

ADMINISTRATIVE RESPONSE ON AFFORDABLE HOUSING FUNDING DECISIONS AUDIT

Recommendation

That the April 29, 2025, Community Services report CS02789, be received for information.

Requested Action	Information only		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Urban Places		
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"> • City Policy C601 - Affordable Housing Investment Guidelines • Affordable Housing Investment Program • City Policy C437A - City Land Assets for Non-Profit Affordable Housing • Affordable Housing Tax Grant Program 		
Related Council Discussions	<ul style="list-style-type: none"> • April 29, 2025, Office of the City Auditor report OCA03025, Affordable Housing Funding Decisions Audit 		

Executive Summary

- In Q4 2024, the Office of the City Auditor conducted an audit of the Social Development Branch's Affordable Housing and Homelessness section's funding decisions process to ensure funding recommendations to City Council are effective at addressing Edmonton's affordable housing needs.
- The City Auditor concluded that this objective was met with areas for improvement. They recommended that the Social Development Branch:

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- Improve the Affordable Housing Investment Program (AHIP) grant application review and scoring process guidance and supporting documentation retention.
 - Review individual AHIP grant application scores to prevent errors.
 - Improve the AHIP grant agreement monitoring process, to confirm recipients are fulfilling their responsibilities, by ensuring that all agreement obligations are tracked and supported by sufficient documentation.
 - Develop affordable housing guidelines for the below-market sale of land, including when and which evaluation criteria are used and minimum expectations to proceed with the sale.
 - Develop and use methodology to monitor and track below market land sales affordable housing agreement obligations to consistently confirm recipients are fulfilling their responsibilities.
- Administration accepts all five Office of the City Auditor recommendations and will implement actions to address them prior to relaunching the AHIP in Q1 2026.

REPORT

The City of Edmonton has been involved in affordable housing since the late 1950s by providing land, funding, and by advocating and convening partnerships. Overall, the City has played a strategic role as an early and reliable investor in affordable housing projects, providing land and grant funding to affordable housing providers to help them leverage funding from other levels of government for shovel-ready projects. The City primarily employs three distinct strategies to support and encourage the development of affordable housing:

- Affordable Housing Investment Program (AHIP): An annual grant funding program that assists organizations in building or renovating affordable housing and includes a dedicated Indigenous-led Housing stream.
- Below Market Land Sales: The City contributes land at below market rates to organizations that will develop it for affordable housing.
- Affordable Housing Tax Grant: Provides property tax relief to non-profit entities operating affordable housing.

The above-mentioned programs are all part of the City's Affordable Housing Investment Plan, which is approved by City Council¹.

In Q4 2024, the Office of the City Auditor conducted an audit to ascertain whether the Affordable Housing and Homelessness section makes funding proposals to Council that are effective at addressing Edmonton's affordable housing needs. The City Auditor concluded that this objective was met, with areas for improvement.

¹ CS01188 Affordable Housing Investment Plan - Update, Community and Public Services Committee - June 27, 2022

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Overview of Recommendations and Management Response

The Office of the Auditor presented five recommendations in its report. Administration accepts all of the recommendations.

Recommendation 1 - We recommend that the Social Development Branch improve the AHIP grant application review and scoring process guidance and supporting documentation retention. This should include:

- **Guidance on when internal subject matter expert input is required and what information they should be commenting on.**
- **Retaining the supporting documentation for scoring decisions.**
- **Retaining the documentation for how the percentage funded was decided.**

The Social Development Branch will review the existing program's Terms of Reference regarding the subject matter expert evaluating and review process and will revise it to include clear guidelines on how each criterion will be reviewed and documented.

In addition, current program evaluation criteria will be updated to clearly define key measures on how the funding percentage for each project will be decided. These may include factors such as level of subsidy provided, alignment to the City's Housing Needs Assessment and non-profit/for-profit status.

- Implementation date: Prior to the next round of AHIP (March 1, 2026)

Recommendation 2 - We recommend that the Social Development Branch review individual AHIP grant application scores to prevent errors.

The Social Development Branch will implement new SmartSimple software to improve the application and evaluation process and minimize scoring errors. Although the City Auditor did not find any instances where errors in the evaluation process affected overall scoring and funding decisions, current processes and procedures will be updated to include a final review of each project to ensure accuracy.

