a home immediately imposes practical problems for those concerned with providing a range of support services, including medical, emotional and financial support.

Access to safe, affordable and adequate housing touches almost every aspect of a community's well-being and affects all of its members. Communities with a range of housing choices that meet the full range of their housing needs - including the needs of low and moderate income

⁴ The Homeless Hub, The Impacts of Affordable Housing on Education: A Research Summary.
<http://homelesshub.ca/resource/impacts-affordable-housing-education-research-summary>

citizens - are generally more liveable, more economically competitive and resilient. A growing body of research shows that access to good quality affordable housing supports not only low and moderate income households, but also has positive community-wide benefits related to economic competitiveness, health, education and community well-being.

Healthy Labour Market

Investments in affordable housing influence economic development in direct and indirect ways. Access to an affordable home enables people to be more productive and to spend more money in their local communities, thereby stimulating the economy. Public and private investment in the creation of affordable housing stimulates employment in the construction and repair industries.

The availability of affordable housing attracts newcomers, immigrants and skilled workers. It also encourages businesses to locate and expand locally. Research suggests that the availability of affordable housing leads to improvements in a local economy to the extent that lower housing costs are viewed as a comparative advantage by employers and workers. Employers' ability to attract and retain employees promotes local economic competitiveness. While affordable housing comprises just one element of an overall housing market, to the extent that it lowers housing costs for local workers it contributes to improved economic competitiveness.

Financial Sustainability of Low-Income Households

While the high cost of housing has important economic and public policy implications, it is profoundly impactful for low-income households. For low-income households, high housing costs may jeopardize their financial sustainability.

Families who have to spend 30 per cent or more of their income on quality housing have less money to spend on other important things, including food and transportation. This situation is heightened for families with children because they are more likely to face over-crowded or inadequate living conditions that create health and safety risks. This situation is often found in distressed neighbourhoods with poor quality housing. CMHC reports that people living alone or in single-parent families are much more likely to spend 30 per cent or more of household income on shelter.⁵ Women living alone or as a single parent are even more likely to be in core housing need and may also be living in poverty. Persons with disabilities, Aboriginal families and immigrants are at greater risk of being in core housing need. Many of these households struggle to be financially sustainable.

⁵ Canada Mortgage and Housing Corporation, *Canada Housing Observer 2014*, p. 1-13.

3. The Environment in Which We Operate

homeEd does not operate within a vacuum. In order to fulfil its mandate and achieve its goals and objectives, homeEd pays close attention to the environment in which it operates. The *2017-2020 Business Plan* was shaped to respond to:

- forecasted economic and demographic trends which will affect Edmonton's housing market over the next four years;
- the long-standing and significant gap in affordable rental housing in Edmonton;
- public sector investment in affordable housing in light of current fiscal challenges;
- the impending loss of social housing units in Edmonton associated with the expiry of federal-provincial operating agreements, and
- strategic priorities identified in the City of Edmonton's new Affordable Housing Strategy.

Edmonton's Housing Market

Edmonton's relatively strong economy and positive economic outlook affect the city's housing market. Moderate economic and demographic growth between 2017 and 2020 will likely increase the cost of most types of housing in Edmonton and thereby continue to present significant challenges to low and moderate income households looking for adequate, accessible and affordable rental housing.⁶

The *2017-2020 Business Plan* was built to address the economic and demographic realities of Edmonton's housing market. It was developed under the assumption that Edmonton's economy will be in recovery mode over the next few years as it recuperates from the effects of steep declines in oil prices in 2015 and 2016. While weaker than expected economic conditions in 2016 contributed to increasing unemployment, lower labour earnings, slower population growth, and constrained public sector revenues, forecasts for the next few years are more positive. The City of Edmonton's Long-Term Economic Outlook projects annual GDP growth of between 2.9% and 3.5% over the next four years.⁷

Economic recovery in Alberta will have important implications for Edmonton's housing market. The Canada Mortgage and Housing Corporation (CMHC) Fall 2015 housing market outlook for Edmonton projects that improving economic conditions in 2017 will:

- drive up the average cost of a new single-detached house to \$621,000;

⁶ City of Edmonton, *Long-Term Economic Outlook: 2014-2024*, Spring 2014, p. 22.

⁷ Ibid, p. 22.

- increase the average resale price of a single-detached home to \$374,000;
- not offset a projected increase (3.7% in 2017) in the city's rental vacancy rate, and
- increase average apartment rental rates (CMHC projects that the average rent for a two-bedroom apartment in Edmonton will rise to \$1,320 in 2017 from \$1,265 in 2015).

