



**Cornerstones Grant Program for Affordable Housing
Build New Long Term Affordable Housing**

Applicant Information Guide

Table of Contents

Introduction..... 2

Program Purpose 2

End-to-End Process 2

Q and A 4

Who can apply? 4

What are the general funding parameters for this Program? 4

What is Affordable Housing, and who are Eligible Tenants? 5

How are applicants & proposals assessed in the Pre-application Stage? 5

How are proposals evaluated in the Application and Evaluation Stage? 6

What Information is required from me at the Application and Evaluation Stage? 6

What are the targeted timelines for funding approval?..... 6

What does an application form look like?..... 7

Who do I contact for more information? 7

Funding Parameters 7

Requirements 10

A) Project Requirements - Physical..... 10

B) Project Requirements - Financial..... 11

C) Other Requirements 12

Definitions..... 13

Cornerstones Affordable Housing 13

Eligible Tenants..... 13

Self-Contained Suite 13

Support Services 13

Total Household Income 13

Median Income..... 13

Rental Rate/Rent..... 14

Maximum Allowable Rental Rates..... 14

Average Market Rent (AMR) 14

Introduction

Housing needs in Edmonton are significant and growing. Access to safe, adequate and affordable housing is fundamental to the physical, economic and social well being of individuals, families and communities.

Cornerstones, Edmonton's Plan for Affordable Housing 2006 to 2011 has been approved by City Council with a major objective to substantially increase the supply of safe, adequate and affordable housing for lower-income households in the City over this period.

Related to the *Cornerstones* Plan is the *Edmonton Community Plan on Housing and Support Services 2005-2009*, prepared by the Edmonton Joint Planning Committee on Housing (EJPCOH), which also identifies targets for additional Affordable Housing in Edmonton. The Community Plan can be viewed by visiting the Homeward Trust Edmonton website at www.homewardtrust.ca.

To assist in meeting these *Cornerstones* and Community Plan objectives, the City has launched the Cornerstones Grant Program with provincial and City funding.

Program Purpose

The *Cornerstones* Grant Program for Building New Long-Term Affordable Housing was developed to assist incorporated organizations with capital funds to increase Edmonton's long-term affordable housing supply.

Affordable housing projects may also be eligible for additional City funding under the *Cornerstones* Fee Rebate for Affordable Housing Program (FRAHP). More information can be obtained on FRAHP by contacting the City Housing Branch.

If your organization is interested in **building new long-term affordable housing**, then this information guide is for you. Questions on the information in this guide can be directed to the **City of Edmonton Housing and Economic Sustainability Branch central information line at 780-944-0095**.

Note: For the definition of 'Affordable Housing' as used in this guide, see the Q and A Section or the Definitions section.

End-to-End Process

1. Pre-Application

Discussions take place between the Housing Branch and applicants to determine the suitability of the applicant organizations and the proposed Affordable Housing

projects. Applicants who do not meet basic criteria are so advised by the Housing Branch. For applicants who meet the basic criteria, any issues with land use and/or zoning are addressed at this time. Also, consultations with the impacted community are undertaken jointly by the applicant and the Housing Branch. If all goes well as far as land use and community consultation are concerned, applicants will be invited to submit a formal application.

2. Application and Evaluation

Applicants submit a formal application, complete with required supporting documentation to the Housing Branch. Applicants also must sign a 'Good Neighbour Agreement'. Applications are reviewed by the Housing Branch, and an opportunity is provided for applicants to address any deficiencies in their applications. Once applications are completed to an acceptable standard, they are evaluated by the Housing Branch and applicants are advised in writing as to the outcome.

3. Agreement Processing

Successful applicants are invited to review the Funding Agreement with the Housing Branch and a representative of the City Law Branch. Agreements are prepared and signed by the applicant's legal signing authority and the City. The City will publicly announce all Funding Agreements under the Program in a timely manner.

