

## AFFORDABLE HOUSING SITE

### Sale of Land Below Market Value and Grant Funding - Canora and Garneau

#### 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 \$4,248,681 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 the Canora permanent supportive housing development, as outlined in Attachment 1 of the April 10, 2024, Community Services report CS02348.
2. That the sale of land in Canora from the City of Edmonton to Homeward Trust Holding Company in respect of the Canora permanent supportive housing development, on the terms and conditions, as outlined in Attachment 2 of the April 10, 2024, Community Services report CS02348, be approved, and that the agreement be in form and content acceptable to the City Manager.
3. That an affordable housing agreement between the City of Edmonton and Homeward Trust Holding Company, in respect of the Canora permanent supportive housing development, on the terms and conditions, as outlined in Attachment 3 of the April 10, 2024, Community Services report CS02348, be approved, and that the agreement be in form and content acceptable to the City Manager.
4. That capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development be increased by \$2,337,810 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 the Garneau permanent supportive housing development, as outlined in Attachment 4 of the April 10, 2024, Community Services report CS02348.
5. That the sale of land in Garneau from the City of Edmonton to Homeward Trust Holding Company in respect of the Garneau permanent supportive housing development, on the terms and conditions, as outlined in Attachment 5 of the April 10, 2024, Community

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Services report CS02348, 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 Homeward Trust Holding Company, in respect of the Garneau permanent supportive housing development, on the terms and conditions, as outlined in Attachment 6 of the April 10, 2024, Community Services report CS02348, be approved, and that the agreement be in form and content acceptable to the City Manager.
7. That the \$11,900,000 of Pay-As-You-Go funding held in abeyance in capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development be used to fund the Canora and/or Garneau permanent supportive housing projects.
8. That \$21,500,000 from the existing funding in capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development be allocated to fund the Canora and Garneau permanent supportive housing projects.

<b>Requested Action</b>		Council Decision Required	
<b>ConnectEdmonton’s Guiding Principle</b>		<b>ConnectEdmonton Strategic Goals</b>	
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.		<b>Healthy City</b>	
<b>City Plan Values</b>	LIVE		
<b>City Plan Big City Move(s)</b>	Inclusive and compassionate	<b>Relationship to Council’s Strategic Priorities</b>	Nobody is in core housing need  Community safety and well-being
<b>Corporate Business Plan</b>	Serving Edmontonians		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• Policy C601 - Affordable Housing Investment Guidelines</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• CS01624, Rapid Housing Initiative - Round 3 Investment Plan, City Council, March 14, 2023</li> <li>• CS01751, Rapid Housing Initiative Recommendations and Update, Executive Committee, September 20, 2023</li> <li>• FCS00680, 2021 Affordable Housing Sites, Executive Committee, August 23, 2021</li> </ul>		

**Executive Summary**

- On November 10, 2022 the Canadian Mortgage and Housing Corporation (CMHC) announced the third round of its Rapid Housing Initiative (RHI) program.

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- The City applied to the Alberta Social Housing Corporation (ASHC) in relation to three City-led permanent supportive housing (PSH) projects that were proposed as part of the City's RHI 3 application: Holyrood PSH, Canora PSH and Garneau PSH.
- On March 9, 2023, ASHC confirmed support for the City's three RHI 3 projects.
- On July 18, 2023, the CMHC confirmed that the Holyrood PSH was the only City-led project approved for RHI 3 funding.
- The funding commitment from ASHC for the Canora PSH and Garneau PSH projects is now at risk if the City does not move forward with the construction of the projects.
- Administration recommends using \$11.9 million in Council approved funding held in abeyance, as well as \$21.5 million from capital profile 19-90-4100 Affordable Housing Land Acquisition & Site Development to address the \$33.4 million funding gap required to advance the Canora PSH and Garneau PSH projects, while continuing to seek additional financial support for the projects from other orders of government.
- City Council approval is sought for the required budget adjustments, land sales at below market value and affordable housing agreements.

