# Edmonton Rental Protection Program

# Grant Guide

Edmonton

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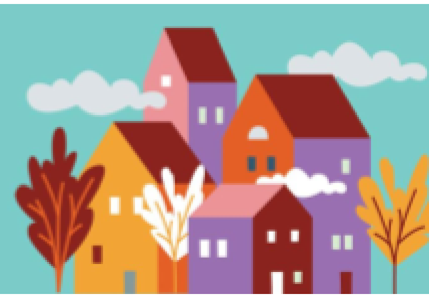

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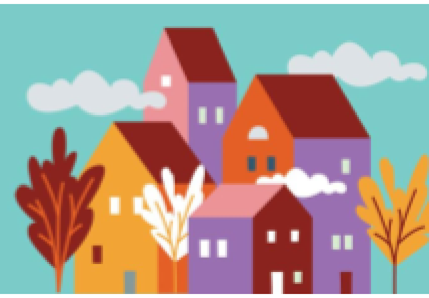




## INTRODUCTION

The City of Edmonton believes all residents deserve access to safe, adequate and affordable housing. Housing security is critical to a healthy city and fundamental to the physical, economic and social well-being of individuals and families, and maintaining diverse and inclusive communities.

The Edmonton Rental Protection Program (ERPP) has been created to provide limited grant funding to support the acquisition and rehabilitation of existing market housing units for affordable housing.

As a pilot program, funding will only be available for a limited time. This grant guide provides information on the program, how it works, and how to qualify.

## PROGRAM DETAILS

This pilot program is intended to support non-profit organizations in acquiring existing market housing units within the City of Edmonton to operate as affordable housing. The program provides funding to support the purchase of units listed for sale and for renewing the buildings in which they are located, if rehabilitation work is required following acquisition.

**The grant funding model provides a maximum funding commitment by the City of up to**

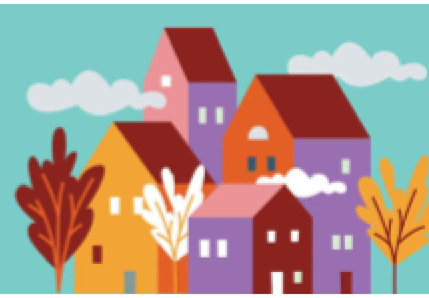
- **Acquisition only** - less than $1 million and a maximum 10% of the purchase offer or $20,000 per affordable housing unit, whichever is less.
  - Funding cannot exceed 25% of the fair market value (FMV) of the property.

- **Acquisition & Rehabilitation** - Combined funding of less than $1 million, where:
  - <u>Acquisition</u> - up 10% of the purchase offer, or $20,000 per affordable housing unit, whichever is less
  - <u>Rehabilitation</u> - maximum of 25% of the rehabilitation costs provided in a Building Condition Assessment
  - Total funding cannot exceed 25% of the FMV of the property.

The approved grant funding amount can be used by the recipient to reimburse the purchase of the housing units as well as fund the rehabilitation scope of work. Disbursement of funding differs for acquisition and rehabilitation, as described below:

**Acquisition Funding Portion**

- **100%** of total approved acquisition funding upon execution of the affordable housing agreement with the City and conditions precedent removal



a. Conditions precedent include transfer of ownership of property to applicant, as substantiated by an updated Land Title Certificate following purchase closure, and registration of a caveat by the City.

**Rehabilitation Funding Portion (if applicable)**

1. **30%** of total approved rehabilitation funding upon execution of the affordable housing agreement with the City and conditions precedent removal, which includes transfer of ownership of property to applicant, as substantiated by an updated Land Title Certificate following purchase closure and registration of a caveat by the City.
2. **30%** upon completion of 30% of the rehabilitation scope of work
3. **30%** upon completion of 60% of the rehabilitation scope of work
4. **10%** upon completion of the rehabilitation scope of work

The amount of funding commitment by the City may vary in the City's sole discretion.

## AGREEMENTS & MONITORING

Approved applicants will be required to enter an affordable housing agreement with the City. This agreement will outline all requirements to receive grant funding and operate affordable housing on the property. The affordable housing agreement will be registered as a caveat against the title to the property standing in the name of the applicant as the registered fee simple owner.

