

COUNCIL REPORT – OFFICE OF THE CITY AUDITOR

Edmonton

AFFORDABLE HOUSING FUNDING DECISIONS AUDIT

RECOMMENDATION

That the April 29, 2025, Office of the City Auditor report OCA03025, be received for information.

Report Purpose

Information only.

Executive Summary

This report presents the results of the Affordable Housing Funding Decisions audit.

REPORT

The Affordable Housing and Homelessness Section is part of the Social Development Branch within the Community Services Department. The Section is responsible for developing and implementing the City's Affordable Housing Strategy and making funding proposals, which require City Council approval.

The City provides financial support for the development of affordable housing primarily through the following programs:

- **Affordable Housing Tax Grant Program:** Provides property tax relief to non-profit entities operating affordable housing.
- **Affordable Housing Investment Program (AHIP):** A grant program with three streams (New Construction, Rehabilitation, and Indigenous Housing) that assists organizations in building or renovating affordable housing.
- **Below Market Land Sales:** The City sells unused land at below market rates to organizations that will develop it for affordable housing.

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The objective of this audit was to determine if the Affordable Housing and Homelessness Section makes funding proposals to Council that are effective at addressing the affordable housing needs of the City.

Overall, the Office of the City Auditor (OCA) found that the Affordable Housing and Homelessness Section (the Section) has met the audit objective. However, there are areas to improve their effectiveness.

The Section has been making effective funding proposals to Council by doing the following:

- Using well-defined and documented criteria to determine eligibility and application scores for the Tax Grant and AHIP programs.
- Aligning AHIP to federal and provincial affordable housing grant programs. This alignment allows applicants to apply to multiple grants using the same information.
- Providing Council with consistent and reliable information related to the AHIP and below market land sales.

However, the OCA found the following areas where the Section can improve its effectiveness:

- AHIP grant application review and scoring process guidance and documentation retention - There is a lack of guidance on how and when to involve subject matter experts in scoring an application, and the Section is not retaining documentation for calculations, measurements, and the percentage of funding awarded.
- AHIP grant application scoring review process - We found minor errors in the scoring of AHIP applications as a result of a lack of review.
- AHIP grant agreement monitoring process - The Section is not tracking and obtaining sufficient support for all grant recipient agreement obligations.
- Affordable housing guidelines for the below market sale of land - There are no guidelines or minimum expectations to propose the sale of land at below market rates for affordable housing purposes.
- Below market land sale agreement monitoring process - The Section does not have a defined methodology to monitor and track the fulfillment of obligations set out in the agreement to sell land at below market rates.

The OCA made the following five recommendations to the Social Development Branch:

1. 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 documentation to support scoring decisions.
 - Retaining the documentation for how the percentage funded was decided.
2. Review individual AHIP grant application scores to prevent errors.
3. Improve the AHIP grant agreement monitoring process, to confirm recipients are fulfilling their responsibilities and meeting the obligations set out in their agreement.

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4. Develop affordable housing guidelines for the sale of land at below market rates, including when and which evaluation criteria are used, and minimum expectations to proceed with the sale.
5. Develop and use methodology to monitor and track below market land sales affordable housing agreement obligations to consistently confirm that recipients are fulfilling their responsibilities.

POLICY

Bylaw 16097, Audit Committee Bylaw, Section 14(d) states that, “The Committee will review all reports from the City Auditor which will include reports from the City Auditor dealing with completed audit projects.”

ATTACHMENT

1. Affordable Housing Funding Decisions Audit Report