

FUNDING RECOMMENDATION

Surplus School Site

Recommendation

That Executive Committee recommend to City Council:

1. That a grant funding affordable housing agreement between the City of Edmonton and Cvida, for an amount not to exceed \$8,000,000, as outlined in Attachment 2 of the August 14, 2024, Community Services report CS02425, be approved, and that the agreement be in form and content acceptable to the City Manager.
2. That Attachment 3 of the August 14, 2024, Community Services report CS02425 remain private pursuant to sections 24 (advice from officials) and 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

Requested Action	Decision required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Urban Places Healthy City		
City Plan Values	LIVE		
City Plan Big City Move(s)	A community of communities Inclusive and compassionate	Relationship to Council's Strategic Priorities	Community safety and well-being
Corporate Business Plan	Transforming for the future		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> • C583A - Developing Surplus School Sites • Building Housing Choices Program • Affordable Housing Investment Program • Bylaw 16620 - City Administration Bylaw 		

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Related Council Discussions

- January 22, 2020, Charter Bylaw 19118, Amendment to the Keheewin Neighbourhood Area Structure Plan
- January 22, 2020, Charter Bylaw 19119, To allow for the development of row housing and low rise apartments in Keheewin
- February 19, 2020, Citizen Services report CR_7695, Sale of Land Below Market Value

Executive Summary

- On February 19, 2020, City Council approved the sale of the Keheewin surplus school site to Cvida at below market value in exchange for providing affordable housing for 40 years (February 19, 2020, Citizen Services report, CR_7695 Sale of Land Below Market Value).
- Cvida has an updated development plan for the Keheewin surplus school site, which provides additional affordability and tenant prioritization for marginalized populations.
- Cvida has since requested \$8 million to fund the capital costs for affordable units within the project. The requested amount and the previously approved sale of land below market value (CR_7695) totals \$11.24 million, which is approximately 25 per cent of the capital costs of the affordable housing components of the project. This is in line with the maximum contribution provided under the Affordable Housing Investment Program.
- The project is at risk if the City does not provide funding to bridge the gap of capital construction cost for the project.
- Administration recommends providing Cvida with \$8 million from the existing annual operating grant budget within the Social Development branch and the Affordable Housing Reserve while Cvida continues to seek additional support from other orders of government.
- City Council approval is sought for the affordable housing agreement.
- Upon securing funding from other orders of government, Cvida targets construction commencement for Q3 of 2025 with a target construction completion date of Q3 of 2027.

REPORT

To meet the existing and growing demands of affordable housing in Edmonton, a projected 40,300 rental units are needed in Edmonton by 2026¹. To encourage the development of affordable housing, the City has made available a suite of tools, including, but not limited to, below-market land sales, affordable housing grants and service support to expedite development.

As part of an estimated \$51.45 million, 132 unit development at 2008-105 Street, in the Keheewin neighbourhood, Cvida has requested grant funding from the City for up to \$8 million towards the \$44.4 million capital construction cost of the 99 units of affordable housing included in that development. This investment will enable the City to work towards the Administration's goal of creating 2,700 units of affordable housing across Edmonton between 2023-2026.

¹"Edmonton Affordable Housing Needs Assessment, August 2023"

<https://www.edmonton.ca/sites/default/files/public-files/CoE-HousingNeedsAssessment2023.pdf?cb=1707339560>

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Civida is one of the largest housing management bodies created by ministerial order under the *Alberta Housing Act*, overseeing close to 5,500 homes and administering rent supplements to private landlords for 3,000 homes in Edmonton.

Keheewin Surplus School Site Development

The Keheewin surplus school site was one of the first locations selected for development under the former Building Housing Choices Program. This site went through a public engagement process that spanned from 2015 - 2019 to solicit public input on housing forms, builder/operator criteria, final design and architectural features.

After extensive public engagement and a competitive listing process, Civida was selected to develop and operate a mix of near-market and market housing on the site. When completed, the original proposed development would have provided a maximum of 135 housing units with 60 percent (or 81 dwelling units) set aside for affordable housing, including 197 bedrooms within these affordable units. The rental rates for the affordable housing units were to be limited to 80 per cent of the average rental market rate.