The affordable housing agreement will identify the commitments the current and any potential future owners will have regarding the use of the development, including but not limited to: number of affordable housing units, eligible occupants, and affordable rental rates/housing charges. The caveat remains registered on title for the term of the said agreement.

The City will work with the applicant on the timing and disbursement of funds to acquire and, if necessary, rehabilitate the development in a timely manner. The City will hold back funds to ensure completion of acquisition and rehabilitation, if necessary. Generally, the City will disburse funding on successful completion of milestones, as specified in the affordable housing agreement.

Annual monitoring will be ongoing for the term of the affordable housing agreement at the sole cost and expense of the applicant. Annual monitoring requirements may include, but are not limited to, reporting on occupancy of affordable units, annual statements of operations for the development, and annual audited financial statements.

## APPLICANT ELIGIBILITY

The ERPP is open to entities registered in Alberta as a *Non-Profit Company*, *Non-Profit Corporation*, *Extra-Provincial Non-Profit Corporation*, *Society* or *Cooperative*.
Applications are accepted on a continuing basis throughout the year with no defined intake period. The ERPP only permits pre-qualified entities to submit applications to ensure reviews can be completed in a timely manner. This allows entities to be agile and nimble in reacting to property listings, which is crucial given the dynamics of the real estate market.

## PRE-QUALIFICATION

All potential applicants interested in acquiring property within 12 months must first complete the pre-qualification process.

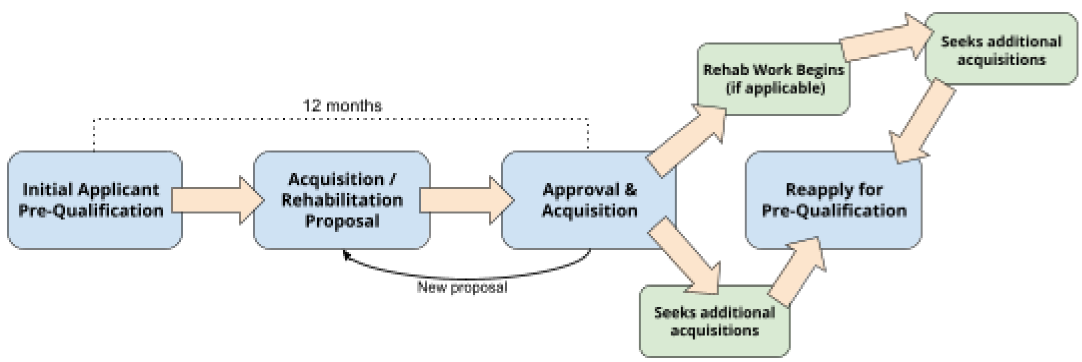
In order to be eligible to be pre-qualified, the following requirements must be met:

- Desire to acquire property within 12 months
- Be registered in Alberta as a *Non-Profit Company*, *Non-Profit Corporation*, *Extra-Provincial Non-Profit Corporation*, *Society* or *Cooperative*
- Mandate to develop and/or operate affordable housing
- Has at least three years of strong financial history

Detailed pre-qualification process:

1. Submit a pre-qualification application to the City for review. Documents required for submission include:
    a. Previous three years' audited financial statements. If audited statements are not available, the statement type depends on the amount of eligible grant:
        i. *Notice to Reader or Internally Prepared* - less than $250,000
        ii. *Review Engagemen*t - between $250,000 and $1 million
    b. Statement on the mission and history of applicant and experience in developing and/or operating affordable housing
    c. Statutory Declaration declaring application is true
    d. Articles of Incorporation (*required to create SmartSimple Account*)
    e. Legal searches:
        i. Alberta Corporation/Non-Profit Search
        ii. Alberta Personal Property Registry Search
        iii. Government of Canada Bankruptcy and Insolvency Records Search
    f. Written confirmation that neither the applicant nor any of its board members have ever been convicted of a criminal offence for fraud, theft, or money laundering

2. The City reviews and approves pre-qualification of applicant and provides the applicant with a letter confirming approval
3. Registration of applicants for an Electronic Funds Transfer (EFT) account with the City prior to submitting an acquisition proposal
4. Applicants review listed market housing properties for potential acquisition
5. Submission of acquisition proposal to the City for selected listed property
    a. There is no limit to the number of acquisition proposals pre-qualified applicants can submit within a contiguous 12-month period
6. City reviews and approves proposal and the applicant moves forward with the property purchase
7. After 12 months since becoming initially pre-qualified, applicants must reapply for prequalification if seeking to acquire additional properties within the subsequent 12 months