The City will register both a restrictive covenant and an option to purchase on the title of all Affordable Housing projects for which funding has been committed. The restrictive covenant ensures the approved Affordable Housing units are used only for Affordable Housing. The option to purchase can be exercised where there is a breach of contract or where the property is sold.

4. Payment Processing

Once Funding Agreements are signed, the City begins processing payments to applicants. The first payment is conditional upon the applicant providing copies of certain documents such as acceptable Development Permits, Building Permits and proof of insurance, etc. Subsequent payments are primarily based on verification of construction progress. Once the project is completed, a grand opening and other communication activities take place.

5. Monitoring

When a project is completed and in operation, it is monitored for the term of the Funding Agreement (typically for 20 years).

Six months after Occupancy Permits are issued; projects are inspected by the Housing Branch and the Residential Enforcement Team to ensure they are being operated according to the terms of the Funding Agreements, all applicable laws and bylaws and Good Neighbour Agreements. This process is repeated annually thereafter for the duration of the Funding Agreements.

In January of each year, the Housing Branch mails out information to all Affordable Housing landlords advising them of the new benchmarks for Maximum Allowable rental rates, Average Market Rents (AMRs) and Median Income Levels. Benchmark information is used to manage rate changes and to qualify tenants for Affordable Housing.

On an annual basis, Affordable Housing landlords submit reporting packages to the Housing Branch, including updated Schedule Cs (per the Funding Agreements) and Annual Statements of Operations.

Q and A

Who can apply?

An applicant for funding under the *Cornerstones* Grant Program for Building New Long-Term Affordable Housing must be an incorporated non-profit or for-profit entity.

The City is also looking for applicants with the following attributes:

- Commitment: To meet the Program purpose;
- Expertise: Skills to undertake the proposed housing project;
- Managerial competence: Long-term managerial capability; and
- Financial soundness: Current operations are financially sound as shown by audited financial statements, or other supporting financial documents acceptable to the City.

What are the general funding parameters for this Program?

The Program is designed to provide one-time-only capital grants to successful applicants on an annual, first-come-first-served basis. As the total annual budget for allocation under the Program is based on limited funds from Provincial and City funding sources, City funding commitments under the Program will be conditional on budget funding availability.

In general, under this Program, the total City contribution to the Affordable Housing component of any specific project proposal will not exceed 65% of the total capital cost of that housing component. In other words, applicants for funding under this Program must provide a 35% contribution towards the cost of development (**includes a minimum 10% unencumbered equity contribution**) for the provision of those Affordable Housing units.

The greater the proportion of requested City funds compared to the total capital cost of the project's Affordable Housing component, the greater will be the expected affordability of those housing units for their intended lower-income residents.

What is Affordable Housing, and who are Eligible Tenants?

Affordable Housing - Rental or ownership of self-contained suites (which require no ongoing housing operating subsidies from government) provided through the Cornerstones program to Eligible Tenants.

Eligible Tenants - Households that paid in excess of 30% of their total household income on housing at the time of submitting an application for Cornerstones Affordable Housing; continue to earn less than the median income for their household size in the City of Edmonton and are capable of independent living without in-situ Support Services.

How are applicants & proposals assessed in the Pre-application Stage?

RA-1	Project must be located within the boundaries of the City of Edmonton.
RA-2	Appropriate zoning must be in place for the proposed Project; if rezoning is required, rezoning approval is required before formal application is submitted.
RA-3	Projects requiring variances or are classified as Discretionary Use must have an acceptable Development Permit before formal Application is submitted.
RA-4	Applicant or parties hired by the Applicant must have experience in building and managing multi-family units.
RA-5	Affordable Housing units must be self-contained suites.
RA-6	Applicant must demonstrate need and demand for the housing being proposed in view of <i>Cornerstones Plan</i> and <i>Community Plan on Housing and Support Services</i> targets.
RA-7	Project must comprise rental or homeownership (e.g. continuing co-op; Habitat for Humanity) housing units.
RA-8	Project can be solely residential, or its units must be part of a mixed-use development.
RA-9	Project must contain a minimum of five (5) Affordable Housing units.
RB-1	Project Applicants/Sponsors must meet the Program's minimum 10% applicant equity requirements for all units for which Program funding is being applied.
RB-2	At the time of formal application, proposed lands must be controlled by the applicant either through ownership or by a legally binding Offer to Purchase.
RC-1	Applicants must be incorporated.