### **REPORT**

The City of Edmonton's Affordable Housing Investment Strategy 2023-2026 describes the need for between 1,400-1,700 units of supportive housing for people experiencing or at risk of homelessness within five years.<sup>1</sup> The City of Edmonton helps create new affordable housing by acting as an initial investor, providing City-owned land at a nominal cost and capital funding to attract additional investment from other orders of government and financing sources.

On November 10, 2022, Canadian Mortgage and Housing Corporation (CMHC) announced the third round of its Rapid Housing Initiative (RHI) program, through which it disbursed \$1.5 billion in capital grants to affordable and supportive housing projects across Canada.

Following the announcement, the City applied to the Alberta Social Housing Corporation (ASHC) in relation to three City-led PSH projects that were to be included as part of the City's RHI 3 application: Holyrood permanent supportive housing (PSH), Canora PSH and Garneau PSH. On March 9, 2023, ASHC confirmed a total of \$10.58 million through the Affordable Housing Partnership Program (AHPP) to support the three projects and the City's RHI 3 application: Holyrood PSH (\$3.99 million), Canora PSH (\$4.25 million) and Garneau PSH (\$2.34 million). Alberta Seniors, Community and Social Services provided their support of the approval of ASHC and committed to prioritizing operational funding, through Homeward Trust Edmonton, for these projects.

At the March 14, 2023, City Council meeting, Administration received Council approval to submit an application to CMHC for RHI 3 funding (Community Services report CS01624, Rapid Housing Initiative Investment Plan - Round 3 of Rapid Housing Initiative). The application included the three City-led PSH projects. Collectively, these projects represent 160 units of permanent

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<sup>1</sup> <https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/AffordableHousingStrategy2023-26.pdf>

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supportive housing, with an associated funding request from the CMHC of \$31,433,074. To strengthen the application, City Council approved \$11.9 million in 2023 Pay-As-You-Go funding to be held in abeyance subject to the City being successful in securing funding from CMHC. On July 18, 2023, CMHC confirmed that the Holyrood PSH was the only City-led project approved for RHI 3 funding.

On October 4, 2023, Council approved the budget adjustments, land sale and affordable housing agreement necessary to move forward with the Holyrood PSH (Community Services report CS01751, Rapid Housing Initiative - Recommendations & Update). The Holyrood PSH is currently under construction and scheduled to be completed by November 30, 2024.

The planning and design of the Canora PSH and Garneau PSH was advanced in anticipation of RHI 3 funding and is substantially complete, but the projects have been paused pending identification of a funding source. The funding commitment from ASHC for the projects is now at risk if the City does not move forward with the construction of the projects as the provincial funding cannot be held indefinitely.

Given the acute need for permanent supportive housing, Administration recommends using the \$11.9 million in Council approved funding held in abeyance, as well as \$21.5 million from capital profile 19-90-4100 - Affordable Housing Land Acquisition & Site Development to address the \$33.4 million funding gap required to advance the Canora PSH and Garneau PSH projects, while continuing to seek additional financial support for the projects from other orders of government.

### Canora PSH

The Canora PSH will provide 63 supportive, single resident occupancy units, including nine barrier-free units, as well as programming, amenity and ceremonial space (Attachment 1).

The total project cost is \$27.70 million. In consideration of previous City contributions of \$2.03 million and the AHPP commitment of \$4.25 million to the project, the current funding gap is \$21.42 million.

If the recommendations are approved, capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development will be increased to reflect the \$4,248,681 in funding approved by ASHC for the Canora 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 the Canora PSH upon construction completion (Recommendations 2 and 3, 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 Name	Unit Count	Total Project Cost	ASHC / AHPP Commitment	Previous City Contribution	Funding Gap / New City Contribution
Canora PSH	63	\$27,699,538	\$4,248,681	\$2,033,335	<b>\$21,417,522</b>

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### Garneau PSH

The Garneau PSH will provide 34 supportive, single resident occupancy units, including five barrier-free units, as well as associated programming and amenity space (Attachment 4).