At the January 22, 2020 City Council Public Hearing, City Council approved Charter Bylaw 19118, an amendment to the Neighbourhood Area Structure Plan and Charter 19119, an amendment to the Zoning Bylaw to allow for the rezoning of the Keheewin surplus school site from Urban Services Zone to Direct Control (DC2 1095). At the February 19, 2020 Council meeting, City Council approved the sale of land to Civida at Below Market (\$10) in exchange for providing affordable housing for 40 years (CR_7695).

Updated Development Plan

In October 2023, Civida provided Administration with an update to their development plan after completing a detailed design of the proposed development. The development will continue to feature two apartment buildings with a main floor child care space, along with an underground parkade and four townhome buildings. The project will achieve full Universal Design, which includes design features in and around the building that meets a broad range of needs and abilities. In addition, a total of five suites in the apartment buildings will be fully barrier-free. The development will meet Leadership in Energy and Environmental Design (LEED) Silver standards. It is also designed to meet and/or exceed a minimum of a 25 per cent decrease in energy consumption and Greenhouse Gas (GHG) emissions relative to the 2015 National Energy Code for Buildings (NECB) or 15 per cent better than 2017 NECB to comply with the Energy Efficiency requirements of the Canada Mortgage and Housing Corporation's (CMHC) Co-Investment Fund for New Construction.

The update to the proposal includes the following changes:

- Prioritization of tenants
In recognition of the intersecting need for affordable housing and housing to support Indigenous people in Edmonton, Civida and the Enoch Cree Nation have built a

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relationship to develop housing that prioritizes Indigenous families in need of safe and affordable off-reserve housing accommodations.

Enoch Cree Nation has identified a significant demand for three and four-bedroom units to assist many of the 480 families on its waitlist. Approximately 50 per cent of the Affordable Housing units are 3 or 4 bedroom units and half of the total units within the proposed development will be allocated to prioritize Indigenous families. This will allow close to 400 people from Enoch Cree Nation to have access to safe and affordable housing.

- **Affordability**

After refinements to the initial concept, the proposed development will now comprise 132 units (originally 135). The previous concept called for 60 per cent of the total development to be affordable. With the new tenant prioritization model, 75 per cent (or 99 dwelling units) will be allocated to affordable housing and now will include 264 bedrooms in affordable units.

In addition to the increase in the availability of affordable units, the depth of the affordability will also expand. The previous rental rate for all affordable units was set at 80 per cent of Edmonton's Market Average Rental Rate as published by the CMHC. The new rental rates will now include Rent-Gear-to-Income for 20 of the affordable units; 60 per cent of Edmonton's Market Average Rental Rate for 33 of the affordable units; and 80 per cent of Edmonton's Market Average Rental Rate for 46 of the affordable units.

- **Funding**

Affordable Units - Funding Source	Funding Amount	Funding Status
City of Edmonton Funding Contribution*	\$8,000,000	Requested
Housing Provider Equity/Debt Contribution	\$1,500,000	Secured
Provincial Funding Contribution	\$25,000,000	TBD
Federal Funding Contribution (CMHC forgivable loan)	\$9,900,000	TBD
Total Construction Costs	\$44,400,000	

* The previously approved land contribution (CR_7695) is valued at \$3.24 million, bringing the total City contribution to \$11.24 million.

The construction budget for the affordable housing component of the project is estimated at \$44.4 million. The remaining funding sources for the project will include a mix of equity and debt borrowing on the part of Cvida, a forgivable loan from the CMHC and funding contributions to be secured from the Government of Alberta.

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Civida has requested \$8 million to fund the capital costs for affordable units within the project. The requested amount and the previously approved sale of land below market value would combine for a total City contribution of \$11.24 million, which is approximately 25 per cent of the capital costs of the affordable housing components of the project. The funding request is in line with the City's affordable housing investment approach to align with provincial and federal government funding programs and to be responsive to the specific needs of Edmontonians who are experiencing housing affordability challenges.

