



# Building the Capital Partnership

Growing Housing Needs and Effective Edmonton Solutions



# Introduction

The City of Edmonton is pleased to present to the Affordable Housing Task Force. This document outlines effective housing solutions to make long-term affordable housing more available and accessible in Edmonton and Region and to meet the City's priority housing needs, including income supports and support services for homeless persons.



## Edmonton had Canada's most diverse and fastest growing economy over the last five years

**Edmonton is integral to Alberta's growth and long term prosperity.** Plentiful employment opportunities needed to sustain the economic development in the Capital Region and northern energy projects have made Edmonton a strong magnet for newcomers. Edmonton, like all of Alberta, has an extremely strong economy and job market. The city attracts new people everyday.

Economic success also brings challenges. Aggressive inflation and scarcity of sufficient housing supply to meet the needs of a growing population have brought affordable housing issues to the forefront. Collective action is required now to have a significant impact on this critical issue.

### Did You Know?

- Edmonton has the 2nd largest aboriginal population of any city in Canada (approximately 30,000).
- The number of seniors is forecast to increase by 18,000 from 2006 to 2011.
- Edmonton is home to more than 100,000 post secondary students and several post secondary institutions each requiring an ongoing need for affordable housing.



# Housing and Homeless Needs

Despite Alberta's widespread prosperity and Edmonton's phenomenal growth, housing and homeless needs are significant and growing. A growing affordable housing shortfall has been identified as a risk factor to Edmonton's and Alberta's future economic success.

## Housing Difficulties in Edmonton:

### Demand

- In 2001, over 38,000 renter households in Edmonton earned less than the median income and paid more than 30% of their household income on rent.
- Approximately 16,000 newcomers came to Edmonton in 2006 – 25% of Alberta's in-migrants choose to live in the Edmonton Capital Region.
- There is a 2 ½ year wait for the approximately 5,000 applications on various social housing wait lists in Edmonton.
- There was a 19% increase in persons counted in 2006 Homeless Count (2,618) up from the 2004 Count. The link between the lack of affordable housing and growing homelessness is clear.
- Student housing demand.
- Affordable housing for seniors.

### Supply

- While the Edmonton homebuilding industry has achieved record breaking housing starts in the past few years, the construction of affordable rental units has been ignored.
- Positive net in-migration, the slowdown in rental housing construction and continued conversions of rental housing to condominiums has resulted in a critically low vacancy rate falling from over 5% two years ago to 1.2% in late 2006.

### Affordability

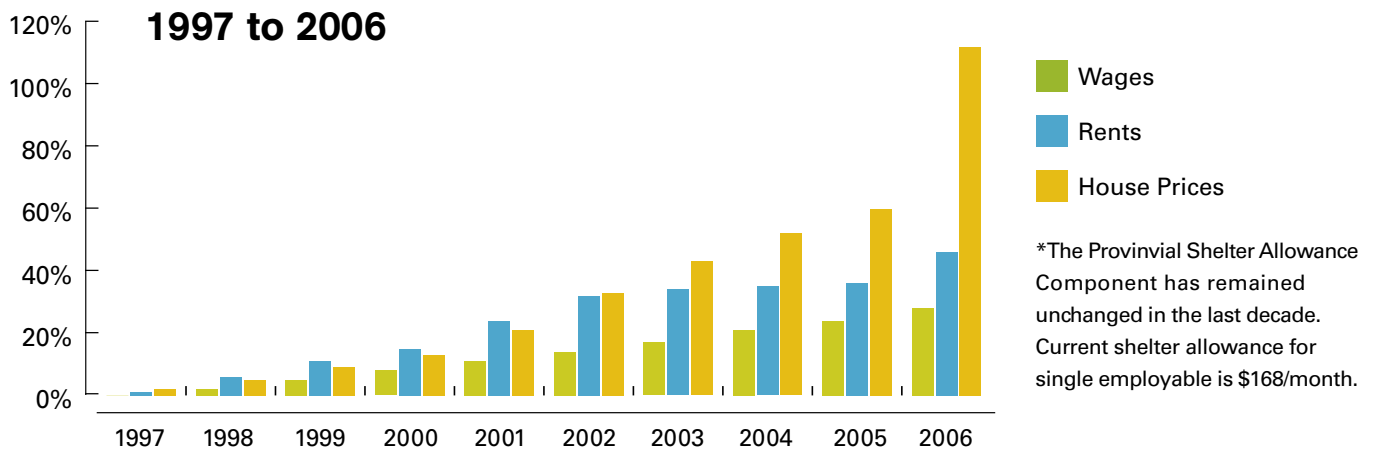
- The average price of a single-detached house increased by 52% in 2006 and citizens faced a 41% increase in the cost to build a home compared to the previous year.
- Average rents increased over 13% in 2006.