## ACQUISITION PROPOSALS

All proposals for acquiring properties to purchase using ERPP funding must demonstrate the following requirements:

- Property must be located within the City of Edmonton and currently listed for sale
- Property must contain at least five self-contained housing units (cannot already be affordable housing)
    a. A commitment to maintaining existing tenants if any units are occupied at the time of proposal submission
- Existing zoning must permit residential uses
- Properties with housing units designated as affordable housing through an active agreement with a level of government may be considered ineligible for ERPP funding
- Non-residential uses cannot exceed 25% of the gross floor area of the building
- At least five housing units, or at least 30% of the total housing units, must be affordable (whichever is greater)
- Affordable units must be rented at no more than 80% of median market rents for at least 20 years to eligible tenants
- Eligible tenants must meet the City of Edmonton's maximum income threshold criteria
- No maximum age requirement for properties

- Building Condition Assessment (BCA) report completed within the previous 12 months prepared or stamped by a Professional Engineer or Registered Architect, that determines the effective age of the property and outlines estimated costs for any recommended capital expenditures (these need to be included in the rehabilitation scope of work if also seeking rehabilitation funding).

Documents required to submit with acquisition proposal:

1. Fully-executed Purchase Offer
2. Commitment Letter confirming financing from a lender of applicant's choice in an amount no less than the purchase offer
3. Current Land Title Certificate for property (received from the Alberta Land Titles Office no later than 30 days before application submission to the City)
4. Building Condition Assessment (BCA) report completed within the previous 12 months prepared or stamped by a Professional Engineer or Registered Architect, that determines the effective age of the property and outlines estimated costs for any recommended capital expenditures.
5. Appraisal report dated within the previous 12 months
6. Completed financial assessment spreadsheet
   a. Calculates the capitalization rate based on the purchase offer, expected rent and net operating income
   b. Demonstrates 5-year operating budget cash flow

## REHABILITATION PROPOSALS

All proposals for rehabilitating properties acquired through the ERPP must provide the following
- Building Condition Assessment (BCA) report completed within the previous 12 months prepared or stamped by a Professional Engineer or Registered Architect, that determines the effective age of the property and outlines estimated costs for any recommended capital expenditures
- Detailed scope of rehabilitation work based on the recommendations of the BCA and a total estimated cost to complete the work
- The scope of work is permitted to be underway at the time of proposal submission, but cannot be completed prior to application submission

## EVALUATION CRITERIA

Approved grant funding amounts are determined by the total number of points achieved by acquisition and acquisition and rehabilitation proposals.

**Minimum 40 points** - Up to 40% of eligible funding
**Minimum 50 points** - Up to 40% of eligible funding
**Minimum 60 points** - Up to 60% of eligible funding
**Minimum 70 points** - Up to 70% of eligible funding
**Minimum 80 points** - Up to 80% of eligible funding
**Minimum 90 points** - Up to 90% of eligible funding
**Minimum 100 points** - Up to 100% of eligible funding

**Purchase Price & FMV Comparison**

- Purchase price equal to FMV - 10 points
- Purchase price minimum 5% lower than FMV - 20 points
- Purchase price minimum 10% lower than FMV - 30 points
- Purchase price minimum 15% lower than FMV - 40 points

**Number of Affordable Housing Units**

- Minimum 30% of total housing units are affordable - 10 points
- Minimum 50% of total housing units are affordable - 20 points
- Minimum 70% of total housing units are affordable - 30 points
- 100% of total housing units are affordable - 40 points

**Affordable Rental Rates (minimum 30% of total housing units)**

- Minimum 80% of median market rents - 10 points
- Minimum 70% of median market rents - 20 points
- Minimum 60% of median market rents - 30 points
- Minimum 50% of median market rents - 40 points

**Affordability Term**

- Minimum 20 year affordability term - 10 points
- Minimum 25 year affordability term - 20 points
- Minimum 30 year affordability term - 30 points
- Minimum 35 year affordability term - 40 points

## DISCLAIMERS

Please note, at minimum and without limitation, the City reserves the right to withhold payment of grant funding where:

- The Applicant has made any material misrepresentation or provides any materially false or materially misleading information to the City;