RC-2	Applicants must undertake public information and communication activities that will enhance opportunities for open, transparent and effective communications with citizens in the surrounding community. Communication activities must meet City policy, standards and expectations.
RC-3	The proposed Project must advance and be consistent with achieving the City of Edmonton's strategic goals.

How are proposals evaluated in the Application and Evaluation Stage?

the Housing Branch will evaluate each eligible and completed Grant Application and supporting documentation based on the complete list of requirements - see the Requirements section.

What Information is required from me at the Application and Evaluation Stage?

1. Fully Completed Application Form Signed & Dated
2. Copy of Independent Appraisal of land
3. Copy of Initial Cost Estimate by a Quantity Surveyor
4. Copy of Land title or Offer to Purchase
5. Copy of Audited Financial Statements or other acceptable financial report
6. Copy of Current Corporate Board Membership
7. Copy of Certificate of Incorporation
8. Copy of Written confirmation of debt financing (expression of interest)
9. Copy of Good Neighbour Agreement Signed & Dated
10. Copy of the Development Permit should conditions warrant
11. Copy of the Re-zoning approval document should conditions warrant
12. Copy of Floor Plans, Elevation Plans and Site Plans
13. Copy of Crime Prevention Through Environmental Design (CPTED) assessment prepared by a qualified security consultant

What are the targeted timelines for funding approval?

Housing and Economic Sustainability Branch staff will accept inquiries, requests for Stage 1 - 'Pre-Application', and ensuing Stage 2 - 'Application and Evaluation' on an on-going basis throughout the year:

- The timeline for Stage 1 is dependent on the applicant as much as anything else.
- The timeline for Stage 2 (once a fully complete application has been submitted) is approximately 6 to 8 weeks on average.

What does an application form look like?

Contact the Housing Facilitator for a sample of this document.

Who do I contact for more information?

Housing Branch staff, specifically the Housing Facilitator at 789 442-6290

Funding Parameters

#	Funding Parameters																		
FP-1	Projects can provide a mix of Affordable Housing, non-Affordable Housing and Commercial use; however, Program funding will apply only to the component of the project that is Affordable Housing.																		
FP-2	<p>The total Cornerstones contribution for a given project will be the lesser of 65% of the Affordable Housing Capital Cost or \$150,000 per Affordable Housing unit up to a maximum of \$2,000,000.</p> <p>Applicants for funding under this Program must provide a minimum 35% contribution towards the cost of the Affordable Housing units (including 10% unencumbered equity).</p>																		
FP-3	Funding under this Program will be subject to City approval of a mechanism that guarantees to the satisfaction of the City that the funded units will be operated as Affordable Housing for a minimum of 20 years.																		
FP-4	<p>Modesty <u>guidelines</u> for Program funded units are as follows:</p> <table border="1" data-bbox="440 1304 1395 1848"> <thead> <tr> <th data-bbox="440 1304 805 1436">Housing Unit Type</th> <th colspan="2" data-bbox="805 1304 1395 1436">Housing Unit Size</th> </tr> <tr> <td data-bbox="440 1436 805 1549"></td> <th data-bbox="805 1436 1097 1549">Square Metres</th> <th data-bbox="1097 1436 1395 1549">Square Feet</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 1549 805 1623">Bachelor</td> <td data-bbox="805 1549 1097 1623">28 to 56</td> <td data-bbox="1097 1549 1395 1623">300 to 600</td> </tr> <tr> <td data-bbox="440 1623 805 1701">1-bedroom</td> <td data-bbox="805 1623 1097 1701">56 to 65</td> <td data-bbox="1097 1623 1395 1701">600 to 700</td> </tr> <tr> <td data-bbox="440 1701 805 1776">2-bedroom</td> <td data-bbox="805 1701 1097 1776">65 to 84</td> <td data-bbox="1097 1701 1395 1776">700 to 900</td> </tr> <tr> <td data-bbox="440 1776 805 1848">3-bedroom</td> <td data-bbox="805 1776 1097 1848">84 to 102</td> <td data-bbox="1097 1776 1395 1848">900 to 1,100</td> </tr> </tbody> </table>	Housing Unit Type	Housing Unit Size			Square Metres	Square Feet	Bachelor	28 to 56	300 to 600	1-bedroom	56 to 65	600 to 700	2-bedroom	65 to 84	700 to 900	3-bedroom	84 to 102	900 to 1,100
Housing Unit Type	Housing Unit Size																		
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3-bedroom	84 to 102	900 to 1,100																	

