

Not for Profit Housing Providers Accessing City Land Assets

Update

Recommendation

That Executive Committee recommend to City Council:

That revised City Policy C437A, City Land Assets for Non-Profit Affordable Housing, as set out in Attachment 1 of the May 10, 2021, Citizen Services report CS00211, be approved.

Previous Council/Committee Action

At the November 16/18/20, 2020, City Council meeting, the following motion was passed:

That Administration provide an update on the status of not for profit housing providers accessing city land assets as part of our affordable housing investment strategy and any updates to land policy required to advance our affordable housing goals.

Executive Summary

To support the City of Edmonton's affordable housing goals, City Council regularly approves the sale or lease of land to non-profit housing providers at less than market value. This allows non-profit housing providers to leverage these assets to attract funding from other orders of government and financial institutions. These approvals often require an exception to City Policy C437 - The Lease or Sale of City-Owned Land For Social Housing Development which was identified by the City Auditor in 2018 as outdated and inconsistent with the City's current goals and objectives.

Administration proposes amendments to City Policy C437 that would create a process for identifying a batch of suitable City-owned sites and seeking approval of less than market value sales or leases to non-profit housing providers approximately once per year. These amendments would create a consistent, transparent and predictable land disposition process for affordable housing development that aligns with the City Auditor's recommendations.

Report

In 2018, the Office of the City Auditor's Affordable Housing Strategies Review report found that some affordable housing policies contained outdated processes and terminology. Since that time, City Council has repealed three of those policies:

- Policy C435 - The Identification and Acquisition of Land for Social Housing (Repealed Sept 21, 2020)
- Policy C436 - Site Selection Guidelines for Senior Citizen and Family Social Housing (Repealed August 21, 2018)
- Policy C438 - Social Housing Capital and Operating Subsidy Agreements (Repealed Sept 21, 2020)

The fourth policy, City Policy C437 - The Lease or Sale of City-Owned Land for Social Housing Development, governs the City's approach to selling or leasing land for affordable housing development. This policy requires amendments because it no longer reflects City Council's approach to land for affordable housing development and contains out-of-date references to City policies and legislation.

The original policy was approved in 1987 and requires that the sale of land to social housing agencies be at market value (excepting homeEd). As a result, Administration must seek an exception to City Policy C437 for every less than market value land sale to non-profit housing providers. The policy also sets out lease rates to non-profit housing providers based on various formulas depending on the provider at issue, with Administration required to seek approval of policy exceptions where deviation from these rates are desired. City Council has approved 20 less than market value sales since 2010 (Attachment 3) and 108 less than market value leases since 1969 (Attachment 4).

Amendments to City Policy C437

The City's Land Management Guidelines are general guidelines for acquiring, developing, maintaining, improving, and disposing of assets. To align with the guidelines, simplify the land disposition process, and create a clear path for the non-profit housing sector to access the City's land inventory, Administration is recommending City Council approve City Policy C437A (Attachment 1).

The revised policy would establish a consistent and transparent process to sell or lease land to non-profit organizations for affordable housing development. Administration would identify sites suitable for affordable housing development annually. Once a list is compiled, Administration would seek appropriate approvals in respect of the properties on the list, as required under the *Municipal Government Act*, City Administration Bylaw or any other requirement, to sell or lease these sites to non-profit organizations for less than market value. The revised policy would promote long-term affordable housing by ensuring that development is supported by

appropriate sale agreement, lease agreement, and/or affordable housing agreement terms and conditions, including the registration of caveats or other instruments on title. To ensure the effectiveness of this policy change, Administration will diligently review all applications for purchase or lease of the parcels identified through this annual process, including reviewing past performance. One of the challenges that is anticipated, based on current examples, is that providing land below market may still not be enough for some non profit organizations to proceed with timely affordable housing development.

The revised policy provides certainty related to the timing of land availability for the non-profit housing sector and establishes a competitive and transparent aspect to the process which would support longer-term planning. It also addresses input from non-profit housing providers:

- A consistent, transparent process would promote equitable access to City land assets identified for housing for all non-profit housing providers.
- Obtaining City land at a discounted rate has been critical to the financial viability of affordable housing developments.
- The existing sale process from the City was described as lengthy and cumbersome, negatively impacting the financial viability of affordable housing developments.
- This approach could allow the City to negotiate with other orders of government to attach funding to City-owned sites. The City of Calgary has secured a partnership where sites offered by the City also come with a pre-approval for seed and construction funding from the Canadian Mortgage and Housing Corporation, significantly streamlining the approval process for nonprofit developers and increasing the likelihood affordable housing development will occur.

Administration will report on under-market sales completed from previously approved sites as part of the annual affordable housing update to City Council.

This approach is consistent with other jurisdictions in Canada. Administration conducted a jurisdictional review which illustrates that many large Canadian municipalities also provide (or have provided) land at less than market value to stimulate the development of affordable housing (Attachment 5).

Administration is also proposing to change the title of City Policy C437A from The Lease or Sale of City-Owned Land for Social Housing Development to City Land Assets for Non-Profit Affordable Housing to better align with current terminology. Administration has also developed corresponding procedures (Attachment 2 - for information only).

Next Steps

Administration will review and propose updates to City Policy C601 - Affordable Housing Investment Guidelines and City Policy C583 - Guidelines for Development of the 2009 Surplus School Sites in 2021 and 2022. City Policy C582 - Developer Sponsored Affordable Housing will also be proposed for replacement with work on a new approach commencing later this year.

Budget/Financial Implications

Sale or lease of land for less than market value will result in the loss of sale/lease revenue. Any shortfall arising from the sale price compared to book value would result in a budget impact to be absorbed within existing approved affordable housing allocated budget.

Public Engagement

Administration conducted an online survey and virtual engagement meetings with 12 non-profit housing providers from January to March 2021 to better understand opportunities and challenges related to the sale or lease of City-owned land for affordable housing development (Attachment 6).

Administration will review and implement public engagement/communication on these sites where appropriate.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has sustainable and accessible infrastructure			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Increase access to affordable housing	Number of permanent supportive housing units developed	2021: 72 2020: 210 2019: 79	916 units from 2019 to 2024
Increased supply of affordable housing units in all areas of the city	Number of new affordable housing units supported	2021: 159 2020: 286 2019: 648 2018: 189	2,500 from 2019-2024
Edmontonians have safe and adequate housing	Number of unsheltered individuals	March 2021: 2,092 March 2020: 1,611 March 2019: 1,153	Decrease year over year

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
If recommendation is approved						
Public Engagement	The community may not support the future development on the identified site	3 - Possible	1 - Minor	3 - Low	Site selection and due diligence process will consider existing community concerns	Public engagement and development of good neighbour plan will be required for each site development
If recommendation is not approved						
Land Stewardship	City-owned land disposition process to non-profits will continue to be outdated	3 - Possible	2 - Moderate	6 - Low	Exceptions to Policy C437 for sale or lease of lands will continue to be presented to Executive Committee	

Attachments

1. City Policy C437A - City Land Assets for Non-Profit Affordable Housing
2. Procedure - City Land Assets for Non-Profit Affordable Housing
3. Less than Market Value Land Sales to Non-Profit Affordable Housing Providers
4. Less than Market Value Leases to Non-Profit Affordable Housing Providers
5. Jurisdictional Review
6. What We Heard - Non-Profit Housing Provider Stakeholder Engagement

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- K. Fallis-Howell, Acting City Solicitor