



Affordable Housing Partnership Program Guidelines

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Introduction

The Affordable Housing Partnership Program (AHPP) is the capital program for implementing the Government of Alberta's funding commitment in alignment with *Stronger Foundations, Alberta's 10-year strategy to improve and expand affordable housing*.

The AHPP is different from a traditional public private partnership (P3) approach, and specifically those identified in [Alberta's Public-Private Partnership Framework and Guideline](#) (2020). For traditional P3 projects, the public sector retains ownership of the infrastructure, whereas affordable housing developments under the AHPP will be owned by private and non-profit organizations rather than the government, in keeping with the recommendations of the [affordable housing review panel](#).

Stronger Foundations identifies how the government will put into action the 19 recommendations it accepted in December 2020 from the [Affordable Housing Review panel](#) for the transformation of Alberta's affordable housing system.

The AHPP Guidelines should be read in conjunction with the Affordable Housing Partnership Framework. The Affordable Housing Partnership Framework provides the overarching goals, objectives and policy directions intended for affordable housing projects that meet the criteria for provincial support under the AHPP. The AHPP Guidelines contain specific information such as eligibility criteria and proposal evaluation criteria to obtain provincial support.

The AHPP can be used to develop affordable housing in a more financially sustainable manner through mixed-income, mixed-tenure and mixed-use developments.

Mixed-income and mixed-tenure developments allow access to housing for a range of tenants with varying income levels, including low, moderate and/or higher income earners. This approach can reduce stigma often associated with social housing projects, as residents are not limited to developments that concentrate households with the lowest incomes on the same property and/or in the same building.

Mixed-use developments allow for financial sustainability by incorporating office, retail, and/or commercial space within affordable housing developments. This approach can provide revenue streams to support the financial viability and sustainability of the overall development and potentially increase access to amenities and employment for residents.

As well, the AHPP will leverage capital funding from other orders of government, the private sector and other sources. Provincial contributions will be in the form of capital grants and/or a capital contribution in the form of land/building (such as a transfer of ownership or a long-term lease of an ASHC-owned asset).

Terminology

Accessible – refers to the ability for families and individuals, including seniors, with low to moderate income, to obtain housing that is adequate, affordable and suitable.

Accessibility – refers to the manner in which housing is designed, constructed or modified (such as through repair/renovation/renewal or modification of a home), to enable independent living for persons with diverse abilities. Accessibility is achieved through design, but also by adding features that make a home more accessible, such as modified cabinetry, furniture, space, shelves and cupboards, or electronic devices that improve the overall ability to function in a home.¹

Adequate – refers to housing that does not require any major repairs, meets health and safety requirements and conforms to applicable codes, standards and guidelines.¹

Affordable – refers to housing that can be owned or rented by a household with shelter costs (rent or mortgage, utilities, etc.) that costs less than 30 per cent of before-tax (gross) household income (See also affordable housing).¹

Affordable Housing – refers to housing that can be owned or rented by a household with shelter costs (rent or mortgage) that are below market rates.

Agreement – the document that sets out the terms and conditions under which the Parties agree the Operator will own, maintain and operate.

Alberta Social Housing Corporation (ASHC) – the provincial corporation established under the *Alberta Housing Act* that owns and administers the provincially-owned portfolio of social housing assets and manages provincial debts and agreements associated with those assets.

Applicant – an organization applying for funding from the AHP program.

Canada Mortgage and Housing Corporation (CMHC) – is a Canadian crown corporation that serves as the national housing agency of Canada.

Core housing need – refers to a household when its housing does not meet one or more of the adequacy, suitability or affordability standards, and it would have to spend 30 per cent or more of its before-tax income to access acceptable local housing.¹

Equity – assets owned by the applicant or assets that can be put up as collateral.

Financial sustainability – refers to the ability to maintain below market rental units within a portfolio over the duration and within the terms of the agreement.

Financial viability – refers to the ability for the building owner or manager to generate sufficient income from (rent, common elements, fees, etc.) to meet its operating payments, debt commitments, and saving for future capital needs to maintain the building in good condition.¹

Family or Families – a minimum of two people who are related by blood or who are spouses or adult independent partners or if unrelated, one of whom is dependent on the other on a continuing basis and includes dependents.