The combined effects of these conditions have resulted in rent and housing price increases far outpacing wage increases in the past decade. Escalating housing costs

are a growing burden for all wage earners, but especially for low and fixed-income households.

## Cost of Housing Outpaces Wages - Cumulative Increases in Edmonton





## Responding to Housing and Homeless Needs

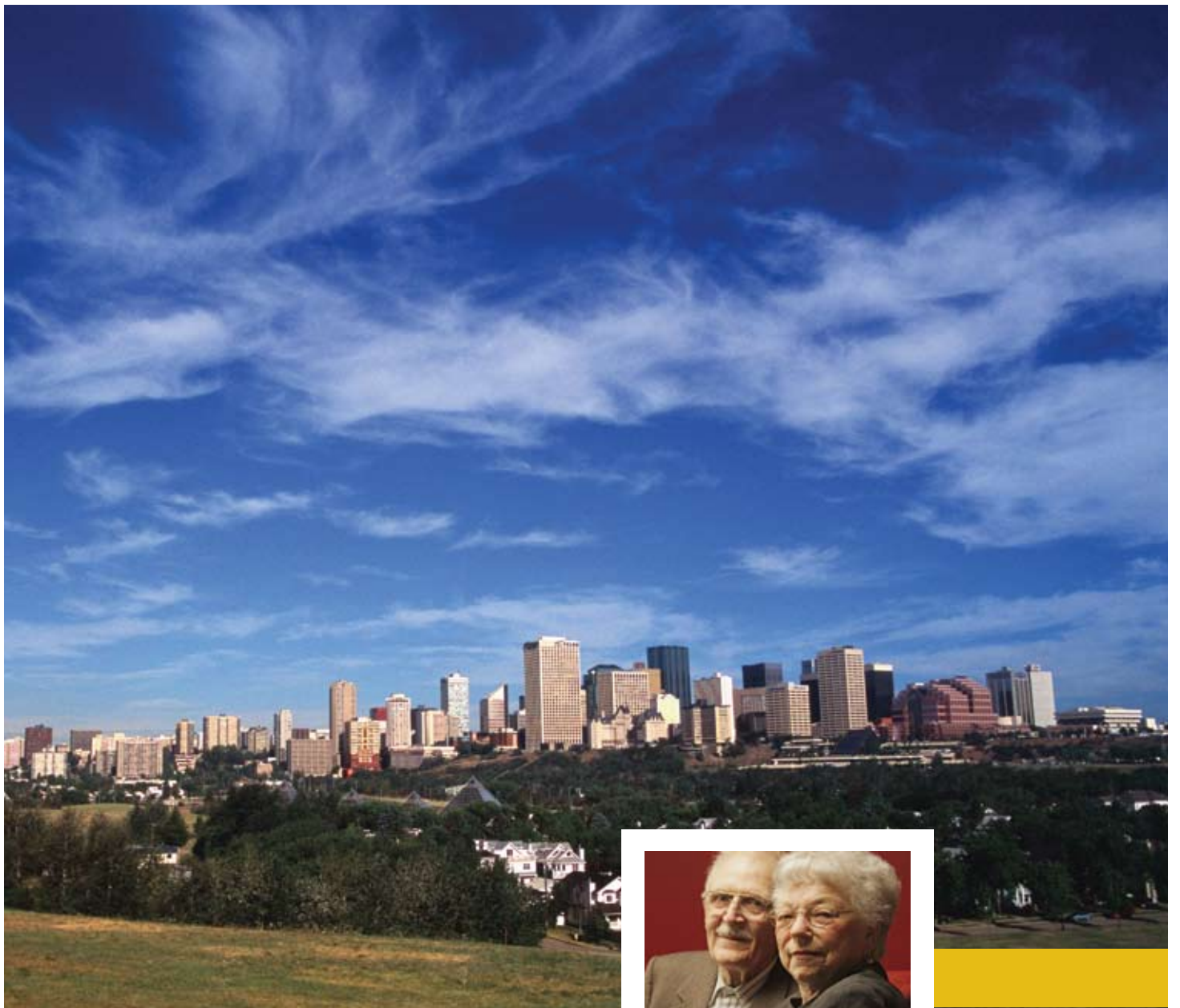
A first principle in Edmonton's *Building Together, Low-Income and Special Needs Housing Strategy* is: "Access to adequate and affordable housing is fundamental to the physical, economic and social well-being of individuals, families and communities".