While each of these projections provide insight into Edmonton's housing market, homeEd emphasizes that these costs are far beyond what low and moderate income households can afford to pay. The City of Edmonton's new *Affordable Housing Strategy* indicates that the minimum income required in 2014 to:

- qualify for a mortgage on a single-detached house was over \$84,000;
- qualify for a mortgage on a condominium was over \$46,000;
- rent a one-bedroom apartment was over \$40,000, and
- rent a two-bedroom apartment was almost \$49,000.

Housing Affordability Gap

While Edmonton is considered to be a relatively affordable place to live, housing costs present significant issues for many households, particularly those in the rental market.

Households are considered to be in "core housing need" if they cannot meet one or more standards of adequacy, suitability or affordability or cannot access acceptable local market housing without spending 30% or more of its before-tax income on shelter. Many Edmonton households, particularly households which rely on the rental housing market, are in core housing need. These are households whose current accommodation is either too expensive, too small, in need of a major repair or a combination of all three and who are unable to upgrade their housing without spending more than 30% of their income on housing.

The *Summary Report* of the Social Housing Regeneration Advisory Group indicates that there were over 48,000 households in core housing need within the Edmonton Census Metropolitan Area in 2011. Given that this was an increase of over 7,000 households since 2006, it is very likely that this number will continue to grow over the next four years.

CMHC calculates household affordability based on the average shelter-cost-to-income ratio (STIR); the average proportion of before-tax household income spent on shelter. A household is considered to have a housing affordability issue if more than 30% of their income is spent on shelter. Households spending more than 50% of their income on shelter are considered to have significant housing affordability issues. In the Edmonton CMA for 2011, over 40% of renters and almost 19% of owner households experienced housing affordability issues. For households in core housing need, the average STIR before taxes in 2011 was over 50%. This means that,

on average, households in core housing need are spending half of their total before-tax income on housing which is inadequate for their needs.

Fiscal Challenges

While Edmonton City Council and the recently elected provincial and federal governments emphasize the fundamental importance of affordable housing, each will struggle to allocate additional funding to creating additional affordable housing units over the next four years.

- Edmonton City Council approved a new *Affordable Housing Strategy* in 2015, but was unable to allocate additional funding for its Cornerstones program through its 2016-2018 Budget. Base funding over the next three years will be dedicated primarily to the City's secondary suite program. Very limited resources will be available for housing providers to build new affordable housing units.
- The Government of Alberta's Seniors Ministry is responsible for affordable housing in the province. While the Ministry's three-year budget includes funding to maintain ongoing seniors, family, social, and special needs housing programs, it does not identify new funding to develop new affordable housing units. However, the Ministry's 2015-2018 Business Plan emphasizes that the need for affordable housing will increase in the future regardless of whether the Alberta economy is growing, slowing or stabilizing.
- The newly elected federal government has indicated strong support for affordable housing. It has committed to introducing a National Housing Strategy that includes funding to finance the construction of new, affordable rental housing for middle and low income households. That being said, the federal government is facing significant fiscal challenges and will struggle to balance the federal budget by 2019-20. It is also facing significant pressure to reinvest in existing social housing across the country.

homeEd will continue to encourage all three orders of government to invest in the development and maintenance of affordable housing and will be prepared at any time over the next four years to leverage public funds to expand its portfolio.

Loss of Social Housing Stock

The loss of existing social housing units is a significant issue in many municipalities, including Edmonton where over 11,000 social housing units developed under a number of federal-provincial programs are in jeopardy.⁸ Thousands of single-parent families, seniors and other low-income residents stand to lose their homes as federal funding agreements for the most heavily subsidized housing start to run out over the next three years.

⁸ Social Housing Regeneration Advisory Group, *Summary Report*, p. 3. The Advisory Group was established by the City of Edmonton Mayor Don Iveson in 2014.

The expiry of existing federal subsidy agreements poses a serious challenge to the ability to ensure that citizens with very low incomes are able to access safe, suitable and stable housing. Further, some of the units included in this inventory are reaching the end of their lifecycles and are in need of significant reinvestment. The expiry of the agreements will impede the ability of Social Housing providers to maintain and regenerate their housing inventories.