The total project cost is \$15.74 million. In consideration of previous City contributions of \$1.4 million and the AHPP commitment of \$2.34 million to the project, the funding gap is \$12 million.

If the recommendations are approved, capital profile 19-90-4100 Affordable Housing Land Acquisition and Site Development will be increased to reflect the \$2,337,810 in funding approved by ASHC for the Garneau PSH project (Recommendation 4).

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 the Garneau PSH upon construction completion (Recommendations 5 and 6, Attachments 5 and 6). Homeward Trust Holding Company would be responsible for contracting an operator to operate the project and for securing operating funding for the site.

Executive Committee previously approved the sale of the Garneau land at below market value and subsidy funding of up to \$850,000 to facilitate the development of affordable housing on the site in 2021 (FCS00680, Below Market Sales Report - Queen Alex & Garneau Sites). The property was listed for sale for the purpose of affordable housing, but the City did not receive a viable proposal. If Council approves the recommendations in this report, the Garneau land sale approval (Recommendation 5) will supersede the previous approval. The approved \$850,000 in subsidy funding is unspent and will be contributed against this project.

Project Name	Unit Count	Total Project Cost	ASHC / AHPP Commitment	Previous City Contribution	Funding Gap / New City Contribution
Garneau PSH	34	\$15,740,199	\$2,337,810	\$1,398,790	<b>\$12,003,599</b>

### Budget/Financial Implications

Administration acquired land on an opportunity basis for supportive housing between 2019 through 2022 in preparation of programs that would leverage funds from other orders of government. The Canora and Garneau projects have so far leveraged \$6,586,491 from the provincial government through the Affordable Housing Partnership Program.

Before the announcement of RHI3, the City acquired the property for Canora PSH, at a total cost of \$1.7 million. This contribution for Canora was for the purchase of the properties, geotechnical studies and servicing studies. Additional costs for planning and design work incurred in 2023 total \$0.4 million.

Before the announcement of RHI3, the City acquired and rezoned the property for Garneau PSH at a total cost of \$1.2 million. This contribution for Garneau was for the purchase of the

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properties, rezoning, geotechnical studies and servicing studies. In 2023, there was \$0.2 million in additional costs for planning and design work.

To bridge the gap for the Canora PSH project, the City requires \$21.4 million and the Garneau PSH project requires \$12 million for a total of \$33.4 million. Administration would access the \$11.9 million held in abeyance to fund these projects as well as \$21.5 million from capital profile 19-90-4100 - Affordable Housing Land Acquisition & Site Development.

Administration has requested additional funds for these projects from CMHC and will continue to work to identify any external funding sources that may be used to offset the cost of these developments.

Council approved Edmonton's "Housing Accelerator Fund (HAF) Action Plan" submission on June 13, 2023 (Community Services report CS01900, Housing Accelerator Fund: Application and Investment Plan). The City of Edmonton and CMHC entered into a \$175 million agreement over three years to deliver 5,236 incentivized new housing units over the baseline resulting in a housing supply target of 35,433 units. If the City does not meet the terms of the agreement through the execution of Actions or is trending to not hit the housing targets CMHC can withhold funding of the final disbursement or request repayment. To mitigate the risk of not achieving targets, funds will be prioritized to investments in HAF Action Plan measures. A report with more information on planned HAF expenditures will be presented to Council in the coming months.

### **Legal Implications**

With respect to the receipt of funding from ASHC, the City must enter into legal agreements 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 funding, will need to cascade requirements (as and where applicable) into agreements with third party entities. A breach by a third party entity could impact the City's ability to fulfill its own obligations to 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 approvals are 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 agreements at issue relate 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.