#	Funding Parameters		
	4-bedroom	93 to 116	1,000 to 1,250
	<p>Modesty guidelines will be used in conjunction with the estimated capital cost per sq. ft. to evaluate the cost effectiveness of proposed units.</p> <p>Units with construction costs in excess of \$250,000 are not eligible for funding under this program.</p>		
FP-5	<p>The City will require successful grant applicants to sign Funding Agreements with the City outlining the terms and conditions of approved project funding.</p>		
FP-6	<p>The City will register on the Title of all properties for which funding has been committed; both a restrictive covenant (to ensure funded units are used for Affordable Housing for the term of the agreement) and an option to purchase.</p>		
FP-7	<p>Funding will be committed on the basis of the figures submitted in the completed Grant Application Form and supporting documentation. No cost over-runs will be covered under this Program. If actual capital costs are lower than projected, Applicants will be required to refund any overpayments.</p>		
FP-8	<p>Projects must be substantially completed to the satisfaction of the City within the time specified in the executed Funding Agreement. If projects fail to substantially complete, the City will either request that all funding be repaid with interest or it will exercise its option to purchase.</p>		
FP-9	<p>If a funded project is sold within the term of the Funding Agreement, the City will have the option to purchase the Property per the terms noted in the Funding Agreement. If the City declines to exercise its option, the funded Property may be assigned to another party or may be sold on the open market using the sale price formula noted in the Funding Agreement.</p>		
FP-10	<p>The City will advance funds to a successful applicant on the following basis:</p> <ol style="list-style-type: none"> 1. 30% of the total committed funds provided by the City upon execution of the funding agreement and upon meeting other required conditions. 2. 30% of committed funds to be paid upon receipt by the City of a signed Quantity Surveyor's Report confirming the Improvements are at 30% complete and upon meeting other required conditions. 3. 30% of committed funds to be paid upon receipt by the City of a signed 		

#	Funding Parameters
	<p>Quantity Surveyor's Report confirming the Improvements are at 60% complete and upon meeting other required conditions.</p> <p>4. 10% of the funding representing the final payment to be paid upon receipt by the City of a Quantity Surveyor's report with a Statement of Total Eligible Capital Costs and upon meeting other required conditions.</p> <p>A particular Program Funding Advance may be conditional on one or more of the following:</p> <ul style="list-style-type: none"> • Signing of the Funding Agreement • Development Permit • Building Permit • Property tax status (i.e. Paid, Past Due or In Arrears) • Status of disputes with the City or other Government project funders • Performance Bond/Letter of Credit • Insurance coverage • Currency of payments to contractors and sub-contractors • Occupancy Permit
FP-11	<p>The City has authority to oversee all aspects of funded Projects, including but not limited to, accessing development sites during the term of the Funding Agreement, auditing and monitoring Projects and ensuring applicant compliance to all terms and conditions outlined in the Funding Agreement.</p>
FP-12	<p>Applicant organizations approved for funding under this Program agree to their names and the numbers of housing units which they propose to build, being listed on the City's <i>Cornerstones</i> web site to acknowledge the City's contributions. They also agree to display physical declarations or plaques presented by the City in prominent locations within their funded Projects.</p>
FP-13	<p>Applicant organizations approved for funding under this Program agree to abide by the City's record keeping and reporting requirements as identified in the Funding Agreement.</p>
FP-14	<p>Applicant organizations approved for funding under this Program agree to carry on all business upon the Land in compliance with all federal, provincial and municipal legislation.</p>
FP-15	<p>The City reserves the right to require applicant organizations to produce Police Information Checks and to deny applications where key personnel have been convicted of financial offenses such as theft, fraud or</p>