The City of Edmonton and its community partners have prepared a strong integrated plan and delivery model. The **Edmonton Community Plan on Housing and Support Services** (endorsed by all three orders of government) identifies needs and solutions throughout the entire housing continuum. Within that continuum, **the City of Edmonton's Cornerstones Plan** provides leadership, funding and focus towards affordable rental and ownership housing.

**"A safe affordable roof over citizen's heads is necessary, but not sufficient."**

Edmonton will continue to work in partnership with all the orders of government, community and the private sector to develop and deliver innovative programs to ensure Edmontonians have safe and affordable housing.

While Edmonton has shown leadership to address affordable housing needs with its Cornerstones Plan, **about 38,000 households are in need of affordable housing.**



We value and encourage the Government of Alberta's continued investment and leadership in housing and support services to municipalities.

The collaborative work between the Government of Alberta and the City of Edmonton on addressing housing and support services needs will ensure positive quality of life in Edmonton and the surrounding region.

By continuing to work together to address the short and long term housing issues with sustainable solutions, we will be strong stewards of growth and position Edmonton and the Capital Region for long-term success.

# Effective Edmonton Solutions and Partnership Opportunities

Edmonton Proposed Solutions	Description	Provincial Partnership Opportunity	Potential Number of Affordable Housing Units Created
<b>Cornerstones Plan – Affordable Housing</b>	Create 2,500 additional long-term affordable housing units to by 2011 (500 units per year).	Introduce block funding to leverage up to \$150,000 for each housing unit created through the <i>Cornerstones</i> Plan.	500 annually
<b>Secondary Suite Program</b>	Provide incentives for the creation of new secondary suites and the upgrading of existing secondary suites. Secondary suites offer an affordable rental option and can provide a revenue stream to enable homebuyers to enter the housing market.	The City of Edmonton's <i>Secondary Suite Upgrading Program</i> has City money for implementation. A Provincial contribution of \$5 million annually will enable the Province to expand the reach of the Program and utilize the municipal administration to deliver the Program.	Depends on per suite allocation
<b>Condominium Conversions</b>	Condominium conversions are reducing the availability of rental units.	Amend Provincial Legislation to permit municipalities to regulate condominium conversions and/or impose a 'linkage fee' to assist with the creation of affordable housing.	
<b>Residential Rehabilitation Assistance Program (RRAP)</b>	RRAP is a Federal program that provides forgivable loans to low-income homeowners and landlords to upgrade their existing housing or make modifications for a disabled resident. The program maintains existing housing and allows seniors to remain in their homes rather than seek more expensive housing options such as subsidized Lodge units.	Match the Federal Government's annual contribution to Edmonton (approximately \$2.5 million) to increase the reach of this very popular program. The City would deliver the program.	400 annually
<b>Perpetually Affordable Housing</b>	Provide a loan to enable the working poor and first-time home buyers to purchase a home. A buy-back provision would ensure that homeowners do not receive a 'windfall' upon resale. Capital funds are needed to bridge the gap between economic costs and costs affordable to targeted households. This could be used in conjunction with other initiatives such as the inclusionary zoning provision.	A \$50,000 interest free loan would allow renters to enter the housing market, thereby helping to alleviate the rental vacancy rate.	500 units annually
<b>Enabling Legislation for Inclusionary Zoning</b>	The Municipal Government Act does not explicitly authorize municipalities to impose a condition on subdivision or development approval that requires the applicant to pay a levy or require dedication of land or units to meet affordable housing objectives.	Amend the <i>Municipal Government Act</i> to specifically enable inclusionary zoning.	400 units annually
<b>Affordable Housing Trust Fund Matching Funds</b>	The Province has received \$81.1 million from the Federal Government, deposited in an Affordable Housing Trust Fund, and \$48.4 million for off-reserve aboriginal housing.	Match the Federal Government's \$81.1 million allocation to Affordable Housing Trust Fund and the \$48.4 million for off-reserve aboriginal housing.	
<b>Centre of Excellence</b>	A Centre of Excellence in Sustainable and Affordable Housing associated with a local post-secondary institution could foster additional research into the technical, financial and environmental aspects of affordable housing.	Commit to a joint Edmonton/provincial task force to establish the Centre of Excellence. Provincial funding will be required.	
<b>HOME Program down payment matching funds</b>	The "Home Ownership Made Easy" Program, administered by the Capital Region Housing Corporation, provides down payment assistance of \$2,500 per unit to program 'graduates'. The Program provides educational and financial counselling to eligible households. Other Albertan municipalities have also introduced a HOME program.	City and Province to each contribute \$500,000 to expand the delivery of the HOME program.	



