



AFFORDABLE HOUSING POLICY IMPLEMENTATION MUNICIPALITIES: A CASE STUDY

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The city of Edmonton, the fifth largest municipality in Canada, passed the Affordable Housing strategy in year 2015. The strategy formalizes the City's role in the effort to bring affordable housing to needy residents and outlines the framework to engage the stakeholders for effective implementation. The strategy's goals include increasing the supply of affordable housing in all areas of the City. This paper focuses on a critical analysis of this goal – especially the implementation phase of the policy. Combining evidence-based implementation has performed analysis, lessons learned from best practices across the globe and presented using the NATO model. Based on the critical analysis, this paper provides recommendations for an effective implementation of affordable housing policy, which can be adapted to other municipalities in Canada.

Keywords: Sustainability, Decision making, Neighborhood renewal, Urbanization.

1 INTRODUCTION

The city of Edmonton (the City, henceforth) faces significant unmet affordable housing needs. The need for affordable housing is only going to escalate. The 4,024 homeless in 2014 are projected to increase to 6,500 by 2018 (Edmonton Committee to End Homelessness 2009). 20% of Edmonton's households do not get their needs met by private rental or ownership housing. Edmonton is in a housing affordability crisis with low vacancy of 1.7%, growing homelessness (Canadian Mortgage and Housing Corporation 2015).

Before 1979, Edmonton required all new neighborhoods be built with at least 5% social housing. Along with available federal and provincial funding, this ensured low-cost housing was built in all suburbs. However, the policy was struck down in a legal challenge, which along with a total withdrawal of the federal and provincial affordable housing funding in the early 1990s, has contributed to the housing crisis the City finds itself in today (Kolkman 2009). The City is trying to identify and enable innovative solutions for required over 11,000 social housing units, which is contributing to the growing affordable housing infrastructure gap in the whole province.

This paper focuses on the key goal of the City's affordable housing policy, which is to increase the supply of affordable housing in all areas of the City. The objectives of this goal is to play a direct role in increasing the affordable housing supply; enable and engage external organizations to increase supply; and acquire, leverage and provide the financial resources and tools required to increase the supply of affordable housing. Focusing on the implementation stage of the strategy, this paper critically analyzes its key attributes with respect to state of the art

models, tools and evidence-based implementations. Recommendations are made to strengthen the effective implementation of the policy.

2 CITY OF EDMONTON AFFORDABLE HOUSING POLICY

Through its Affordable Housing Strategy, the City has taken a leadership role in providing affordable housing and has laid out a roadmap for the City's involvement in resolving it. The document points out key areas of co-operation needed from stakeholders including the federal and provincial governments, related agencies, developer groups and the residents of Edmonton. The policy has the following overarching goals:

- Increase the supply of affordable housing in all areas of the City
- Maintain a supply of affordable and market rental housing
- Enable stable residential tenancies and transition people out of homelessness
- Anticipate, recognize and coordinate action to respond to housing and homeless needs.

The biggest hurdle to the City's affordable housing strategy's key goal, increase the supply of affordable housing in all areas of the City, is a severe on-going shortage of funding. The City has maintained and increased its funding for affordable housing but Provincial and Federal governments have not invested in affordable housing. More than 11,000 subsidies are about to expire with no commitments forthcoming (Osman 2015). Another significant hurdle the City faces is finding resident support to allow affordable housing development in their communities. Recent efforts at developing affordable housing have met vocal opposition from residents (Neu 2013).

3 CRITICAL ANALYSIS: CITY OF EDMONTON AFFORDABLE HOUSING POLICY

A critical analysis of City's affordable housing policy was performed employing the key parameters identified in Christopher Hood's well-known NATO model. Following are the key features, which can be incorporated to strengthen the affordable housing policy implementation.

3.1 Nodality

Nodality, or the disbursement of information, is a vital step in getting buy-in from Edmonton residents as well as other stakeholders. Currently, the City perceives the situation at crisis level but there is no information campaign being run. Lack of community involvement and information is cited as the key concern behind resident opposition to affordable housing development in their neighborhoods (Neu 2013). The City needs to develop a comprehensive plan to understand and address the concerns holding back resident support and then use nodality tools in getting the information out. As a first step, the City needs an ongoing public information campaign to inform the public about

- Facts to convey the "crisis" it sees the affordable housing situation in,
- Specific steps that need to be taken to resolve the situation, and
- How its citizens can join the conversation and effort.

3.2 Authority

Unlike Ontario and B.C. where provincial legislation specifically allows for inclusionary zoning, Alberta is in a legal grey zone. A court order outlawed the use of required social housing development in neighborhoods in the 1970s. Subsequently, the Alberta Urban Municipalities Association adopted a resolution in 2006 urging the province to amend the Municipal Government Act (MGA) to include inclusionary zoning in their land use bylaws. The province's refusal leaves municipalities open to legal challenges (Kolkman 2009). There is a current review of the MGA ongoing, under which the City is hopeful to raise this issue again. The City should make a concerted push for more authority in dealing with Affordable Housing. Employing collective power of numbers, the City should work with its partner municipalities, to push for maximum flexibility and ask for provisions such as inclusionary housing, whereby developers have to include aspects of affordable housing in their planning. Many of the programs produce housing that is affordable for the first time buyer/owner. The City also needs to use its authority to provide covenant or deed restriction to ensure that the affordable housing produced will remain perpetually affordable.