#	Funding Parameters
	embezzlement.
FP-16	The City reserves the right to deny applications and/or payments where applicant organizations are in dispute with the City over other matters, or where applicant organizations are in dispute with other funders of the project.
FP-17	Program funded units are to be available for occupancy to all Eligible Tenants. Affordable Housing units cannot be sub-let by tenants.
FP-18	Applicants are encouraged to complete all 3 phases of the Crime Free Multi Housing Program.

Requirements

#	A) Project Requirements - Physical
RA-1	Project must be located within the boundaries of the City of Edmonton.
RA-2	Appropriate zoning must be in place for the proposed Project; if rezoning is required, rezoning approval is required before formal application is submitted.
RA-3	Projects requiring variances or are classified as Discretionary Use are required to have an acceptable Development Permit before formal Application is submitted.
RA-4	Applicant or parties hired by the Applicant must have experience in building and managing multi-family units.
RA-5	Affordable Housing units must be self-contained suites.
RA-6	Applicant must demonstrate need and demand for the housing being proposed in view of <i>Cornerstones Plan</i> and <i>Community Plan on Housing and Support Services</i> targets.
RA-7	Project must comprise rental or homeownership (e.g. continuing co-op; Habitat for Humanity) housing units.
RA-8	Project can be solely residential, or its units must be part of a mixed-use development.
RA-9	Project must contain a minimum of five (5) Affordable Housing units.
RA-10	Program funded units must be visually indistinguishable externally from comparable market-priced housing.

#	A) Project Requirements - Physical
RA-11	For mixed-use Project proposals that include, but are not limited to Affordable Housing, the Affordable Housing units must be dispersed among all residential units proposed.
RA-12	<p>All Projects that receive a Cornerstones funding commitment must meet the requirements of Section 3.8.1.1 (3) of the <u>Alberta Building Code</u> (regarding Adaptable Dwelling Units) as those Projects are perceived as having received full or partial funding from the Government of Alberta.</p> <p>Adaptable dwelling units shall be provided as follows:</p> <ul style="list-style-type: none"> • 2 or more in a Project of 10 to 25 dwelling units • 5 or more in a Project of 26 to 50 dwelling units • 10 or more in a Project of 51 to 100 dwelling units • 15 or more in a Project of 101 to 200 dwelling units • 20 or more in a Project exceeding 200 dwelling units
RA-13	Submission of a CPTED (Crime Prevention Through Environmental Design) assessment prepared by a qualified security consultant.

#	B) Project Requirements - Financial
RB-1	Project Applicants/Sponsors must meet the Program's minimum 10% applicant equity requirements for all units for which Program funding is being applied.
RB-2	At the time of formal application, proposed lands must be controlled by the applicant either through ownership or by a legally binding Offer to Purchase.
RB-3	Project must leverage other contributions (e.g. cash, land, donated goods and services from non-government sources) to make up the difference between the total capital cost of the Affordable Housing Project (or A. H. component) and the grant funding requested.
RB-4	<p><u>For Rental (and Continuing Cooperative) Housing Units:</u></p> <ul style="list-style-type: none"> • Proposed rents must be affordable (i.e. must not exceed the Maximum Allowable Rental rates for the type of units proposed) • Proposed units must remain affordable for a minimum of 20 years
RB-5	<p><u>For Homeownership Units:</u></p> <p>Proposed principal, interest and tax payments must be affordable (i.e. not to exceed 32% of target resident gross household income).</p>
RB-6	Estimated construction costs for the City funded component of a given