For the majority of these projects, the term of the agreements coincided with the length of the mortgage term such that, when the mortgage is paid off, the subsidy agreement ends as well. The belief was that once the mortgage was paid off, these projects would no longer require ongoing subsidies to provide social housing. In reality, this has not been the case for some Social Housing providers due to the fact that these projects serve tenants with very low incomes. It has not been possible for providers to generate sufficient revenue to pay for all of the associated operating and capital costs of managing these projects. The majority of these projects will require significant re-investments in terms of capital repairs, replacements and retrofits to meet the needs of their tenants.

homeEd participated in the Social Housing Regeneration Advisory Group assembled by the Mayor of Edmonton and is committed to supporting the recommendations included in the Advisory Group's Summary Report released in 2015.

Affordable Housing Strategy

The City of Edmonton approved a new *Affordable Housing Strategy* in 2015. The *Strategy* describes the City's role in affordable housing and defines specific approaches for how the City will support affordable housing over the next decade.

The *Strategy* is intended to replace the City's previous housing strategy, *Building Together*. It aligns with and takes direction from a range of other policy documents, including the:

- *Edmonton's 10 Year Plan to End Homelessness*;
- City of Edmonton's Ways plans;
- *Edmonton Area Community Plan on Housing and Supports: 2011-2015*, and
- *Capital Region Board Housing Plan*.

The *Strategy* was informed by the recommendations included in the *EndPovertyEdmonton Strategy*, including the creation of a community development corporation to develop affordable and supportive housing throughout Edmonton. It also clarifies the City's role in implementing the recommendations put forward by the Social Housing Regeneration Advisory Group. It formalizes the City's role in creating a "Centre of Excellence" for social housing regeneration, and incenting regeneration activities for social housing projects on City land.

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The *Strategy* identifies four goals and associated objectives, strategies and implementation actions. homeEd strongly supports the Strategy and is very interested in playing an active role in its implementation.

4. Our Strategic Objectives

homeEd will pursue the following strategic objectives over the next four years. The achievement of these strategic objectives will support three key outcomes, which are:

- Maintain current operations and ensure adequate funding for capital repairs and market-ready renovations.
- Expansion of homeEd's existing non-profit and affordable housing portfolios.
- homeEd involvement in new and innovative affordable housing developments.

Current Operations

Maintaining the viability of its current portfolio of properties will continue to consume the lion's share of the Corporation's current resources and energies. CMHC guidelines indicate that a minimum of \$500 per unit to a maximum of \$5,000 per unit should be held in reserve for repairs, replacements and retrofits. Because of the advancing age of its properties, the Board has established the corporate target for Replacement Reserves at \$5,000 per unit.

The mortgages on 12 of homeEd's 19 properties are maturing over the next three years. Final payments on these mortgages will be made between January 2016 and August 2018. No longer having to make mortgage payments on these properties will free up approximately \$0.4 million in 2016; \$1.0 million in 2017; \$1.8 million in 2018; and \$2.2 million per year beginning in 2019...the first full year in which all 12 mortgages are fully paid.

The funds, freed up by the matured mortgages, will be allocated for a combination of repairs/retrofits/replacements and portfolio expansion. As a guiding principle, in 2016 and future years:

- sixty percent of the cash flow generated through mortgage maturity will be contributed to Replacement Reserves in Division One Federal and Provincial portfolios to achieve and maintain the target of \$5,000 per unit; and
- forty percent of the cash flow generated through mortgage maturity will be contributed to a Portfolio Expansion Reserve.

Portfolio Expansion

homeEd is committed to providing affordable rental housing to low and moderate income households in Edmonton. This has been – and will continue to be – the foundation of homeEd's work. The Board has had the opportunity to discuss portfolio expansion with its Shareholder on

a number of occasions over the past few years and is committed to working closely with City of Edmonton Administration in this regard.

Over the next four years, homeEd will identify opportunities to expand its current portfolio of rental apartments and townhouses by leveraging the savings which will be realized as mortgages on existing properties mature. Now is the time when homeEd's prudent approach to property management over the years will begin to pay dividends in the form of additional rental units.

Development Opportunities

homeEd is committed to exploring new and innovative opportunities to develop affordable housing in Edmonton. It appreciates the unique relationship it holds with the City of Edmonton and intends to play a significant role in helping City Council implement its new *Affordable Housing Strategy*. homeEd is very supportive of the goals and objectives identified in the *Strategy* and emphasizes that it is well-positioned to work in partnership with the City and other housing providers to increase the supply of affordable housing in Edmonton over the next four years.