Housing unit – a dwelling, suite, or residential unit, which is, or is, intended to be leased, rented, or otherwise occupied by Tenants as listed in the Agreement

Indigenous governments and Indigenous organizations – include:

- First Nation governments in Alberta
- Metis settlements
- Metis Settlements General Council
- Metis Nation of Alberta

¹ The National Housing Strategy Glossary of Common Terms.
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- Tribal Councils and Treaty Organizations in Alberta
- Alberta Native Friendship Centres Association
- Institute for the Advancement of Aboriginal Women
- An organization that represents an é government as demonstrated by resolution of its governing body.

Median Market Rent – means the rent or payment rate for the area where the project is located, by unit type, as determined on an annual basis by CMHC annual rental market survey.

Minimum Rent Units – where median market rents (MMR) are 60 per cent of median market rental rates as defined by the CMHC Rental Market Survey for the community.

Mixed-income housing – refers to housing developments or portfolio of developments that includes households with different income levels.

Mixed-use development – refers to any type of development (including rent and/or owned) that houses a range of services in addition to housing, such as commercial and retail spaces.

Mixed-tenure development – a housing development or selection of developments that may include a portion of owner-occupiers and others for affordable and/or social housing.

Social Housing – refers to regulated housing programs defined in the Social Housing Accommodation Regulation: Community Housing, Seniors Self-Contained Housing. Social housing regulated rents are set at 30 per cent of a household's income. Utilities (including heat, water and sewer expenses) are included; electricity, phone, television and any additional services (i.e., parking) are not included.

Rent Supplement – a subsidy paid to tenants to help make rental accommodation more affordable for individuals and families (an affordability offset is a form of rent supplement).

Specialized housing – refers to modest, adequate, and suitable rental housing provided to families, seniors, individuals, and targeted populations, such as Indigenous peoples and persons with disabilities, with low to moderate income, and supportive housing.

Suitable – refers to housing that has enough bedrooms for the size (number of people) and makeup (gender, single/couple, etc.) of the household and meets their needs, according to National Occupancy Standard requirements.¹

Value for money – considers the net present value of the proposed stream of rental rates as they compare to market rents in the area over a set period of time.

1. Program Objectives

The AHPP will increase the supply of affordable housing for Albertans in core housing need.

Stronger Foundations identifies a target of serving 25,000 additional households by the end of the 10-year strategy. To meet this goal, the Government of Alberta (GOA) has committed to adding 13,000 new affordable housing units and increasing rent supplements by 12,000. The AHPP is one of the key tools that will be used to reach the goal of 13,000 new affordable housing units.

Partnerships will align with outcomes identified in the [Stronger Foundations Strategy](#):

- Affordable housing is accessible to Albertans in core housing need;
- Affordable housing is incorporated into communities, and integrated with social, education, health and community-based supports, where possible;
- Affordable housing is financially viable and sustainable;
- There is improved access to affordable rental units through increased supply to meet present and future affordable housing need.
- Available funding from other orders of government, private non-profit and for-profit sector is leveraged; and
- Innovative approaches to develop affordable housing are identified and encouraged.

Using a partnership approach offers a range of benefits for all parties, including:

- The opportunity to make use of private and non-profit sector ideas, expertise and innovations;
- The ability to leverage funding and financing from other partners; and
- Long-term financial sustainability.

2. Target Population

The AHPP is intended to address individuals and families living in core housing need who may have barriers to accessing adequate, safe and suitable housing accommodations on their own.

Proposals are required to demonstrate that they are responding to a need/demand from a local housing needs assessment where available. The GOA will prioritize projects in communities with high housing need based on local needs assessments.

Projects that may be considered for funding include:

- Mixed-income developments with an affordable and/or social housing component;
- Mixed-use developments with an affordable and/or social housing component; and/or
- Specialized housing.

Mixed-income and mixed-tenure developments allow access to housing for a range of tenants with varying income levels, including low, moderate and/or higher income earners. This approach respects the dignity for those in need of affordable housing, as they are not limited to developments that concentrate households with the lowest incomes on the same property and/or in the same building.

Mixed-use developments allow for financial sustainability by incorporating office, retail, and/or commercial space. This approach can provide revenue streams to support the financial viability of the overall development and potentially increase access to amenities and employment for residents.

3. Provincial Funding

GOA contributions will be in the form of:

- Capital grants; and/or
- Capital contribution in the form of a:
 - Transfer of ownership of an ASHC-owned land or building; and/or
 - Long-term lease of an ASHC-owned asset.

