



CITY POLICY

POLICY NUMBER: C582

REFERENCE:

ADOPTED BY:

City Council September 22 2015

SUPERSEDES:

New

PREPARED BY: Sustainable Development

DATE: September 15, 2015

TITLE: **Developer Sponsored Affordable Housing**

Policy Statement:

The United Nations Human Settlements Programme (UN Habitat) is mandated to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all. The City of Edmonton's plans to achieve the orderly, economical and beneficial development, use of land, and patterns of human settlement includes a commitment to work to expand the supply of affordable housing. This policy will contribute to affordable housing by establishing the process whereby developer sponsored affordable housing is created and managed.

Developer sponsored affordable housing will use partnerships between the City and residential developers to leverage each party's expertise at creating and providing affordable housing. The combined efforts of the public and private sectors will provide a perpetual benefit for Edmonton households in need of affordable housing.

The purpose of this policy is to:

Direct the administration of the developer sponsored affordable housing program.

Standards:

1.0 Applicability of Developer Sponsored Affordable Housing

- 1.1. This policy applies to any rezoning that:
 - a) uses direct development control provision (DC1) or site specific development control provision (DC2),
 - b) meets the minimum project size requirement, and
 - c) increases the development rights from the base zoning.
- 1.2. Inclusion of the developer sponsored affordable housing clause will be a condition of Administration's support for the rezoning, unless the developer sponsored affordable housing clause has been supplanted by the provision of a comparable public benefit, such as heritage preservation. In such cases, Administration's report accompanying the rezoning application will clearly outline that the developer sponsored affordable housing clause has been omitted and the reasons for its omission.

2.0 Developer Contribution

- 2.1. Subject to 1.1, City Council expects that developers will offer the City options to purchase five percent of dwelling units in their developments (rounded to the nearest unit) at 85 percent of market value for the purpose of affordable housing.
- 2.2. The commitment to offer dwelling units will be made through a developer sponsored affordable housing clause in the text of the rezoning.
- 2.3. The developer will have the option, through a housing agreement, to pay cash in lieu of options to purchase to the City in an amount representing 15 percent of the sale price of designated units at the time of designation at the developer's sole discretion.

3.0 Rents

- 3.1. The rents for developer sponsored affordable housing dwelling units will be set below average market rent, for eligible tenants only.
- 3.2. Dwelling units may be rented at rates above average market rent to tenants with incomes above the eligible tenant income thresholds where the net rental revenues are used for affordable housing.
- 3.3. Eligible tenants will be housed on a first-come, first-served basis when developer sponsored affordable housing dwelling units become available.

4.0 Disposition of Units

- 4.1. Subject to 4.2, the City may sell developer sponsored affordable housing dwelling units as necessary.
- 4.2. A developer sponsored affordable housing dwelling unit will not be considered for sale unless:
 1. all suites in the development offered for sale by the developer have been sold,
 2. it has operated as affordable housing for at least one year or has used its net rental revenues for affordable housing for at least one year, and
 3. the sale is needed to ensure sufficient liquidity of the developer sponsored affordable housing fund or is in anticipation of an upcoming developer sponsored affordable housing dwelling unit purchase.
- 4.3. Developer sponsored affordable housing dwelling units will be sold for market value in an open sale.

5.0 Program Funding

- 5.1. The developer sponsored affordable housing fund may be funded through the following sources:
 1. Net rental revenues.
 2. The proceeds of dwelling unit sales.
 3. Cash-in-lieu contributions to developer sponsored affordable housing.
 4. Provincial and federal grants.
 5. Other City funding as directed or approved by City Council.

6.0 Program Evaluation

- 6.1. The success of the developer sponsored affordable housing program will be evaluated by the following measures:
 1. Portfolio targets:
 - a) 95 percent of available options to purchase are exercised.
 - b) 100 percent of developer sponsored affordable housing dwelling units are integrated and interspersed throughout their development.
 - c) 100 percent of developer sponsored affordable housing dwelling units are indistinguishable from other units in their development.
 - d) 100 percent of developer sponsored affordable housing dwelling units are acquired through partnerships.

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2. Management targets:
 - a) 100 percent of new tenants are eligible tenants at the time of lease signing.
 - b) The average rent across the portfolio is 85 percent (plus or minus 5 percent) of average market rent.
 3. Financial performance targets:
 - a) The net present value of the associated revenues and costs over the holding period for each developer sponsored affordable housing dwelling unit is greater than zero.

Definitions:

7.0 Definitions

- 7.1. Affordable housing means housing that is targeted for occupancy by eligible tenants.
- 7.2. Affordable housing reserve means the reserve fund created by council on November 28, 2006 to permit unexpended housing funds to be retained and applied to support future funding requirements.
- 7.3. Average market rent means the rental figures by unit types for the City of Edmonton as published by the Canada Mortgage and Housing Corporation in their rental market report each fall.
- 7.4. Development rights means the amount of permitted development measured by density and floor area ratio, as defined in Edmonton Zoning Bylaw 12800, as amended.
- 7.5. Developer sponsored affordable housing means a form of affordable housing that City of Edmonton has acquired through the exercise of an option to purchase agreement and is located in market housing developments.
- 7.6. Developer sponsored affordable housing clause means a clause in the text of a site specific development control provision (DC2) or direct development control provision (DC1) zone that requires a signed housing agreement between the developer and the City of Edmonton before the City will issue a development permit.
- 7.7. Developer sponsored affordable housing fund means a fund maintained for the purpose of purchasing developer sponsored affordable housing dwelling units and paying for any non-routine maintenance of existing units.
- 7.8. Dwelling is defined in Edmonton Zoning Bylaw 12800, as amended.

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- 7.9. Eligible tenants means households that:
1. pay in excess of 30 percent of their household income on housing at the time of their lease application, or were paying less than 30 percent of their household income due to any form of subsidization,
 2. earn less than the median income for their household size in the City of Edmonton according to statistics canada,
 3. are capable of independent living without a need for in-situ support services, and
 4. generally require no on-going housing operating subsidies from government.
- 7.10. Housing agreement means a legally binding agreement between the City of Edmonton and a developer that specifies an amount and type of contribution that the developer will make towards affordable housing.
- 7.11. Market value means the highest price a willing buyer would pay and a willing seller would accept, both being fully informed.
- 7.12. Minimum project size means the minimum number of proposed dwelling units in multi-dwelling unit project development to warrant seeking a developer sponsored affordable housing clause at time of rezoning. This minimum shall be 12 dwelling units.
- 7.13. Multi-dwelling unit project development is defined in Edmonton Zoning Bylaw 12800, as amended.
- 7.14. Net rental revenues means residual rental revenues after regular operating expenses are paid, including condominium fees, property management fees, maintenance expenses, insurance premiums, claims against the dwelling unit, and damages.
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