- The Applicant or any associate or affiliate entity of the Applicant is in arrears on any payment or reporting obligation to the City under the terms of any other agreement made with the City;
- The Applicant has outstanding amounts owing to the City due to property taxes that are past due or in arrears;
- The Applicant is in litigation with the City over any matter;
- The Applicant is or becomes bankrupt, insolvent, commits an act of bankruptcy, makes a general assignment for the benefit of creditors, has a receiver or trustee appointed, or ceases to function as an active legal entity under the laws of Alberta;
- The Applicant is or becomes the subject of a Canada Revenue Agency judgment or tax lien; or
- There is a judgment, tax lien, builders' lien, or certificate of lis pendens registered against the title to the land on which the proposed development will be situated.

A successful applicant for the ERPP grant funding is restricted from being eligible for additional Affordable Housing Investment Program (AHIP) funding from the City of Edmonton for a period of 20 years following the execution of the ERPP affordable housing agreement.

## RESERVATION OF RIGHTS

The City reserves the right, in its sole discretion, to:

- Require prospective and actual Applicants to provide further clarification on information submitted, or to provide additional information or materials to assist in a review of its submission;
- Accept, reject, or further negotiate with any or all prospective and actual Applicants;
- Amend, modify, cancel, or suspend the ERPP, at any time, for any reason;
- Recommence the grant process for the ERPP for new responses or enter into negotiations for grant funding;
- Extend from time to time any date, time period, or deadline provided for in the selection process in the ERPP, upon written notice to all affected Applicants; and
- Not enter into a grant funding affordable housing agreement with any Applicant in the ERPP.

## NO LIABILITY

By participating in any aspect of the General stream, all prospective and actual Applicants specifically agree that they will have absolutely no claim against the City or any of its employees, advisors, or representatives for anything resulting from the exercise of any or all of the rights set out herein. Without limiting the generality of the foregoing, all prospective and actual Applicants also agree that in no event will the City, or any of its employees, agents, advisors, or representatives be liable, under any circumstances, for any claim, or to reimburse or compensate the prospective or actual Applicant in any manner whatsoever, including, without limitation, for the costs of preparation of any submission, loss of anticipated profits, loss of opportunity, or any other matter. Whether to provide a grant will be a purely discretionary decision on the part of the City. The City may refuse to issue a grant for any reason. In addition, grants are always subject to funding approval, and grants may no longer be issued if funding is no longer available or if there is a question of whether there is sufficient funding remaining in the program. There is no appeal from any decision on whether to provide a grant. Any pre-application meetings and any submission process is only intended to solicit interest and information and does not create any legally binding arrangement with the City. The pre-application meeting and submission process will not give rise to any "Contract A" based tendering law duties or any other legal or equitable obligations arising out of any process contract or collateral contract. Neither a prospective or actual Applicant, nor the City, has or will have the right to make a claim of any kind, whatsoever, against the other or others, with respect to the award of a contract, the failure to award a contract, or the failure to honour a response to the submission process.

## CONTACT US

If you have any questions about the Edmonton Rental Protection Program, please send your inquiry to ahipgrant@edmonton.ca or call 780-496-6260. We will be in touch with you within three business days.

## RESOURCES

- City of Edmonton Maximum Allowable Rental Rates (MARR) & Maximum Average Income Thresholds
- City of Edmonton: SLIM Maps - for zoning information

Housing information and data:

- Affordable Housing Guidebook
- City of Edmonton Affordable Housing Strategy A Home for Everyone (2023 - 2026)
- Edmonton Affordable Housing Needs Assessment (August 2023)
- City of Edmonton Homelessness and Housing Services Plan (July 2024)
- New Market Funds - Rental Housing Acquisition Guide

## PRE-QUALIFICATION APPLICATION REQUIREMENTS

**All applications are to be submitted through the City's SmartSimple grant portal. Any applications not submitted through SmartSimple will not be considered for funding.**

The following required documentation and questions are to be responded to in SmartSimple and are listed here for reference.

