



# Affordable Housing Asset Management Framework

Managing government-owned real estate assets

*Alberta* 

## **Affordable Housing Asset Management Framework**

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# 1.0 Introduction and background

## 1.1 Introduction

The Affordable Housing Asset Management Framework (the framework) is a companion document to [Stronger Foundations: Alberta's 10-year strategy to improve and expand affordable housing](#) (the strategy). The framework is the blueprint that ensures the Alberta Social Housing Corporation's (ASHC's) real estate assets are managed in a way that will expand and improve affordable housing. This will enable more Albertans in need to have access to suitable housing options.

## 1.2 Purpose of the framework

The framework is intended to provide transparency and clarity to stakeholders on how the ASHC will manage assets to achieve goals and outcomes, including criteria for asset sales, transfers, retention and investment. The framework will help ensure government-owned affordable housing buildings and properties are used efficiently to meet the current and future needs of Albertans. The primary purpose in all asset decisions is to best serve the housing needs of low-income Albertans and to ensure vulnerable Albertans are protected. While the framework identifies the guidelines for making decisions on ASHC-owned assets, government discretion will be required to factor in circumstances or considerations to achieve what is best for the Albertans in need of housing support. The ultimate focus of government remains outcomes for low-income Albertans, value for taxpayer dollars, and long-term sustainability of the system.

*Stronger Foundations* outlines the Government of Alberta's (GOA) plan to maximize the value of existing ASHC assets and use partnerships to achieve the goal of serving 82,000 households within 10 years – an increase of more than 40 per cent. This is an additional 25,000 households in Alberta; 13,000 new affordable housing units and 12,000 through rent supplements. Through the ASHC, the GOA owns almost half of the affordable rental housing stock in the province. The strategy identifies the goal to shift the GOA's role to a funder and regulator of affordable housing, moving away from owning and operating assets. The desired outcomes are to:

- Ensure affordable housing is located where the need is highest;
- Leverage the value of real estate assets to invest back into the affordable housing system;
- Reduce the GOA's role in property ownership, focusing more on GOA's role in oversight, funding and partnerships in order to increase access; and
- Make the affordable housing system increasingly financially sustainable.

The framework implements Action 5.2 in the *Stronger Foundations* strategy:

*Develop and implement an affordable housing asset management framework, which will optimize the ASHC real estate asset portfolio by identifying properties for sale, transfer, retention or redevelopment.*

The framework also addresses Recommendations 2 and 3 of the [19 recommendations](#) made by the 2020 Affordable Housing Review Panel (the panel):

*Develop a provincial asset management plan as a first step to move the Government of Alberta from being an owner of affordable housing assets to regulating and funding housing programs; and*

*Develop and implement a strategic asset transfer plan that achieves equity, safety, flexibility and sector financial sustainability by working with key stakeholders, including housing management bodies, non-profit organizations, private landlords, private developers and Indigenous organizations.*

### **1.3 Context**

Affordable housing supports households with low to moderate income who cannot afford rental housing at market rates. It also provides stability to people who may have barriers to accessing safe and suitable accommodations on their own, including seniors, individuals and families with low and moderate incomes, individuals with disabilities, households facing domestic violence, Indigenous peoples, and people with special housing needs.

For the purposes of the framework, provincial affordable housing refers to accommodation provided at below-market rental rates by affordable housing providers or housing management bodies (HMBs) and subsidized through GOA to serve individuals and households in core housing need. Albertans are in core housing need when they spend more than 30 per cent of their income on housing, or when their housing is not suitable (enough bedrooms for the size and make-up of a household) and adequate (housing that does not need any major repairs).

The current supply of Alberta's affordable housing stock cannot meet the demand for affordable housing – and demand is increasing. According to the Statistics Canada 2016 Census, nearly 165,000 Alberta households are in core housing need. In addition, the expected growth in Alberta's seniors – to over one million by 2035 – will increase pressures for access to affordable homes for low-income seniors. A new approach to the GOA's asset management is needed to make more efficient use of existing housing stock and unlock the value of the assets to fund expansion opportunities.

