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Presented by: Lory Scott, Affordable Housing Liaison, Planning and Development

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**8.4**

**Homeland Housing Supports**

Presented by: Lory Scott, Affordable Housing Liaison, Planning and Development

**RECOMMENDED MOTION(S)**

Whereas Homeland Housing is developing the 22 St. Thomas Street development (the “development”);

And whereas the City has contributed \$2,645,000 towards the development in the form of a land transfer to Homeland Housing (the “land contribution”);

And whereas Homeland Housing has requested additional financial support towards the development;

Be it resolved that the City of St. Albert provide additional funding to Homeland Housing in the amount of \$2,190,000 or 12% of the total project value, whichever is less, to be funded from the Stabilization Reserve, subject to the following conditions:

1. Homeland Housing providing copies of all approved funding applications, including the Class B cost estimates confirming capital costs of the development, to the City;

2. Homeland Housing providing confirmation to the City of funding amounts contributed by the Government of Alberta, the Government of Canada, and/or associated funding bodies, which if received will enable the development to proceed; and
3. Homeland Housing entering into a grant funding agreement with the City on typical terms and conditions approved by the CAO.

## PURPOSE OF REPORT

This report provides background information on the funding request made by Homeland Housing on May 14, 2024. The proposed development will include 118 housing units with commercial spaces on the ground floor facing St. Thomas Street. The City's agreement with Homeland Housing requires the units to be affordable for a 30-year term, with a minimum of 55% of the units being maintained as non-market housing to eligible tenants.

## BACKGROUND AND DISCUSSION

On May 14, 2024, Standing Committee of the Whole (SCOW) passed motion INC-24-037 directing Administration to prepare options for Homeland Housing supports for Council's consideration. Homeland Housing has requested an additional funding commitment of \$2,190,000, or the lesser of 12% of project capital costs towards the 22 St. Thomas Street residential and commercial development, to improve the competitiveness of the Homeland Housing proposal. The City's increased funding commitment is expected to strengthen Homeland Housing's application to both the Alberta Affordable Housing Partnership Program (AHPP) and federal housing funding and loan programs. Forgivable funding and low-cost loan terms will enable Homeland Housing to operate the project with rents provided at below-market rates based on the City's agreement with Homeland Housing, including additional below-market rental rate requirements specified within the AHPP.

Administration is recommending that the City's funding commitment be subject to Homeland Housing's confirmation of receipt of grant funding from the Province and/or other funding sources, enabling the project to proceed to the construction phase. The City's contribution would be based on the lesser percentage of capital costs if a phased approach is undertaken or if additional cost savings can be achieved. The previous AHPP funding criteria (if still applicable to the 2024 RFP process) indicated that projects could be eligible for up to 1/3 of residential unit capital costs, up to a \$255,000 benchmark average cost per unit (resulting in a maximum Provincial contribution of \$85,000/unit).

The intake period for applications to the 2024 AHPP is expected to occur in Q3, 2024. The Provincial grant maximum of 1/3 of capital costs requires Homeland to look for other funding sources that can be stacked with the Provincial funding, adding additional complexity to project funding processes.

The 2023 AHPP grant application process allowed for municipal contributions including development incentive grants in the form of cash, land, waiving or reducing development fees, or any other form of contribution that directly reduced the cost of development. Administration has reviewed alternative contribution options. The City's ability to waive development fees is limited, as fees are determined on an activity-based accounting analysis. A waiver or reduction in permit or levy fees would require the City to recover those costs from the City's budget in another area. For these reasons, Administration is recommending that a grant be provided to Homeland Housing from the Stabilization

Reserve.

Estimated Project Value (including land)	\$49,772,547
Municipal Land Contribution (2022 appraisal value)	\$2,645,000
Increase in assessed land value	\$148,000
<u>Municipal Funding Contribution</u>	<u>\$2,190,000</u>
Total Value of the City's Contribution	\$4,983,000

The City's capitalized land cost at the time of subdivision registration in 2004 was \$87,118.32, based on the current site area of 0.546 ha. The assessed land value is currently \$2,793,000, (a \$148,000 increase since the property was appraised in 2022 at \$2,645,000), providing the City with a contribution value of 32 times the City's cost.

The proposed development will include 118 housing units with commercial spaces on the ground floor facing St. Thomas Street. The City's agreement with Homeland Housing requires the units to be affordable for a 30-year term, with a minimum of 55% of the units being maintained as non-market housing to eligible tenants. The previous AHPP grant criteria had imposed additional affordability considerations including a percentage of units at deeply reduced rents for a minimum 20-year term.

Homeland Housing is the City's designated Housing Management Body, responsible for the delivery of provincially supported housing programs and services within St. Albert, and municipalities within Sturgeon and Westlock counties, and the Municipal District of Lesser Slave River No. 124. Homeland owns and/or manages 1,178 units within their service area, including community affordable, seniors lodge, seniors affordable and designated supportive living levels 3, 4, and 4D. The City of St. Albert has a voice in Homeland's operations through the appointment of one Councillor to Homeland Housing's Board of Directors.

The proposed 22 St. Thomas Street project aligns with the Provincial "Stronger Foundations" Housing Strategy, supporting mixed-income, mixed-use developments, which is a positive strength to Homeland Housing's application.

## **STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT**

Council members have engaged with Federal and Provincial Government officials, in coordination with Homeland Housing with respect to funding for the proposed 22 St. Thomas Street project. This work has been supported by the Government/ Indigenous Relations and Environment team at the City, along with Planning and Development. The Chamber of Commerce has also advocated for this project to other orders of government.

22 St. Thomas Street is districted for the intended use. As such, amendments are not required to existing documents or plans requiring public consultation or public hearing processes, provided the development continues to align with existing regulatory requirements.