- Implementation date: December 31, 2025

Recommendation 3 - We recommend that the Social Development Branch improve the AHIP grant agreement monitoring process, to confirm recipients are fulfilling their responsibilities, by ensuring that all agreement obligations are tracked and supported by sufficient documentation.

The Social Development Branch is currently implementing an internal database to track and monitor existing affordable housing agreements and automate notification processes for each operator regarding their annual reporting requirements over the term of their agreements. In addition, the Branch will update existing processes and procedures to ensure each agreement is in full compliance with the existing affordability requirements and proper documentation is maintained.

- Implementation date: Prior to the next round of AHIP (March 1, 2026)

Recommendation 4 - We recommend that the Social Development Branch develop affordable

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housing guidelines for the below market sale of land, including when and which evaluation criteria are used, and minimum expectations to proceed with the sale.

The Social Development Branch is currently reviewing Policy C437A (City Land Assets for Non-Profit Affordable Housing) and will bring forward standardized guidelines for evaluating and selecting successful affordable housing proponents to ensure program outcomes and expectations are met.

- Implementation date: March 1, 2026

Recommendation 5 - We recommend that the Social Development Branch develop and use methodology to monitor and track below market land sales affordable housing agreement obligations to consistently confirm recipients are fulfilling their responsibilities.

Successful proponents are required by the Social Development Branch to enter into and register an Affordable Housing Agreement with the City on the certificate of title. This agreement establishes the proponent's obligations in terms of ensuring long-term affordability of the project. Similar to the response to Recommendation 3, the implementation of new software will allow more effective monitoring and compliance on each affordable housing project that includes agreements related to below market land sales. In addition, the Branch will update existing processes and procedures to ensure each agreement is in full compliance with the existing affordability requirements and proper documentation is maintained.

- Implementation date: Prior to the next below market land sale listing (December 31, 2025)

Community Insight

Housing security is critical to a healthy city. Edmontonians informed the City through previous public engagement efforts, such as during the development of the Affordable Housing Strategy (2023-2026)² that affordable housing supply in the city is needed, as many people struggle to find an affordable home. As demonstrated through the Housing Needs Assessment (2023)³, over 46,000 Edmonton households are in Core Housing Need, which means that they do not have access to adequate, suitable and affordable housing. Providing financial incentives to support housing providers, through the AHIP and Below Market Land Sales, contributes to responding to this need by increasing the supply of affordable housing in Edmonton.

GBA+

Projects supported by the Affordable Housing Investment Plan and Below Market Land Sales provide people from all backgrounds with the opportunity to live in a safe, comfortable home that they can afford. The programs aim to remove cost barriers through supporting the development of affordable housing and impacts those seeking affordable housing as it increases the supply of such housing.

² <https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/AffordableHousingStrategy2023-26.pdf>

³ <https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/CoE-HousingNeedsAssessment2023.pdf>

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To ensure projects submitted for grant funding provide the greatest level of affordability, the application review process weighs key affordability measures (e.g., the number of affordable units, average rent, length of affordability, etc.) higher than other application criteria. Ensuring that affordability is the most important aspect is one of the central equity measures utilized in the review process.

In addition to affordability, the review criteria incentivizes applications in support of marginalized populations (e.g., Indigenous peoples, low-income seniors, women fleeing violence, people with disabilities and people experiencing homelessness) that are identified as priorities by CMHC⁴, as well as the City's own housing needs assessment⁵. By focusing on higher levels of affordability and marginalized populations with greater housing needs, AHIP is supporting housing equality while removing barriers to housing.

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review, no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

⁴"2SLGBTQIA+ Housing Needs and Challenges." <https://www.cmhc-schl.gc.ca/en/blog/2022/2slgbtqia-housing-needs-challenges>. Canadian Mortgage and Housing Corporation.

⁵ [edmonton.ca/sites/default/files/public-files/assets/PDF/Housing-Needs-Assessment-August-2022.pdf](https://www.edmonton.ca/sites/default/files/public-files/assets/PDF/Housing-Needs-Assessment-August-2022.pdf)