In addition, housing needs in Alberta are becoming more diverse. There are significant differences in demographics and community needs across the various regions of Alberta. There is a need to diversify or redevelop ASHC's available stock and to re-profile its portfolio to better meet the changing needs of communities, seniors, and other vulnerable households.

Over the next 20 years, Alberta's current stock of affordable housing is also in need of renewal and redevelopment. Increasing maintenance costs, increased demand, and budgetary pressures all impact the government's ability to maintain the supply of ASHC-owned units.

Government investment in maintenance and renewal is needed. Civil society organizations such as housing providers and entities that will enter into partnership agreements will be important partners in ensuring assets are maintained and renewed in a timely manner. Non-government ownership allows for flexible and lean processes that enable more responsive and preventive maintenance over the long-term.

The framework aims to increase the supply of affordable housing units. Through partnerships with HMBs, non-profit and private organizations, municipalities, and Indigenous partners and organizations, Alberta will shift away from being a significant owner of housing stock and focus on regulating and funding affordable housing. Through non-government ownership providers will be able to unlock the value of an asset by leveraging assets for equity that can be reinvested into new housing projects, establish capital reserves and proactively invest in capital maintenance and renewal to extend the life of the asset. Through annual plans to sell, transfer, and invest in housing stock, the available supply will grow. Most current assets will be maintained for use as affordable housing. A core consideration in all decision making is how to best serve the needs of tenants and housing Albertans in need is the first priority.

#### **1.4 ASHC real estate assets**

As of December 2021, the ASHC, incorporated through the *Alberta Housing Act*, owns approximately 27,000 units across approximately 3,000 assets. This included approximately 8,500 community housing units, 4,400 seniors' lodge units, and 14,100 seniors' self-contained housing units.

In 2021, ASHC contracted Colliers Project Leaders, a diversified professional services and investment management company, to conduct a preliminary analysis of the ASHC asset portfolio. The analysis included a jurisdictional scan, focusing on operational benchmarks and innovative approaches to increasing housing supply and reducing operating expenses, community real estate scans with rental statistics and trends, and a review of available data on the ASHC's real estate portfolio. This analysis helped form the asset management framework, asset evaluation criteria, and next steps for developing asset sales plans and asset transfer plans.

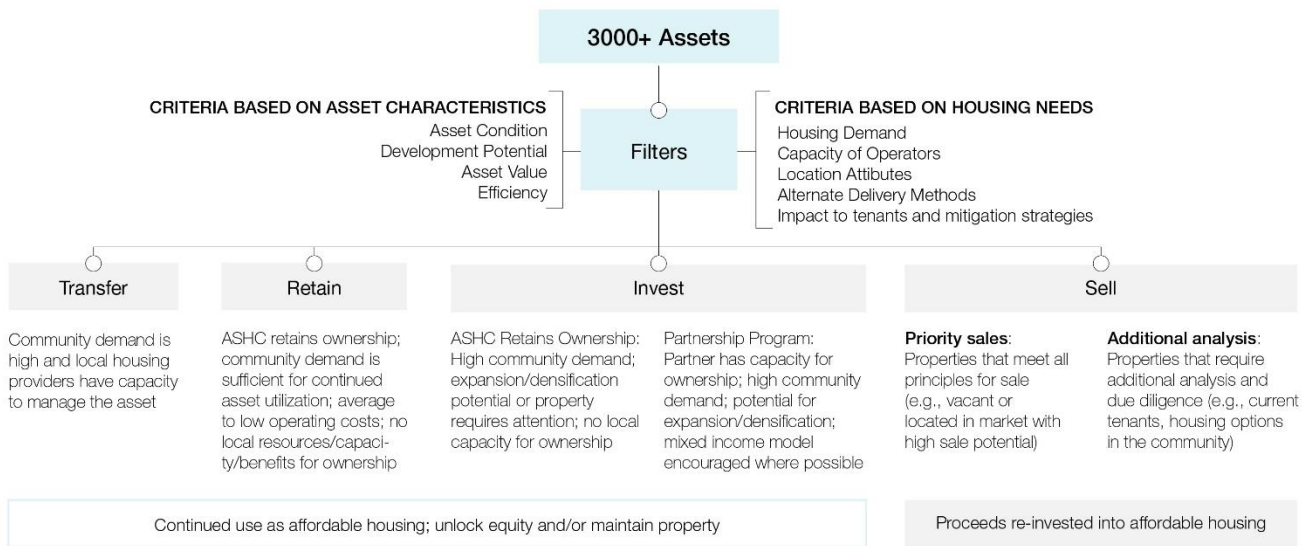
## **2.0 The Affordable Housing Asset Management Framework**