Affordable housing developments (new construction, renovation or redevelopments) may receive a maximum provincial contribution of up to one-third of the total cost of the project. Proposals will consider the following as guidelines: total per-unit project cost benchmarks, including appraised value of land, and hard and soft construction costs. Applicants submitting proposals that vary from the per-unit cost guidelines must provide detailed rationale for costs that vary from the guideline, including geographic location or other unique considerations that may impact construction costs. Ministry cost benchmarks for funded housing types are as follows:

- Affordable Housing - \$255,000 benchmark average cost per unit (1/3 contribution would be \$85,000); and
- Affordable Seniors Self-Contained Housing - \$255,000 average cost per unit (1/3 contribution would be \$85,000).

When the GOA contributes land either through sale, transfer or through a long-term lease to a project, the appraised value of the land will be considered as part of the provincial contribution of up to the one-third maximum. The Minister reserves the right to consider exceptional circumstances in cases where the appraised value of a provincial land or land/grant contribution is more than one third of the total project cost.

The government, through the ASHC, will not fund operational or ongoing capital maintenance or renewal costs as the proposed project is expected to be financially sustainable.

ASHC would place an encumbrance on the title of projects approved under the AHPP for the period of time the units are to remain affordable. The level of requested provincial contribution will dictate the term of the encumbrance placed on the property for the length of time to provide affordable housing (minimum of 20 years). Agreement terms, funding levels, and type of provincial contribution will consider the unique needs of the community as determined through a local housing needs assessment.

Stacking

Where projects may be seeking provincial support from multiple GOA departments, stacking of provincial funding may be allowable where permitted under the other provincial grant program(s).

Other Funding Sources

Under the AHPP, applicants of affordable housing developments will be required to secure the balance of capital costs through other sources, including federal, municipal, donations and private sources. Applicants will also need to demonstrate the ability for the sustainability of the operating costs of the project without provincial support.

As part of the overall funding and/or financing for the affordable housing development, applicants are encouraged to secure federal funding or financing from CMHC or demonstrate how the proposed project will meet federal funding criteria through the various National Housing Strategy programs, such as the National Co-Investment Fund or Rapid Housing Initiative.

Acceptable municipal contributions may include development incentive grants in the form of cash, land, waiving or reduction in development fees or any other form of contribution that directly reduces the cost of development. Municipal contributions to operating costs, such as grants, rent supplements, or property tax exemptions can be considered as additional financial assistance in demonstrating the long-

term financial sustainability of the project, as long as the applicant can provide evidence supporting the municipal commitment.

4. Development Criteria

- Projects will be:
 - an addition to or renovation of existing housing resulting in a minimum five net new affordable housing units;
 - conversion of non-rental housing (e.g., hotel or commercial space);
 - re-development on the existing site involving demolition and new construction and resulting in a minimum of five net new affordable housing units; or
 - building new housing.
- Projects that may be considered for provincial funding include:
 - Mixed-income developments with an affordable and/or social housing component.
 - Specialized housing developments.
 - Preferences for mixed-use developments with commercial, retail, community, medical and/or social services will be given to those that provide complementary services and meet zoning approval requirements.
 - A housing development or selection of developments may include a portion of owner-occupiers, and others for affordable and/or social housing. A partnership project could include homeownership programs as part of their affordability and financial sustainability proposal.
- An addition/renovation or conversion proposal must provide the building(s) condition assessment by accredited third-party professionals. The property and building(s) must be maintained in safe and in 'good'² condition for the proposed period that affordable housing will be provided.

5. Eligibility Costs

Eligible Costs

Eligible costs/expenditures include:

- Land acquisition;
 - Proposals can include a request for the sale or transfer of ASHC-owned lands for project development. The appraised value of the land would be considered as a provincial capital contribution based toward the project.
- Permits, re-zoning, and development;
- Architectural consulting fees;
- Construction material and labour for new units, or the purchase and renovation of existing units and the conversion of non-residential space to residential units;
- Demolition of unit for reconstruction;
- Appraisal, geotechnical, building condition assessments, and legal fees as needed;
- Insurance and bonding;
- Required professional reports; and
- Site improvements, such as landscaping.

Note: Commercial spaces or any other portion of the facility that is not affordable housing proposed under mixed-development models, including market rental units will **not** be included in the calculation of the total eligible costs for provincial funding.

² Building is safe and fit for intended purpose, structurally sound, interior and exterior are of acceptable quality and all systems are in good working order.

