

December 16, 2021

Honourable Josephine Pon
Minister of Seniors and Housing
404 Legislature Building
10800 – 97 Ave
Edmonton, AB | T5J 5E6

Re: Stronger Foundations, Alberta's 10-year strategy to improve and expand affordable housing

Dear Minister Pon,

Thank you for releasing the Government of Alberta's vision for affordable housing through *Stronger Foundations, Alberta's 10-year strategy (Strategy) to improve and expand affordable housing*. CHC is pleased to see the province's renewed commitment as a funder of affordable housing and supports the targets for increasing the housing supply by 25 000 households over the next 10 years to serve low and moderate income Albertans. We look forward to collaborating in the delivery including the development of an asset management framework; a five-year maintenance and redevelopment plan for government-owned assets; enhanced rent supplement funding; support of innovative, mixed income operating models; provision of redevelopment grants; and enhanced support or co-located services on site and would like to offer some feedback on this plan for Albertans.

A BOLD INVESTMENT PLAN IS URGENTLY NEEDED IN BUDGET 2022

The need for affordable housing in Alberta is growing and urgent. The Government of Alberta should invest in affordable housing at minimum at a rate per capita compared with other Provinces in Canada with annual increased investments to meet housing needs as Alberta's population grows. Capital grants are an essential ingredient to mixed income housing and a requirement of funding to secure federal government investment opportunities. Currently, Alberta is leaving federal investment on the table due to lack of provincial capital grant funding for affordable housing. Housing for low income Albertans requires government subsidy. A multi-billion investment plan above current provincial investments in affordable housing is urgently required to deliver the province's bold Strategy. Grant funding with a transparent application process for non-profit housing providers to secure funding would help the government achieve its goal of increasing the affordable housing supply by 25,000 homes in just 10 years.

Most acutely, there is also urgency for capital grants to address repair needs of existing provincially owned and funded social housing assets. For 2022, CHC has identified \$21M in urgent repairs for the provincially owned affordable housing we manage as well as longer term capital investment needs to maintain, repair and regenerate the province's affordable housing infrastructure. Maintaining and refurbishing affordable housing properties at \$50,000 - \$80,000 per unit is fiscally prudent as it comes at a fraction of the replacement cost (\$280,000 - \$320,000/unit).

SCALING UP THE NON-PROFIT HOUSING SECTOR FOR A SUSTAINABLE AFFORDABLE HOUSING SUPPLY

The Government of Alberta should prioritize affordable housing to be developed, managed and operated by housing management bodies and experienced non-profit housing providers to ensure

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long term public benefits of government investment. The Strategy has highlighted asset transfers as a key component to enable growth and investment in affordable housing using partnerships with private and non-profit sectors. CHC recognizes the important role that the private sector plays in meeting the housing needs of 78% of households in Calgary. The private sector is also a key partner for the construction and maintenance contracts of non-market housing in Alberta. In 2020, \$50M (52% of our budget) in services were primarily contracted out to small and medium businesses in Alberta, providing best value for investment and supporting local enterprises. In 2020, the majority of the \$17.4M Rent Supplement subsidy was distributed to private landlords and non-profit housing providers.

That said, it's important for the province to direct the implementation of this Strategy through non-profit housing providers as developers and stewards perpetually committed to the provision of affordable housing. We look forward to discussing opportunities around assets such as the 900 provincially owned homes that are located on City of Calgary land leases and have an estimated \$55M in deferred maintenance costs to transition to a mixed income model. For potential asset transfers, CHC would like clarity around the proposed method of disposition of public lands and housing assets as well as what controls will be put in place to ensure that the supply of social and affordable housing will be maintained or increased in perpetuity and that the government funding prioritizes investments in Alberta households most in need of housing.

UNDERSTANDING Bill 78

Regarding Bill 78, *Alberta Housing Amendment Act*, CHC wants to understand the intent of the government's vision for supporting vulnerable Albertans including those living on the lowest incomes with deep subsidies. As housing providers were not consulted on the drafting of the Bill, this has caused uncertainty around the intent of some amendments and the broad powers enabled through the legislation including the definition of affordable housing and providers, broad Ministerial powers, and lack of clarity on the allocation of housing asset transfer proceeds back into affordable housing investments.

Unlike the strategy, the legislation is enduring. Without clear parameters in legislation or regulation on what is defined as affordable housing and who would be considered an affordable housing provider, it could open the door to the loss of public social housing infrastructure over time as affordable housing requirements are relaxed, or government contracted affordable housing agreements expire. A focus on government funding for the private sector could have unintended consequences that potentially erode affordability of housing in Alberta with only limited short term benefits.

Opportunity and challenges with Rent Supplements

CHC is encouraged to see that rent supplements have been recognized as an important component of the housing continuum. **To be sustainable, rent supplements require ongoing investment with annually escalated budgets that account for inflation/rental rates.** This allows the supplements to serve the same number of households over time and ensure low income households pay no more than 30% of their income on rent. **One limitation is that rental supplements can be more costly per unit than social housing operating subsidies and are subject to increasing costs from rent escalation and are often not available in strong economic markets.** Calgary also has one of the lowest amount of rental housing supply available compared with other cities in Canada and has the greatest spatial

inequality. With limited rental options in most neighbourhoods and at lower rents, rental supplements can result in very limited housing choice to Albertans in need of housing. Although rent supplements are an important tool, they are not a silver bullet and should be used in balance with supply measures.

Transitioning to Mixed Income Housing Models

CHC is on a transformational journey – shifting in the past several years from a regulator of deeply subsidized housing to a purposed based non-profit social enterprise. Today over 50% of homes managed by CHC are mixed income. We are transitioning with a vision that all housing assets managed by CHC will be delivered through a mixed income model as we repair, redevelop and grow the housing supply. Such mixed-rent portfolios provide more choice and mobility for tenants, reduce red tape and regulation, and provide the necessary surpluses to invest in capital maintenance with reserves and revenue to invest in more housing! This approach, over time, can result in lower government subsidies. Over the last year, CHC has progressed on the transformation of the municipally owned Community Housing Portfolio. The new operating agreement provides funding certainty and operating flexibility that paves the way forward for CHC to transition the portfolio to a more financially sustainable mixed-income model. We are pleased that the province recognizes the importance of a transition to new and innovative operating models while also investing in increasing the supply of mixed income housing available for Albertans most in need. At CHC more than 1500 residents move out of properties we manage annually with most moving into private rental and homeownership. We welcome an opportunity to share our experiences and lessons learned about mixed income housing and its potential for supporting strong communities and a strong Alberta economy.

As Minister, you have not had the opportunity to tour any CHC properties and we would like to offer you a tour that includes a CHC-managed provincially-owned social housing location in addition to our newest mixed income model development in the community of Bridlewood. (See Attachment). We also look forward to continuing to work closely with the province to ensure we can collectively retain, regenerate, and grow the number of affordable homes to enable low and moderate income Albertans the opportunity today and in many decades to come to live with dignity and reach their highest potential.

Sincerely,



Sarah Woodgate, President
Calgary Housing Company



William Bridge, Board Chair
Calgary Housing Company

CC:

Lisa Sadownik, Deputy Minister, Seniors and Housing, Government of Alberta
David Williams, Assistant Deputy Minister, Seniors and Housing
Minister Travis Toews, President of Treasury Board and Minister of Finance
Minister Jason Luan, Minister of Community and Social Services
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