The framework identifies four pillars: Transfer, Sell, Retain, and Invest. The work to achieve the outcomes within each pillar will be undertaken concurrently over the 10-year duration of the framework. Appendix A provides further information on asset evaluation criteria, and Appendix B provides a visual flow chart to describe the decision-making approach for ASHC assets.

Affordable housing is not like other forms of public infrastructure. Whether a unit is a one-bedroom apartment in a multi-unit complex, or a detached single-family dwelling, it is home for Albertans with low income. Great care will be taken in implementing the framework, particularly pertaining to asset sales or transfers that are not vacant.

Government will carefully consider community demand, housing operator capacity, the condition and usefulness of the asset, and opportunities for partnerships with the private and non-profit sectors. Local needs assessments will guide our understanding of community need. In communities where there is a supply or market gap, and there is no private sector capacity to deliver housing, Alberta’s government will work with partners with the aim to enhance the supply of affordable housing.

Through the annual capital planning process (for example the Partnership Program; see section 2.4), organizations can submit proposals for potential asset outcomes (i.e. transfer, retain, invest, or sell) for consideration. HMBs can express interest in real estate assets through their annual business plan submission.



## 2.1 Pillar 1: Transfer

Seniors and Housing will identify the ASHC-owned real estate assets where transferring ownership from the ASHC to a local housing operator or municipality is feasible. The housing operator or municipality should have the capacity to own, operate, and leverage the equity in the property, under an agreement for the number and type of affordable housing units to be maintained over a set timeframe. When the asset is transferred, an encumbrance will be registered on title to ensure the asset continues to provide affordable housing, such as a caveat on title or option to repurchase agreement. Regular monitoring will ensure compliance with the terms of the agreement.

Operating surplus and leveraged equity enable the operator to maintain or renew the property, expand, or redevelop the property, or to invest in new projects to increase the number of affordable housing units available, especially in communities where need is increasing. The intended outcome is to continue the operation of existing affordable housing with minimal disruption to the tenants.

The [Social and Affordable Housing Accommodation Exemption Regulation](#) enables the continuation of property tax exemption for former ASHC properties that transfer ownership and continue to be used for the purposes of social or affordable housing accommodation.

To prepare for transfers, building condition assessments, appraisals, discussions, and agreements with stakeholders will be required. The ASHC will work with current operators first to understand capacity and willingness to be part of a transfer agreement. Recommended transfer opportunities will be brought forward for government approval through the annual budget process.

Seniors and Housing will focus on properties with low net book value, and those that are suitable for redevelopment as mixed-income and/or mixed-use properties. Operators will be able to recommend assets for transfer as a standalone opportunity or as part of a broader redevelopment. Opportunities to transition to mixed-income can occur gradually as tenants vacate units or when a redevelopment or expansion project is complete.

Where assets are meeting community need and are in fair to good condition, the ASHC will consider if there are opportunities for operational efficiencies through the transfer of asset ownership. Consideration will be given to whether the asset condition can be improved through capital maintenance and renewal (CMR). The terms of a transfer agreement will be determined on a case-by-case basis.

Outcomes and revenues pertaining to successful transfers will be reported every year in Seniors and Housing's annual report. Any revenues from asset transfers will be used to reinvest into affordable housing programs.

## **2.2 Pillar 2: Sell**

The government will identify the ASHC-owned real estate assets for sale, with the aim of generating funds for renovation, expansion, or redevelopment. Government may proceed with sales where the assets are in areas with high supply or low demand for below-market rental housing, or where the asset is vacant or not functional for affordable housing and could be repurposed.