#	B) Project Requirements - Financial
	project (capital costs less land, site servicing, administrative costs and interest during construction) must reflect current market conditions as determined by the City. Costs per square foot in excess of market must be justified to the City.
RB-7	<p>Applicants requesting funds for Affordable Housing Project proposals should be aware of the following operational requirements to ensure on-going Project viability:</p> <ul style="list-style-type: none"> • No annual operating deficits; • Vacancy allowance must be market +/- 1% per year; • Replacement reserve allowance of at least 5% per year <p>Any variances from these requirements must be justified.</p>
RB-8	Applicants must demonstrate their plan for overall, long-term project sustainability. This may be evidenced by higher construction standards to reduce operating (e.g. utility) costs, solid property management plans, and realistic operating budgets that can sustain changes in the economy.
RB-9	Applicants must demonstrate the necessary financial capacity to develop and operate the proposed Project.

#	C) Other Requirements
RC-1	Applicants must be incorporated.
RC-2	Applicants must undertake public information and communication activities that will enhance opportunities for open, transparent and effective communications with citizens in the surrounding community. Communication activities must meet City policy, standards and expectations.
RC-3	The proposed Project must advance and be consistent with achieving the City of Edmonton's strategic goals.
RC-4	The proposed Affordable Housing tenants must meet the definition of 'Eligible Tenant'.

Definitions

Cornerstones Affordable Housing

Means rental or ownership of self-contained suites (which require no ongoing housing operating subsidies from government) provided through the Cornerstones program to Eligible Tenants.

Eligible Tenants

Means households that paid in excess of 30% of their total household income on housing at the time of submitting an application for Cornerstones Affordable Housing; continue to earn less than the median income for their household size in the City of Edmonton and are capable of independent living without in-situ Support Services.

Self-Contained Suite

A Self-Contained Suite is a room or a number of connected rooms forming a living unit for one household where all the rooms (including kitchen, bathroom and bedrooms) are behind a single door which only that household can use. Group Homes, Limited Group Homes and Boarding & Lodging Houses (as defined in the Edmonton Zoning Bylaw) are examples of non self-contained suites and are not eligible for Cornerstones funding.

Support Services

Means a wide range of methods that enable persons in need to enhance their independence and self-sufficiency in order to maintain occupancy in the housing provided, and includes counseling, care, meals, housekeeping, treatment, mental health outreach, medication administration, child care and after-school care. Support Services are not those conventional "housing services" that are typically provided by the housing project, such as landscaping, snow removal and property maintenance.

Total Household Income

Is the total annual income for a household as calculated by combining the following incomes for all household members 17 years of age and older:

- Incomes from T4s
- Incomes from support agencies (AISH/Alberta Works)
- Employment Insurance, WCB
- Alimony

Note: Total Household income does not include GST credit or family tax credit.

Median Income

Median income levels are provided on an annual basis by the City of Edmonton. These figures are provided by household size.

Rental Rate/Rent

Means the monthly amount charged by a landlord to a tenant for the use of a unit/suite. For apartment units, the cost of utilities (heat and water) must be included in the proposed monthly rent per unit. For row/townhouse units, the cost of individually metered utilities (i.e. utilities not included in rent) should not be included in proposed monthly rent per unit.

Maximum Allowable Rental Rates

Maximum allowable rental rates are provided by the City of Edmonton each February. These rates are calculated at 85% of the Average Market Rent (AMR) at the time of publishing.

Average Market Rent (AMR)

AMR means the rental figures by unit types for the city of Edmonton as determined by Canada Mortgage and Housing Corporation (CMHC) in their Rental Market Report published each fall.