The sale of the land is conditional to Civida entering into the affordable housing agreement with the City of Edmonton, which will ensure that the development complies with the requirement of affordable housing. In addition, the sale agreement is also conditional on obtaining financing, which means that for the sale to be finalized, Civida must show that there is adequate funding to complete the project (ie. approvals from other levels of government).

Current Status

The project is in the design phase (see Attachment 1) and has received a development permit. A review is underway for the building permit.

Civida has applied for \$25 million in funding under the Affordable Housing Partnership Program administered by the Government of Alberta. Civida anticipates a funding decision will be made in Fall 2024. Civida intends to apply for a \$9.9 million forgivable loan under the CMHC Affordable Housing Fund.

Administration is recommending that the City enter into an Affordable Housing Agreement (see Attachment 2) with Civida to provide the requested \$8 million to bridge the capital construction funding gap while the organization continues to leverage funding from other sources. The additional funding will enable Civida to provide increased affordability to low to moderate income families in Edmonton.

Budget/Financial Implications

The requested City contribution of up to \$8 million would be funded from the City's existing annual operating grant budget within the Social Development branch and the Affordable Housing Reserve. No new funding is required. The City's funding is conditional upon Civida receiving their requested funds from other orders of government. Should Civida not receive this funding, the City would not disburse the \$8 million for this project.

Legal Implications

Bylaw 16620 - City Administration Bylaw enables the City Manager to approve affordable housing agreements that do not exceed \$1 million. Committee approval is required for affordable housing agreements that exceed these delegated authority limits. Additional legal implications are included in private Attachment 3.

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Community Insight

Keheewin and Ogilvie Ridge were chosen to pilot new public engagement processes for affordable housing on surplus school sites. The pilot process for Keheewin involved four progressively detailed phases of engagement designed to improve the project and concept that were brought forward to City Council as part of the required property rezoning at the January 21, 2020 City Council Public Hearing under Charter Bylaw 19118 and 19119. As a pilot process, Administration was able to test and learn from the variety of different methods, practices and processes used in the Keheewin project. Insights from this pilot project helped inform City Policy C583A Developing Surplus School Sites.

GBA+

Low-income Indigenous people are identified as a priority by the CMHC², as well as the City's own housing needs assessment³. By focusing on higher levels of affordability and marginalized populations with greater housing needs, this project is supporting housing equality while removing barriers to housing and advancing the City Plan's goal of ensuring affordable housing options that support equity.

Environment and Climate Review

This report was reviewed for environment and climate risks. The environmental risks and opportunities summarized below were identified using City-developed environment and screening criteria. With respect to funding capital construction of affordable housing on the Keheewin surplus school site:

- While the development will decrease the amount of greenspace, there are plans to mitigate the impact by increasing the number of trees on site. Trees provide a number of environmental benefits including capturing carbon, reducing heat island impacts, improving air quality, mitigating flood risks and increasing habitat for wildlife and pollinators.
- Marginalized populations are more likely to live in less energy-efficient housing and in areas with fewer housing options, resulting in greater climate risk related to extreme heat and cold events. The new development will provide an opportunity to live in an energy-efficient building that will achieve a minimum of 25 per cent decrease in energy consumption and 15 per cent decrease in Greenhouse Gas emissions relative to 2017 National Energy Code of Canada (NECB). As a requirement of the Land Sale Agreement with the City, the project is designed to meet LEED Silver standards.
- Climate change exacerbates the challenges faced by those experiencing homelessness and housing instability by creating greater food, water and energy insecurity. The proposed development will provide amenity space for a future community garden. This will help mitigate climate impacts on food security.

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

³ "Edmonton Affordable Housing Needs Assessment, August 2023" <https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/CoE-HousingNeedsAssessment2023.pdf>

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Attachments

1. Rendering of Proposed Development
2. Affordable Housing Agreement - General Terms and Conditions
3. PRIVATE - Advice from Officials and Privileged Information