

Edmonton's Approach to Supportive Housing

Listening Mission Report

Recommendation

That the February 3, 2021, Citizen Services report CS00258, be received for information.

Executive Summary

The City has been seeking funding and partnerships to support the development of more supportive and affordable housing in alignment with the Updated Affordable Housing Investment Plan 2019-2022. The City has a goal of approving 2,500 new units of affordable housing by 2022, including 600 new units of supportive housing by 2022 and a further 300 units of supportive housing by 2024.

In June 2020, a virtual gathering for representatives of Edmonton's business community was held to seek input on a made-in-Edmonton solution to successfully house citizens experiencing homelessness, including the chronically homeless, in ways that support healthier lives and longer-term solutions. Participants heard presentations from Administration and representatives with backgrounds in policing, public health and supportive housing. The City's consultant conducted follow-up interviews to gather feedback on how to expand the involvement and support of the private sector in the City's supportive housing goals. Administration reviewed the resulting report and identified actions that should be further explored, actions already underway, and actions out of the City's jurisdiction or that would require significant policy changes.

Report

In the face of the COVID-19 global pandemic, the City has seen an increase in the number of people experiencing homelessness and growth in the levels of social disorder in some areas of the city. Physical distancing requirements have severely restricted shelter capacity and the City responded by establishing temporary accommodations in a number of City-owned buildings. The growth in demand for supportive housing, along with sustained difficulty finding funding partners to advance the City's supportive housing goals, led to broader conversations about the City's supportive housing goals, which strive to ensure a complete housing ecosystem (Attachment 2). A virtual gathering was held on June 10, 2020, with supportive

housing subject matter experts and representatives from the development and business community were invited to attend, listen to the presentations, and offer their feedback.

As a follow-up to the gathering, the City's consultant undertook a listening mission with advocates, housing providers and leaders in development, construction, real estate and business over the summer of 2020. The findings of the listening mission were organized into key themes and key learnings and compiled into the Developing a Made-in-Edmonton Solution to Address Supportive Housing report (Attachment 1).

The key themes of the listening mission were:

- Edmonton needs more supportive housing to improve community well-being and this requires ongoing advocacy and follow-through including:
 - operational funding from the provincial government
 - allocation of capital funding and land from other orders of government
 - continued project development, site acquisition and planning
 - open and transparent processes to select and award further supportive housing properties
- Supportive housing needs to be clearly defined
- People experiencing homelessness need a voice in the process of developing supportive housing and programming supports
- By reducing homelessness, crime rates and the business environment will improve
- Innovative financial and funding models exist and could be used
- Ways to build units at lower cost with a streamlined process should be explored
- The City has an important administrative and policy role to play
- Look for new partnerships
- We need a community of champions

Key Learnings for Edmonton

Administration has grouped the key learnings of the report into actions that should be further explored, those that are already underway, and those that are out of the City's jurisdiction or would require significant policy changes.

Key Learnings to Explore Further

- Build awareness and understanding about what supportive housing is and how it helps strengthen society (marketing campaign)
- Ensure supportive housing is designed and programmed with the input of people experiencing homelessness, including trauma-informed design and operating practices
- Support social enterprise expansion and business community interaction with social enterprise
- Ongoing assessment of hotel leasing and conversions for supportive housing

- Increase co-location of supportive housing projects with other City facilities such as fire halls, libraries and recreation centres, subject to the zoning
- Create targeted Indigenous housing programs and project supports
- Update and revise City policies to improve the responsiveness of the City's real estate transactions related to affordable and supportive housing
- Expand the role of philanthropy in building supportive housing and funding operations
- Encourage the business community to identify its role as a champion for supportive and affordable housing and challenge it to collaborate with non-market housing providers, and provide land, operational, or capital funding or other types of support

Key Learnings Already in Use

- Participants agree that supportive housing succeeds in reducing interactions with police, justice, and the health care system - and should be championed and funded
- The business community supports investments by all orders of government in supportive housing and benefits from expanded access to supportive housing
- Expedited approvals and in-kind supports for affordable and supportive housing projects
- Providing grants for affordable and supportive housing projects
- Acquisition of land for supportive housing and leveraging the City's surplus land inventory including surplus school sites
- Zoning Bylaw changes to make it easier and faster to build affordable and supportive housing across the city
- Dedicated project managers at the City to prepare land and development approvals for supportive and affordable housing
- Leveraging the City's infrastructure construction and project design and delivery expertise to develop supportive housing under the Rapid Housing Initiative and Municipal Stimulus Program
- Extensive public engagement to support better public understanding, support and acceptance for supportive housing across the city
- Advocating to other orders of governments for operating, capital, and land for supportive housing in Edmonton

Key Learnings Not Considered Feasible

- The use of tax increment financing to finance the construction of private facilities does not meet the typical policy objectives of this type of tax financing tool since it results in the financing of a privately-owned, as opposed to a publicly-owned, facility. In addition, depending on the specific nature of the use of that facility, it may also become exempt from taxation and there would be no tax uplift to pay off any borrowing used to pay for the construction. Other tax tools such as providing an exemption for a residential property during a construction period are not implemented in provincial legislation. However, the

City has other tools that it can use to subsidize supportive housing, including the provision of grants to support new construction or renovations, below-market/low-cost land upon which to build supportive housing, or annual tax forgiveness during a construction period. Grants or tax forgiveness could be used to create a form of a tax holiday during construction to incentivize development.

- City involvement in underwriting or other forms of assuming the risk of financial incentives and tools such as social impact bonds or debentures is typically more expensive than borrowing or allocating budget to build supportive housing. The listening mission report described a number of financial tools that sought to provide more funding for supportive housing development. On further investigation, these tools and approaches appear to be more expensive than borrowing (loans) to pay for the development or using the tax levy and City budget process to allocate funding.
- The City Charter allows a municipality to provide loans or guarantees for the purposes of the construction of affordable housing. These provisions require the municipality to take a mortgage on the property when providing a loan, which is a challenge to administrate efficiently.
- Revisions to the *Alberta Building Code* and the *Municipal Government Act* and other legislation that is within provincial jurisdiction. The listening mission noted several instances of changes to the building code or tax relief that is outside the City's ability to enact.

Limitations to the Role of the Private Sector in Delivering Supportive Housing

The tangible financial benefit for investment in supportive housing comes in the form of cost savings in policing, incarcerations and health care, most of which benefit the provincial government. Private developers are unlikely to see a return on investment on such projects. If there was a viable financial return on this type of investment, the market would have stepped into this gap. Private sector involvement has occurred in Alberta with respect to seniors' supportive housing. However, there are differences between the two segments - senior and the general population. Most notably is the difference between the ability to pay and the needs of the target populations and the presence of a regulated and long-term guaranteed funding model for operating subsidies.

The listening mission did not uncover a more cost-effective private sector delivery model for supportive housing. Most of the approaches required an increase to the tax levy as the City would assume the financial responsibility, need to borrow, or further subsidize the investment through tax breaks.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton is a Safe City			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Increased access to affordable housing	Number of supportive housing units developed	2017 - present: 151 2009-2016: 201	916 additional units by 2024
Increased supply of affordable housing units in all areas of the city	Number of new affordable housing units supported	2018-2020: 1151	2,500 by the end of 2022
Edmontonians have safe and adequate housing	Number of unsheltered individuals	September 2020: 1931	Decrease year over year

Attachments

1. Developing a Made-in-Edmonton Solution to Address Supportive Housing
2. Housing Ecosystem

Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- B. Andriachuk, City Solicitor