This chart outlines resource and funding opportunities for the Government of Alberta and City of Edmonton to work together to meet the affordable housing and support service needs of their citizens. By working collaboratively, Edmonton and the Province can strike an effective partnership to address shared challenges.

Edmonton Proposed Solutions	Description	Provincial Partnership Opportunity	Potential Number of Affordable Housing Units Created
<b>Intensification</b>	There are opportunities to increase the number of housing units on publicly owned low density Community Housing sites, surplus school sites, and adjacent to transit centres and corridors.	Plan and implement a partnership pilot project with the City to increase the number of units in existing Community Housing projects in Edmonton.	200
		Provincial approval of Community Revitalization Projects on city-owned lands (i.e. Fort Road).	200
<b>Newcomers Centre with dormitory and wrap around services</b>	Immigrants and in-migrants from other provinces are arriving in Edmonton in unprecedented numbers (16,000 in 2006). These persons are urgently needed to support the local economy, but many are unable to secure affordable housing.	Develop a dormitory-style residence for newcomers adjacent to a post-secondary institution. Turn this over to the post-secondary institution once the market settles down.	200
		Purchase a motel(s) for immigrant families and provide wrap around services to integrate them into the community. Partner with an immigrant serving agency such as the Mennonite Centre for Newcomers or Catholic Social Services.	50
<b>Dedicated/Sustainable Funding for Affordable Housing</b>	Real Estate Transfer Fees have been used in other jurisdictions to generate funds to increase the economic feasibility of affordable housing development.	Introduce enabling legislation and regulations to enable a real estate transfer fee (up to 1% of real estate value) to be charged to generate funds for allocation to municipal capital reserve accounts for the provision of affordable housing (Note: The value of residential sales in Edmonton in 2006 was approximately \$5.7 Billion).	570 annually
<b>Rental Tax Credits to stimulate rental construction</b>	In January 2006, the new Federal Government released a plan to encourage the construction of new affordable housing through a tax credit to encourage developers to build or refurbish affordable rental units for low-income Canadians.	Match the new Federal Government's commitment to set aside \$200 million annually in the form of tax credits to encourage developers to build or refurbish rental units.	
<b>Land Bank contribution</b>	Create a land bank for affordable housing with donations of municipal, provincial and federal surplus lands, or money in lieu for joint venture partnership with the private sector.	All lands surplus to government needs should be subject to a "Housing First" policy. For example, lands purchased to enable the Transportation Utility Corridor but not ultimately required for that purpose should be released for housing.	
<b>Tenant Stability Fund</b>	The vast majority of evictions are for financial reasons. Evictions are costly to tenants, landlords and the public. 'Rent Banks' have been developed in other jurisdictions to allow short-term loans to tenants to reduce evictions.	Provide \$500,000 on a pilot project basis for a tenant stability/rent bank fund, and \$100,000 for administration. The City would match the \$500,000 investment.	
<b>Rent Supplements</b>	Rent supplements in existing housing stock are an effective means to bridge the gap between market levels of rent and a tenant's ability to pay.	Increase financial contribution to existing provincial rent supplement programs and introduce a portable rent-supplement program (i.e. rent supplement that moves with the tenant and not paid directly to the landlord).	5,000



# Progressive Leadership and Success

## The City of Edmonton's Roles and Responsibilities

While housing and support services are within the jurisdictions of the Governments of Alberta and Canada, Edmonton is a strong community partner and leader in helping its citizens.