Ineligible Costs

Ineligible expenditures include:

- Initial planning (seed funding) and schematic design;
- Furnishings, fixtures, and equipment;
- Amortization;
- Financing costs;
- Administrative costs/internal staff costs borne by the applicant;
- Costs incurred prior to an agreement being signed (i.e., applications cannot seek provincial funds to reimburse capital expenditures of projects completed or near completion at the time of application);
- Fines or penalties;
- Losses on other projects or investments; and
- The provision of support services or any costs associated with operating a completed project.

These costs must be funded through other sources outside the AHPP.

6. Proposal Evaluation Criteria

Proposals will be evaluated in two stages. The initial review will determine if the proposals comply with the minimum requirements outlined below. ASHC reserves the right to clarify components in proposals received during this assessment.

Applications that are incomplete, or do not meet the minimum requirements will **not be** evaluated further.

The selection of projects to be ultimately approved for funding will depend on amount of funding available, the evaluation of the projects received, and competing capital demands.

Applicants will be notified if their application is unsuccessful.

Applicants may be asked to supply the following documentation as part of their submission:

- Demonstrate financial stability by providing the applicant(s)' financial records for the past three years.
- In the event that applicants have formed a joint entity, organizations forming the joint entity may be asked to submit their financial records.

Compliance Stage (Minimum Requirements)

A proposal must meet the following minimum requirements to proceed further to be considered for further evaluation:

- Provide a minimum number of five net new affordable housing units.
- Be financially viable and sustainable.
- Require no more than one-third provincial contribution for total cost of the project. This contribution could be in the form of capital grant, a capital contribution in the form of a request to transfer the ownership of an ASHC-owned land and/or building, or a long-term lease of an ASHC-owned asset.
- Proposals for specialized housing must demonstrate that funding is in place for any planned onsite social or mental health support workers.
- Projects must have support from other sources, which could include another order of government (such as municipalities, federal government, and/or Indigenous government), financing, and/or private donations.
- Applicants must provide a minimum equity contribution of 10 per cent of the total development cost toward the project and identify at least one capital partner providing additional equity to the project at a minimum of 5 per cent. Equity contributions can be in the form of land, cash or other assets.

- Projects must have a minimum of 10 per cent of the housing units at minimum rent and a maximum of 30 per cent of the units at market and near-market rent (see table).
- Demonstrate capacity to develop, deliver and operate proposed housing project.
 - Applicants that do not have a minimum of three years of experience may partner with an organization that does, and at least one of the partners must demonstrate experience with project delivery and operations (housing /property management).
 - Consideration will be given to relevant work completed in the past, relevant projects, and experience with delivering affordable housing.
- Align with the local housing needs assessment (where applicable) to provide affordable housing in an area of demonstrated need.
- A commitment that affordable housing units will remain for a minimum of 20 years, depending on the rental model, or longer, as agreed upon by Alberta Seniors, Community and Social Services and the applicant.

Evaluation Stage

If a proposal meets the minimum requirements outlined in the previous section, the application will advance to an internal evaluation stage. This stage will consist of scoring by ASHC of each qualified proposal based on the capital costs, level of funding committed to date from other partners, level of GOA funding requested, value for money, financial and operational capacity, and alignment with the local housing needs assessment, accessibility, and environmental sustainability.

Category	Weighting (per cent)
Capital Costs, Equity, Contributions, Value For Money (Net Present Value Analysis)	30
Project Planning & Design, Property age condition and Functionality (For Renovation Projects)	20
Operations planning, Capability and Financial Sustainability, minimize operational and maintenance life cycle costs	30
Location, Benefits to the Community, Service Delivery to Special Needs Group, proximity to complementary service providers, transit and employment opportunities	10
Environmental Sustainability and Accessibility	10
Total	100

Mixed-income Projects Rental Bands

Proposals are required to outline:

- The number of units (households) to be supported by below-market rents.
- The rental bands/rates and thresholds (minimum rent, mid-range, or market and near market where applicable) based on examples provided in the table below.
- The number of years the agreed-to number of households will remain at the specified rental bands/rates.

Unit type	Rental Band	Notes
Affordable Housing Units	Minimum Rent 60 per cent of median market rent (MMR)	Targeted to lowest income households; Tenants are eligible for rent supplement programs if the minimum rent exceeds 30% of household income. A minimum of 10 per cent of units is required for this rental band under the AHPP.
	Mid-Range Rent Greater than (>) 60 per cent to less than (<) 90 per cent of MMR	Targeted to low-income households.
Market and Near Market Units (if applicable)	Market and Near Market Rent Greater than (>) 90 per cent of MMR	A maximum of 30 per cent of units is allowable for this rental band under the AHPP.