## **IMPACTS OF RECOMMENDATION(S)**

Financial:

If approved, \$2,190,000 would be committed from the Stabilization Reserve. The current uncommitted balance in the Stabilization Reserve is \$8.8 million.

Revenue will be received from the City for the commercial and market housing component of the development. The City receives no revenue from the property if the land remains vacant.

Homeland Housing has requested that a property tax exemption be considered for the non-market housing units. The recently approved Bill 20 included legislative changes to the MGA which could exempt affordable housing from property taxation. Administration will evaluate the property taxation impacts of Bill 20 when further details are known. Property tax amendments are expected to be consistent across all Alberta communities.

#### Compliance & Legal:

The recommended motion restricts the City's commitment to providing funds to only if other grant funding sources have been confirmed and limits the City's land and funding contribution amount to \$2,190,000 or 12% of project capital costs, whichever is less.

#### Program or Service:

The use of an undeveloped resource already owned by the City to encourage development downtown and housing affordability addresses four of Council's 2022 - 2025 strategic priorities by:

- Providing a long-term community and social benefit by creating affordability within the new development through below-market housing.
- Increasing the vibrancy downtown through diversifying the mix of people living there, also supporting economic development and local jobs through new retail and commercial spaces.
- Increasing the number of permanent and temporary new jobs to St. Albert, both from an employment and housing perspective.
- Generating municipal revenue through annual property taxes.
- Reducing municipal costs from the divestment of the property and maintenance.
- Supporting environmental sustainability through energy efficient construction and social procurement measures.

#### Organizational:

Municipal incentives are identified as a strategy within Affordable Housing Policy C-P&E-06 under Partnerships, Incentives, and Direct Provision of Housing. In this instance, the incentive is linked to one of Council's priorities for the 2022 - 2025 term.

Additionally, mixed-use housing models help to create more connected communities, particularly within this development, which will also contain community meeting space. A community with a variety of housing options, including market and non-market housing, promotes diversity and inclusion. This leads to increased community sustainability as residents will be more likely able to remain within St. Albert, even if their life circumstances change. Inclusive and connected communities result in improved community well-being and decreased societal issues such as social isolation. The 22 St. Thomas project will increase the vibrancy of downtown by adding additional people to the area.

#### Risks

The requested financial contribution from Homeland Housing may increase the application's competitive edge, but there are no assurances that the project will be awarded grant funding to

enable it to proceed.

There is a risk that the requested grant amount of \$2,190,000 is not high enough to provide the targeted municipal contribution of 12% based the total project costs (including land). Anticipated cost savings for parking and other variables may not be as high as originally anticipated.

A phased approach will incur additional expenses impacting the total cost of the development. The City's contributed share to the first phase can be accommodated within the considered motion, however the remaining amount may be insufficient for the targeted municipal contribution amount for the second phase in future years.

## **ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN**

### Strategic Priority #1: Economic Prosperity:

Support an investment positive environment that encourages economic growth and the development of new and existing sectors.

- Support plans and agreements that foster development in St. Albert, including mature neighbourhoods, and build affordability in all new development.

### Strategic Priority #2: Downtown Vibrancy:

Foster a downtown where people come to live, gather, celebrate, shop, and do business.

- Facilitate and support the downtown business community to leverage collaborative opportunities and promote businesses that help create a vibrant downtown.

### Strategic Priority #3: Community Well Being:

Respond to changing demographics, accommodate the diverse needs of residents, and continue to foster an inclusive community where everyone has an opportunity to fully participate and feel welcomed.

- Support development of mixed housing choices including market, attainable and transitional housing types. This strategy includes advancing development on 22 St. Thomas Street and youth transitional housing.
- Foster a cohesive community that supports the physical and psychological well-being of all residents.

### Strategic Priority #5: Financial Sustainability:

Ensure responsible and transparent fiscal management, decision making, and long-term financial sustainability that allows the City to respond to change to revenue sources.

- Consider environmental, social, and governance opportunities, and risks when making financial decisions.

## **ALIGNMENT TO LEVELS OF SERVICE DELIVERY**

Advance Mixed Market Housing Development

- Develop mixed market housing at 22 St. Thomas Street.

## **ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION**

On May 14, 2024, at the Standing Committee of the Whole, the following motion was passed:

INC-24-037

That Administration prepare options for Homeland Housing supports for Council's consideration in Q2, 2024.

**IMPACTS OF ALTERNATIVES CONSIDERED**

If Council does not wish to support the recommendation, the following alternatives could be considered:

Alternative 1: Do nothing. This alternative may reduce Homeland Housing's ability to compete with other provincial projects for limited funding dollars, as other communities may have more competitive applications.

Financial:

None at this time.

Homeland Housing has allocated corporate funding and consultant resources to progress project plans to the development permit "ready" stage, enabling a quick response time once funding approval has been received. These actions indicate Homeland Housing's level of corporate commitment to this project.

Compliance & Legal:

None at this time.

Program or Service:

The St. Albert Chamber of Commerce has provided a letter of endorsement for this project to both the Federal and Provincial governments, identifying the importance of the development to the economic vitality and revitalization of the downtown area by increasing both the residential population and commercial activity.

Organizational:

Without an additional non-market housing supply in St. Albert, housing needs will continue to grow and could transition into an increase in other social issues. St. Albert's 2021 Statistics Canada data indicates a shortage of 3,165 affordable rental units, with 1,615 owner and renter households in Core Housing Need. St. Albert has 1.8% of its housing stock available as affordable housing compared to the Provincial average of 3.1%.

Risks

The Province has been clear in its messaging that housing is a responsibility shared by all levels of government. By doing nothing, the City risks that the 22 St. Thomas Street application to the AHPP will not include the level of municipal funding support expected by the Province.

Report Date: June 18, 2024

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