It is estimated up to approximately 20 assets could be recommended for sale each year. Building condition assessments, appraisals, and legal documents are required to refine the plan each year and tenant impacts and transition time would need to be considered in some cases.

Seniors and Housing aims to put people first, ensuring impacts to tenants are minimized wherever an occupied property is affected. Strategies include delaying sales until tenants move out to avoid tenant displacement or finding alternate accommodations. In some circumstances, such as single-family homes in areas with surplus housing relative to forecast demand, rent-to-own opportunities may be presented to current tenants. The government will not sell an occupied property without first discussing options with the housing operator. To mitigate potential impact to tenants:

- Asset sales will begin with vacant properties, or properties that are not being used or held for affordable housing projects;
- Other asset sales will be considered when there is no current or projected market or supply gap for affordable housing in a community, or assets are underutilized and alternative housing supports for low income households are available;
- Sales of single-family homes will be undertaken as tenants move out to avoid displacement or until alternate accommodation can be found; and



- In addition, rent-to-own opportunities will also be explored for some single-family home assets that are recommended for sale.

Recommended property sales will be brought forward for government approval through the annual budget process. Seniors and Housing will first focus on vacant properties. Subsequent years require further work to prepare for sales, such as building condition assessments and appraisals to evaluate the current state of assets and establish their market value. The ASHC intends to publicly post opportunities to purchase properties, except for rent-to-own opportunities, with the intent to sell to on the open market. It is important to know the government would not be in a position to publicly share the list of assets that is planned for sale or transfer because doing so may impact the market in advance.

Funding from asset sales will be reinvested in the provincial affordable housing system as a whole based on community need. Outcomes and revenues pertaining to successful sales will be reported every year in Seniors and Housing's annual report. Any revenues from asset sales will be used to reinvest into affordable housing programs.

### **2.3 Pillar 3: Retain**

Some real estate assets will continue to be owned by ASHC, where government ownership will achieve the best outcomes for local housing need, and where there is sufficient demand for ongoing government ownership. ASHC may retain assets in communities where:

- The demand for affordable housing is decreasing, and there is no requirement to leverage asset equity;
- There are opportunities to leverage the property for other GOA programs;
- There is no local capacity or willingness to own and manage the property;
- There is no other benefit to selling or transferring the ownership of the asset; and/or
- Maintaining the status quo would best support tenants or target population groups with unique needs (such as specialized housing for Albertans with a disability).

To support decision-making, building condition assessments on real estate assets will be completed and monitored over time. In addition, local housing need, development potential and capacity will be periodically reviewed.

#### **2.3.1 Capital Maintenance and Renewal Program**

A key component of the government's reinvestment strategy is the Capital Maintenance and Renewal (CMR) program. The purpose of the CMR program is to protect the integrity of the existing ASHC-owned housing portfolio. This is done through planned repair, replacement, and maintenance.

The panel's Recommendation 15 is to:

*Direct the GOA to improve its approach to capital maintenance funding, including the establishment of an expedited process for project approvals and setting benchmark timelines for project approvals.*

In response to Recommendation 15, the government will:

- Streamline and reduce red tape for HMBs when submitting requests for CMR;
- Ensure HMBs receive timely decisions from government on approvals; and
- Conduct a separate analysis in 2022 and develop recommendations on the CMR program, focused on implementing best practices and improving efficiency.

Improving the government's approach to CMR will ensure existing ASHC assets continue providing safe, affordable, and suitable housing that meets the needs of the community and minimize life cycle and operational costs for these assets.

## **2.4 Pillar 4: Invest**

The *Stronger Foundations* strategy aims to serve an additional 25,000 households in Alberta: 13,000 new affordable housing units and 12,000 through rent supplements over the next 10 years. In addition to selling, transferring, and retaining some of the ASHC-owned portfolio, additional investment will be required through expansion and building new housing developments. Investment or expansion will be considered for properties with high development or densification potential in areas of low supply and high demand, as well as properties with potential to increase the number of affordable housing units available through mixed-income and/or mixed-use housing developments using a partnership approach. Local or regional affordable housing needs assessments will be key to understanding where there is a significant need for investment in affordable housing.