1. **Statutory Declaration**

2. **Applicant's Mission, History and Experience**
   a. Please include the following:

      i. Applicant's mission and history

      ii. A description that outlines the experience of the Applicant, and any entity to be retained by the Applicant for the proposed development, in the operation and property management of affordable housing developments, including:

         1. Number of years of management experience
         2. Existing properties owned and managed by the Applicant, including:
         3. Name of the property
         4. Property address
         5. Type of property (e.g. row house, low rise apartments)
         6. Number of units
         7. Programs and support services provided (e.g. off-site support services, on-site support services)

3. **Searches:** Current copies of the following searches:
   a. Corporate Registry Search on Applicant
   b. Personal Property Registry Search on Applicant
   c. Bankruptcy Search on Applicant

4. **No criminal convictions:** A letter stating that neither the Applicant nor any of its board members have ever been convicted of a criminal offence for fraud, theft, or money laundering

5. **Audited financial statements** for the applicant for the previous three years

## FUNDING APPLICATION REQUIREMENTS

1. **Location:** Confirmation of the municipal street address of the property that is proposed for acquisition or acquisition and rehabilitation

2. **Land Title Certificate(s)**: Please upload the land title certificate(s) for the property here, as provided by Alberta Land Titles. The certificate(s) need to have been generated by Land Titles within the last month of the date of submission of this application.

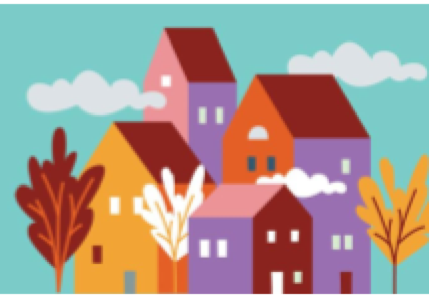
3. **Building Condition Assessment (BCA):** Report completed within the previous 12 months prepared or stamped by a Professional Engineer or Registered Architect, that determines the effective age of the property and outlines estimated costs for any recommended capital expenditures (these need to be included in the rehabilitation scope of work if also seeking rehabilitation funding).

4. **Property Details**
    a. Year of construction completion / age of building
    b. Number of affordable units proposed
    c. Number of market units proposed
    d. Proposed rental rates for the affordable units
    e. Term of affordability proposed

5. **Demographics being served:** number of units dedicated to any of the 13 priority population groups identified in the City of Edmonton's Affordable Housing Needs Assessment (August 2023):

    i. Women and children fleeing domestic violence
    ii. Female heads of households, especially single mothers
    iii. Seniors 65+
    iv. Young adults aged 18-29
    v. Indigenous people
    vi. Racialized people
    vii. Recent immigrants, especially refugees
    viii. LGBTQ2S+
    ix. People with physical health or mobility challenges
    x. People with developmental disabilities
    xi. People dealing with mental health and addictions issues
    xii. Veterans
    xiii. People experiencing homelessness

6. **Occupant Selection and Eligibility Criteria**: Please note if occupants are self-referred, if coordinated intake is utilized, if your organization has a waiting list, if occupants are referred by others, etc.



7. **Programs and Services**: For example, is property management on-site or scheduled visits? Is there on-site / mobile support, full-time or part-time programming? Are any services being provided, (i.e. specific utilities, parking, laundry, meals, medical services, social services)?

   If so, is that included in the rent or mortgage payments? Is there any ongoing collaboration with homeless-serving or other social service agencies? If there is, a signed Memorandum of Understanding between the applicant and the homeless-serving or other social service agency will be a condition of an Affordable Housing Agreement.

8. **Tenant relocation plan**
   a. Required when an acquired building has tenants that will not be staying upon acquisition or when tenants need to be temporarily relocated in order to complete rehabilitation work.
   b. The plan needs to describe:
      i. The alternative housing options provided for residents temporarily relocated due to rehabilitation work and the process of relocation
      ii. Process for relocating existing tenants that will not be staying upon acquisition

9. **Purchase Offer:** Fully-executed purchase offer for the property that the applicant is seeking to acquire. The purchase offer must include the final purchase price, length of the due diligence period, and closing date.

10. **Purchase Price:** Purchase price that is being offered for the acquisition.

11. **Financing Approval (or other funding sources)**
    Confirmation of financing approval via a Commitment Letter from a lender of the applicant's choice in an amount no less than the proposed purchase offer.

    If not seeking financing to fund the acquisition of the property, please state which funding sources will be utilized to close on the purchase.

12. **Financial Assessment Spreadsheet - Edmonton Rental Protection Fund**

13. **Appraisal Report** (Completed by a qualified AIC (Appraisal Institute of Canada) designated Appraiser)