Edmonton provides leadership in the provision of affordable housing through development of new initiatives and programs and partnerships with the community and private and public sectors along with other orders of government. In July 2005, City Council endorsed the **Cornerstones Plan – Edmonton's Plan for Affordable Housing 2006-2011**. Edmonton will contribute \$25 million dollars over five years to leverage funding from the other orders of government and private industry to create 2,500 more affordable housing over five years. We also provide:

**Administration** –The City Oversees government programs that help to provide more affordable housing and provide support to homeless persons and services to prevent homelessness. The City provides funding and support to the Edmonton Housing Trust Fund, which in turn addresses homelessness needs.

**Management and Operations** –The City of Edmonton's Non-Profit Housing Corporation **homeEd** has created nearly 700 affordable rental units for singles and

families in Edmonton. The City also oversees and provides subsidies to social housing agencies including the Greater Edmonton Foundation and Capital Region Housing Corporation.

**Funding and Capital Assistance** –The City provides capital assistance to housing providers to provide new units:

- **Affordable Housing Program** –The City partners with the Province in providing approximately 15% of the funding provided by the Province under the Canada-Alberta Affordable Housing Program for affordable housing projects
- **Low Income Housing Capital Assistance Program** – The City provides 15% of the capital cost of housing projects directed at low income and special needs clients
- **Fee Rebate for Affordable Housing** –The City rebates municipal fees and charges for eligible affordable housing projects which typically represent 5% of the capital cost of a housing project.



EDMONTON

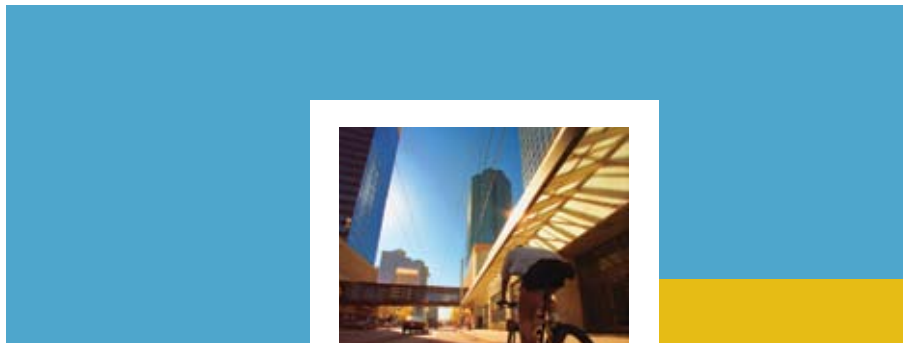
# Cornerstones:

Edmonton's plan for affordable housing

Edmonton \$2.5 million	+ Alberta \$1.25 million	+ Canada \$1.25 million	=	400 affordable housing units
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Mayor Stephen Mandel, City of Edmonton      The Honourable Minister Thomas Fels, Alberta Services and Community Support      The Honourable Minister Joe Proulx, Human Resources and Technical Development

Edmonton Fixed Rate Rental Supplement Pilot Project  
October 24, 2006, City Hall, Edmonton



- **Cornerstones Plan** – City Council will invest \$25 million over five years to encourage the development of 2,500 affordable housing units.
- **Secondary Suites Upgrading Program** – The City will provide a forgivable loan to upgrade existing secondary suites in this new program.
- **Fixed Rate Rent Supplement Program** – In partnership with the Province and Federal Government, we will subsidize the rent of 400 units for five years to increase affordability.