Where developer or operator capacity exists, and where there is interest in partnerships and investment, the ASHC will use a partnership approach to enhance supply under the Affordable Housing Partnership Program. Where it makes sense, government may provide redevelopment grants to revitalize, densify or repurpose existing housing with below market rents. Where developer and operator capacity does not exist and more affordable housing is needed, GOA capital investment into ASHC-owned properties may be needed.

The Affordable Housing Partnership Program is under development for launch in 2022 and will be released separately. Key factors in the partnership approach will be:

- A strong business case for the proposed project, with clear demonstrated need (see section 3.2 on housing needs assessments).
- Shared investment with multiple partners (federal, provincial and municipal governments and partners organizations)
- Agreements that articulate the commitment to the duration, rent rates, and method of tenant selection for affordable housing units.
- Partners will need to be able to demonstrate experience and successful outcomes in other housing development projects, which could include, but not limited to, designation as an affordable housing provider under the *Alberta Housing Act*.

### **2.4.1 Expansion**

Properties with high development or densification potential in areas of low supply and high demand will be considered for investment.

In circumstances where GOA capital investment is required to expand existing ASHC-owned real estate assets, the government will:

- Identify opportunities where properties have the potential for expansion or densification, integrated development, and air rights development;
- Support other GOA initiatives such as integration of continuing care requirements with seniors' lodges and independent apartments to support aging in seniors' chosen communities; and
- Leverage property for mixed-income and/or mixed-use developments using a partnership approach.

#### **2.4.2 Build new**

The GOA recognizes that capital investment for new builds will be required where the need for affordable housing is high, and no other options are available. In situations like these, the government will work with its stakeholders, including municipalities, in determining community housing needs, options, and solutions.

### **3.0 Approach**

#### **3.1 ASHC stakeholders and interested groups**

The participation of ASHC's stakeholders and interested groups is vital to the success of the overall delivery of provincial affordable housing programs through the ASHC's portfolio. Their involvement will be carefully considered as the GOA moves forward.

The ASHC's stakeholders and interested groups include:

- Current tenants;
- Albertans in core housing need;
- HMBs;
- Non-HMB housing providers;
- Non-profit sector;
- GOA departments;
- Municipalities;
- Housing sector developers;
- Housing associations;
- Seniors, Indigenous peoples, cultural, and persons with disability organizations; and
- Community members.

The government will work with its partners to ensure existing tenants in provincial affordable housing accommodations experience minimal impact as the framework is implemented. Strategies include:

- Transitioning assets as they become vacant, or delaying sales until tenants move out to avoid tenant displacement;
- Finding tenants alternate accommodations;
- Exploring rent-to-own opportunities with current tenants; and/or
- Entering into affordable housing provision agreements and placing an encumbrance on transferred titles to ensure the property continues to be used for affordable housing.

### 3.2 Needs assessments

The panel's Recommendation 12 encourages municipalities to develop local housing and homelessness needs assessments and action plans to:

- Identify local priority populations;
- Help guide local, provincial, and federal investments in affordable housing; and
- Develop solutions to address the unique needs of urban, rural, and remote communities.

This recommendation is reflected in Action 6.2 in the strategy: *“encourage regional/municipal needs assessments to inform the GOA and community planning.”*

Seniors and Housing has developed a housing needs assessment template that municipalities can use to:

- Support investment decisions for expansions, conversions or new builds;
- Support mixed-income developments, including an affordable housing partnership approach; and
- Support decisions for sale and alternate approaches in some communities.

Local needs assessments help inform where investments need to be made based on evidence. They can support business cases for proposals under the partnership program and consistency across assessments may also help prioritize projects when making decisions for allocating limited resources. Needs assessments will also inform more flexible and adaptable approaches tailored to local and regional needs. The template and guidelines for completing needs assessments are available on the GOA website.