3.3 Treasury

This tool has been emphasized in affordable housing provision. But the City is struggling to increase the size of its financial commitment without having real authority. Financial tools to drive implementation of policy are grants to developers and non-profit agencies providing affordable housing, grants to homeowners to modify homes to rent out as affordable housing and ongoing subsidies for affordable housing. Together with the other orders of government, the City has invested over \$280 million over the last few years on affordable housing but the problem persists. This would suggest that relying only on Treasury is an unsustainable model and some other aspects have to be employed to leverage the existing financial commitments the City has made as well as future ones it will make in this policy's implementation. It could also imply that the rent model is not as effective and sustainable. Therefore, the City may have to rework its existing agreements to stretch each dollar further by renegotiating agreements of service as well as leveraging the other tools in its toolbox.

3.4 Organization

The City is a powerful organization with potential of internal policies and procedures furthering the cause of affordable housing implementation. The City could pass policies to enforce collaboration on affordable housing, for example to implement strategy to acquire and dedicate land for the purposes of affordable housing development. A clear focus on the problem by the leadership team, with a genuine call for a holistic approach and making sure that all City policies are working in the same direction has more long-term potential. Departments such as Finance, Land and Transit need to take this on as a common problem and work together to come up with a sustainable implementation of the policy.

By involving other organizations and individuals in networks, the City can leverage its efforts to increase the supply of affordable housing. Networks can build support from residents by involving citizens from different walks of life in the discussion and use them to disseminate information on the challenges. Using interpersonal alliances, networks and control of 'informal organization' as well as control/influence over counter organizations (such as developer groups) may provide clout in the cause. Networks can also help implement innovative solutions. A

shared equity model can be built, using collaboration with agencies such as CMHC whereby needy residents can pay for their homes over an extended period of time (e.g., thirty years).

3.5 Public Private Partnerships (PPPs)

Though currently used for diverse capital projects, PPPs have not traditionally been successful in providing social services such as affordable housing as non-market affordable housing does not support the typical risk and reward model. With PPPs, also relevant are the optics of involving the private sector in a politically sensitive matter such as helping the homeless and needy. While starting a multi-million contract to set up an affordable housing project with a private firm may not be politically digestible, something on a smaller scale may be effective

Social impact bonds (SIBs) may be a new implementation vehicle to let government and social service agencies partner with private investors. The government, its agency and the private party enter a contract with clear, measurable outcomes and timelines and investors effectively become the program funders/lenders. The government pays investors agreed upon interest back from the resulting cost savings (from reduction of target behavior) only if target outcomes are met within stated timelines. It is a win-win situation where investors (usually people/ organizations who have interest and experience in social causes) can invest in social causes, service provider grow their investment and reputation by demonstrating effective returns, society wins with a reduction in the target problem and government saves resources. Currently this model is being tried in London, US and Australia to tackle problems such as recidivism and homelessness. The model allows innovation, rigor, flexibility and partnership in social causes—facets usually not pursued with tax dollars due to risk involved. Social impact bond is a promising way to get these characteristics while actually reducing risk involved. If approved in Canada, the City should consider incorporating SIBs into its affordable housing implementation.

3.6 Evidence Based Decision Making

Incorporating best practices as well as lessons from successful implementations is recommended and some relevant findings are as follows:

Vienna's social housing projects are works of art, promoting pride in the housed population while reducing perceived social stigma and related opposition to social housing.

Singapore's world-class public-housing program uses supportive culture and an organizational environment that promotes improvement. Providing eighty-two percent of Singapore's residents with the over 900,000 apartments, the culture at Housing and Development Board (HDB), the environment induces and welcomes continuous change for greater efficiency and effectiveness by employing latest management tools and paying attention to the morale and welfare of public officers. HDB has invested in design and IT tools to decrease capital cost of construction and ongoing operational costs to meet changing housing demands economically. Singapore encourages ownership-based model of affordable housing.

The University of British Columbia has demonstrated ability to use its monopoly on land development to generate revenues for the university endowment, leasing out the units while retaining title of the land. The example of Stockholm also shows that rental housing authority properties can generate revenues in the long-run (McCormick and Alijevski 2014). Though the City typically does not develop land itself, it has done so in specific cases (e.g., to promote environmentally sustainable development). The City could consider a model where land development revenues are used as a sustainable revenue source for affordable housing projects.

In the U.S. tools such as strong inclusionary zoning policies and density bonuses to promote building of affordable housing, rent restrictions as well as well-developed “deed restricted” ownership of affordable housing (McCormick and Alijevski 2014) have been well used.

4 CONCLUSION

The affordable housing challenge has deep implications for the way the City will grow and prosper. The City of Edmonton Affordable Housing strategy is an important step in addressing the ongoing and deepening crisis of lack of affordable housing in Edmonton. Through a combined use of the parameters described from the NATO model, possible new instruments of public private partnership, such as Social Impact Bonds and incorporating best practices from industry leaders, the City can work with its stakeholders for maximum impact. The City has a long history of working to provide affordable housing and by considering some of the innovative implementation approaches discussed in this paper, the City can ensure solid implementation of its affordable housing strategy to sustainably meet the affordable housing needs of its residents today and in the future.

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