During the timeframe of this plan, homeEd will explore the following opportunities:

- **Development and operation of mixed-income affordable housing on City-owned land, including surplus school sites.** The City of Edmonton's new *Affordable Housing Strategy* includes a number of actions aimed at using City-owned land and facilities to encourage the development of affordable housing. It identifies a number of actions aimed at making City-owned land available for affordable housing. homeEd will work with its Shareholder and City Administration to identify potential roles for homeEd in the development and operation of mixed-use housing on City-owned land.

The development of housing on surplus school sites is an example. City Policy C583 was approved in 2015 to guide the development of surplus school sites. The policy recognizes a "significant need for non-market housing" in Edmonton and calls for 50% to 70% of residential units built on surplus school sites to be non-market housing. Mixed-income housing is contemplated for nine of 20 school sites declared surplus in 2009.

The City is developing new policies and procedures related to land dedication for social and affordable housing, including land banking and land dedication for major City-led development projects. homeEd is open to working with the City to explore options for it to develop and manage affordable housing on these lands.

- **Development and operation of affordable housing within the Blatchford community.** The City's Master Plan for Blatchford envisions development of 217 hectares of land in the heart of the city into an inclusive, family-oriented, sustainable community of 30,000 people. The Blatchford community will provide homes for all

stages of life with a focus on family-friendly housing in a range of medium-density housing types, including townhouses, stacked townhouses and four to six story apartments. The City has established an affordable housing target of 20% of the housing units built in the community.

While the type and form of affordable housing in Blatchford has not been determined at this time, homeEd is supportive of the City's commitment to including affordable housing within this transformational development. homeEd will work with its Shareholder and City Administration to consider alternative approaches to meeting the 20% affordable housing target within Blatchford.

- **Manage additional City-owned affordable housing units.** The City has been involved in inclusionary affordable housing programs for a number of years. These programs create affordable housing within market condominium projects that have been granted increased development rights by the City. The affordable units are made available for eligible low-income households and are managed by homeEd. The City approved a new approach to inclusionary housing in 2015 with the adoption of the Developer Sponsored Affordable Housing Policy.

homeEd anticipates that it will continue to manage, within the scope of its Division 3 portfolio, the new units created through this policy.

- **Participate in the regeneration of Edmonton's social housing portfolio.** The Social Housing Regeneration Advisory Group (SHRAG) was formed by Mayor Don Iveson in the summer of 2014. The group was tasked with engaging in a multi-sectoral dialogue to develop recommendations regarding actions the City of Edmonton and its partners might take to facilitate the regeneration of Edmonton's aging Social Housing stock. Regeneration involves major changes (redevelopment, expansion, repairs or upgrades) to social housing projects in order to enhance its use to both tenants and the surrounding community.

homeEd participated in the SHRAG process and is open to playing a role in implementing the Advisory Group's recommendations, including participation in a Centre of Excellence for social housing regeneration. As homeEd does not have the resources to dedicate to the refurbishment of social housing, it cannot assume responsibility for upgrading and managing social housing in the future without external financing.

- **Become more involved in the provision of supportive and supported housing through partnerships with agencies which provide such services.** While homeEd already works with a variety of agencies to ensure that tenants receive the services they require, it is open to considering other models of combining affordable housing and health and social services for people with specific needs (e.g. physical or mental health or developmental disabilities or substance abuse). The City's *Affordable Housing*

Strategy identifies a need to increase the number of supportive and supported housing units in the city.

- **Play a role in the establishment and operation of a Community Development Corporation.** Mayor Don Iveson struck a task force in 2014 to consider ways to “end poverty in Edmonton in a generation”. The *EndPovertyEdmonton Strategy* articulates the findings and recommendations of the task force. It recommends the establishment of a community development corporation to engage the community in supporting the creation of affordable and supportive housing; offering job training/placement; investing in community based business development, and creating new community-owned businesses.

homeEd would welcome the opportunity to participate in the establishment and operation of a community development corporation.

- **Development and operation of market housing units within specific properties.** As articulated throughout this Business Plan, homeEd strongly believes that it is well-positioned to play a more fulsome role in the delivery of a range of affordable housing in Edmonton. homeEd was established by the City of Edmonton to provide housing accommodation of all kinds. Becoming more involved in the delivery of mixed-use housing would enable homeEd to offer a more complete range of rental options and could be used to subsidize the expansion of its affordable and non-profit housing portfolios.