Preferential Consideration

Priority may be given to the following projects:

- Projects in areas of high housing need based on local needs assessment;
- Projects that require lower than the maximum provincial contribution (e.g., below one-third);
- Projects that include a higher proportion of minimum rent units;
- Projects that align with strategic GOA priorities;
- Projects that include a longer term commitment that affordable housing units will remain affordable (e.g., beyond 20 years); and/or
- Projects that are construction-ready and meeting the AHPP minimum requirements. To be considered as construction-ready, proposal needs to include:
 - Confirmation that land is secured or that ASHC-owned land is requested (transfer or long-term lease) as part of the requested provincial capital contribution for the project;
 - Completion of the schematic design;
 - Class C or D cost estimate from certified cost consultant;
 - Remaining funding in place (e.g., at least two-thirds of the development cost has already been confirmed);
 - Plan for or results from a community engagement process;
 - A clear project schedule; and
 - Where land is already secured, approved zoning.

Streamlined Application Intake

To reduce the administrative burden on applicants and streamline the application process, GOA's application form has been designed with consideration to the information required by CMHC for their Co-Investment Fund.

Application forms may be shared with CMHC/federal representatives and/or municipalities to determine eligibility for federal and/or municipal funding.

Applications may be evaluated by a cross-ministry evaluation team consisting of representatives of Seniors, Community and Social Services, Treasury Board and Finance, Infrastructure, Community and Social Services (for specialized housing), and other ministries as deemed appropriate based on the project.

7. Decision-Making Process

Timelines

In 2022, the first **defined intake period** will be [date announced] to [date announced + 4 weeks].

In future years, proposals will be individually assessed based on an annual **defined intake period between April 1 and June 30 in any given year**. Proposals submitted outside of a defined intake period will **not** be considered.

Where an applicant is a housing management body, submissions can be made to the AHPP as part of annual business plan submissions.

- Successful applicants will be notified within three months of the application deadline. If any details change related to the project scope or approvals within this period, the applicant should advise Alberta Seniors, Community and Social Services department staff.
- The above timeline is provided for information only and is subject to change at the sole discretion of Alberta Seniors, Community and Social Services.

At the sole discretion of Alberta Seniors, Community and Social Services, additional ad hoc intake periods may be considered. Such periods would have a clearly defined intake window for applications when announced.

Lobbying

Once a proposal is submitted, applicants, team members, advisors, and key individuals representing the project are prohibited from engaging in any form of political or other lobbying in relation to the assessment of a project or influencing the outcome of the process. Failure to comply with this provision may result in rejection of the application.

8. Funding Agreement

Terms of Agreement

Should the proposed project receive approval, a specific agreement will be signed between the ASHC and the successful applicant. The agreement will outline:

- The number of households to be supported by below market rents.
- The rental bands/rates and thresholds (minimum and mid-range rental bands).
- The number of years the agreed-to number of households will remain at the specified rental bands/rates.
- Populations to be served through the agreement based on income thresholds or specific target populations outlined by the applicant. Within the agreement parameters, tenant selection would need to be fair, lawful, and non-discriminatory.

Agreements will also detail:

- GOA funding contribution details and payment schedule.
 - In the instance of a capital grant, funding will be based on milestone-based payments.
- Funding details for other contributors.
- Services to be delivered by the operator.
- Insurance and warranties required to cover risks.
- Indemnity and Liability.
- Reporting, Audit and Inspection requirements.
- Termination and Default.
- ASHC will place an encumbrance on the property title of the affordable housing development approved within the AHPP for the period of time the units are to remain affordable.

Reporting

Subject to the agreement, successful applicants will be required to annually report on the following for the term of the agreement:

- Number of units allocated for those in core housing need;
- Annual household income and composition by non-market unit;
- Number and size of units by rental band (i.e., minimum, mid-range, and near market/market rent);
- Units occupied/unoccupied;
- Attestation of compliance with agreement; and
- Statement of revenue and expenses

9. Additional Supporting Materials

Additional supporting materials will be available as appendices to this document on the Alberta Seniors, Community and Social Services website, including a project submission checklist, an application form, a draft funding agreement template, and an annual reporting template.

10. Communication

Thank you for your interest in the AHPP.

Please email any questions or completed application forms during the intake window to the following email address: scss.housingpartnerships@gov.ab.ca.

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