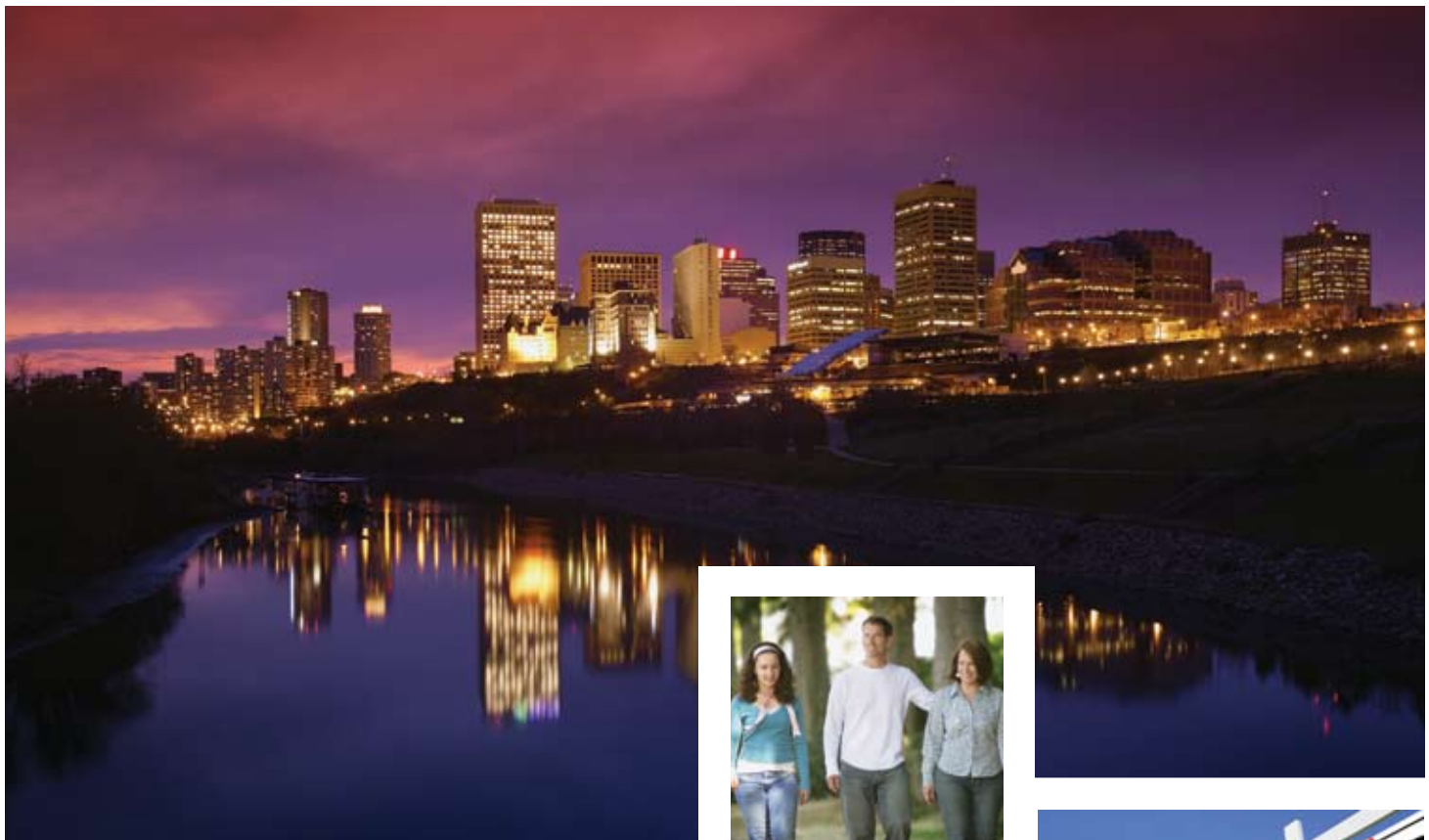
**Strategic Partnerships** – Edmonton establishes successful partnerships with the community, private and non-profit organizations along with the other orders of government to provide more affordable housing.

**Planning and Regulation** – Edmonton encourages the provision of safe and affordable housing through planning approvals, policy development and the **Safe and Derelict Housing Program**. The City also delivers the federally funded **Residential Rehabilitation Assistance Program** which provides funds to low

income homeowners and landlords to upgrade properties to minimum standards or to make modifications for the disabled.

**Education and Community Empowerment** – The City partners with communities and non-profit organizations like the Edmonton Housing Trust Fund and Greater Edmonton Foundation by supporting and providing funding for their projects. Edmonton also provides education, information, advice and mediation on landlord/tenancy matters and participates in major public awareness initiatives.

**Advocacy** – Edmonton encourages the other orders of government to develop sustainable funding and programs for affordable housing and support services.



# Summary and Conclusion

Edmonton has reached a critical stage in the rapidly growing Alberta economy. Continued overheating of the housing market poses a serious risk to our future economic prospects and threatens the quality of life of our many low and fixed-income citizens.

The City of Edmonton and Government of Alberta share the same goals and vision for a thriving and healthy capital region with superior quality of life and empowering supports for its citizens.

The City of Edmonton welcomes the opportunities to partner with the Government of Alberta to ensure a successful, sustainable Edmonton with safe affordable housing for all its citizens.

The effective initiatives proposed in this report combined with support from the Provincial and Federal governments will ultimately reduce social costs related to housing issues and enable real long term success.