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### Community Insight

Through the City's Housing Needs Assessment<sup>2</sup>, Edmontonians shared the negative impact that a shortage of safe, adequate and affordable housing has had on their lives. In 2022, more than 3,700 Edmontonians participated in a public engagement survey seeking to better understand community members' affordable housing priorities. Findings from this survey indicate that the majority of those who participated agree that affordable housing makes Edmonton a better place to live and identified that their top three priorities for municipal investment in housing are increasing support services for people once housing has been obtained, increasing affordable housing supply and increasing homelessness prevention services.

Administration is committed to transparency and relationship building in communities where it is leading the construction of new supportive housing. As per Administration's current standard approach, community leagues have been notified about the intention to build supportive housing on this City-owned land. If the recommendations are approved, Administration will continue to share information throughout the development process by introducing Homeward Trust Holding Company as the future owner and property manager, and introducing the program operator (once selected). Information will be shared through letters, emails to an opt-in mailing list, social media, on-site signage, community newsletters and through the City's Affordable Housing Developments webpage<sup>3</sup>.

Initial outreach to the Garneau community league and immediate neighbours took place in 2021 when the development site was rezoned and listed for sale. Feedback received at the time focused on a desire for high-quality design that fit into neighbourhood aesthetics, concerns about the concentration of supportive services in the area, a desire for on-site services to be guaranteed long term including an issues resolution process for property management concerns.

### 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 January 2024, there are 2,868 people on this list, of which approximately 1,200 are either currently staying in a shelter (455) or sleeping outdoors (737), with the remainder of 1,585 provisionally accommodated.<sup>4</sup>
- 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.<sup>5</sup>

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<sup>2</sup> <https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/CoE-HousingNeedsAssessment2023.pdf>

<sup>3</sup>

[https://www.edmonton.ca/programs\\_services/housing/affordable-housing-developments?utm\\_source=virtualaddress&utm\\_campaign=housingdevelopments](https://www.edmonton.ca/programs_services/housing/affordable-housing-developments?utm_source=virtualaddress&utm_campaign=housingdevelopments)

<sup>4</sup> "Data, Analytics & Reporting". <https://homewardtrust.ca/data-analytics-reporting/>. Homeward Trust.

<sup>5</sup> <https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/CoE-HousingNeedsAssessment2023.pdf>

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- 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.<sup>6</sup>
- 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.<sup>7</sup>
- 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.<sup>8</sup>

### Risk Assessment

If recommendation is not approved						
Financial	Funds (\$6.59M) from ASHC will be repealed on the projects if no plan in place to begin building immediately.	5 - Almost Certain	3 - Major	15 - High	Seeking Council approval of funds to build the project shows ASHC commitment to the project.	Full City funding of the project.
The Public	The City will not be able to address the need for permanent supportive housing for its most vulnerable residents.	4 - Likely	3 - Major	12 - Medium	Demonstrating a commitment as an initial investor shows commitment to building supportive housing.	Continued advocacy to other levels of government for Capital and operational funding.

### ATTACHMENTS

1. Canora PSH Project Description
2. Homeward Trust Holding Company - Sales Agreement (Canora) - General Terms and Conditions
3. Homeward Trust Holding Company - Affordable Housing Agreement (Canora) - General Terms and Conditions
4. Garneau PSH Project Description
5. Homeward Trust Holding Company - Sales Agreement (Garneau) - General Terms and Conditions
6. Homeward Trust Holding Company - Affordable Housing Agreement (Garneau) - General Terms and Conditions

<sup>6</sup> "2SLGBTQIA+ Housing Needs and Challenges." <https://www.cmhc-schl.gc.ca/en/blog/2022/2slgbtqia-housing-needs-challenges>. Canadian Mortgage and Housing Corporation.

<sup>7</sup> <https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/CoE-HousingNeedsAssessment2023.pdf>

<sup>8</sup> <https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/CoE-HousingNeedsAssessment2023.pdf>