## 4.0 Conclusion

The implementation of the framework will have a transformative role in the management of ASHC's affordable housing assets, paving the way to expand affordable housing options for Albertans in need. Through this framework, the GOA will ensure assets are managed in ways that best enable affordable housing providers and the ASHC to leverage them, while maintaining and increasing affordable housing options and supply for the benefit of Albertans. Considerations under the pillars of Transfer, Sell, Retain and Invest will create opportunities for new ownership, redevelopment, expansion, and renewal. While the framework allows for transformation in how affordable housing assets are managed, it is essential to remember these properties are Albertans' homes. All decisions made through this framework will consider how to minimize and mitigate impacts to tenants, ensuring they continue to have access to safe and suitable affordable housing.

This framework is based on a partnership model, with partners in affordable housing having a vital role in informing how assets should be treated under each pillar. ASHC will take the most appropriate course of action for each asset, as informed by local housing needs assessments, community demand for affordable housing, impacts and options for tenants, and all the technical considerations pertaining to the current state of the asset and its potential under the scenarios identified. This will best position the province to respond to rising demand for affordable housing and the need to use assets efficiently, unlocking their value in the long-term.

The framework will support and work in conjunction with key actions in *Stronger Foundations* to maximize the value of assets, increase partnerships, and support the strategy goal of creating 13,000 new affordable housing units to serve a total of 82,000 households annually by 2032.

## 5.0 Glossary

**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.

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

**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).

**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.

**Affordable housing partnership** – refers to a cooperative venture between the ASHC and non-government organizations to contribute to developing and delivering affordable housing targeted to families, seniors and/or individuals with low income, and target populations with special needs.

**Air rights development** – refers to transferability of density/height allowances between projects/air rights contingent on the development of affordable units.

**Core housing need** – refers to when Albertans spend more than 30 per cent of their income, before taxes, on housing, or when their housing is not suitable (enough bedrooms for the size and make-up of a household), or adequate (housing that does not need any major repairs).

**Housing management body (HMB)** – refers to an entity established under the *Alberta Housing Act* through a ministerial order to deliver social housing programs on behalf of the Government of Alberta.

**Integrated development** – refers to creating mixed-income developments in high-density areas, central to amenities with opportunities for further development.

**Mixed-income development** – refers to housing developments that include households of different income levels, and therefore require different levels of subsidization, by design.

**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.

**Social housing** – refers to regulated housing programs defined in the *Social Housing Accommodation Regulation*: Community Housing, Seniors Self-Contained Housing, and Seniors' Lodge.

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<sup>1</sup> The National Housing Strategy Glossary of Common Terms.

**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 make-up (gender, single/couple, etc.) of the household and meets their needs, according to National Occupancy Standard requirements.

# Appendix A: Asset Evaluation Criteria

Appendix A provides an overview of the analysis that will inform the government decision-making process for managing ASHC assets. The analysis will identify and rationalize the asset-specific outcome (i.e. to transfer, retain, invest, or sell). The methodology and criteria will be used based on quantitative and qualitative metrics on the asset and housing need.

## Level 1 – Preliminary analysis

Level 1 analysis will identify the potential outcome (i.e., transfer, sell, retain, or invest) by applying three criteria: affordable housing demand, asset condition, and asset value. This is a high level analysis that will identify the potential outcome.

**Level 1 Criteria**

Pillar	Affordable Housing Demand	Asset Condition	Asset Value
<b>Transfer</b>	The housing demand is high.	Condition is fair to good and it may be feasible to improve the condition with CMR.	Asset has low net book value.
<b>Sell</b>	The asset is vacant (no existing tenants) or significantly underutilized, the housing demand is low or located in areas of high supply.	Vacant asset is not functional (e.g. vacant land or vacant building in poor condition) or able to be repurposed for affordable housing.	Asset has potentially high appraisal value (e.g. high development potential).
<b>Retain</b>	The housing demand is decreasing or there are limited rental options in the community.	Condition is fair and it may be feasible to improve the condition with CMR.	Asset has high net book value.
<b>Invest</b>	The housing demand is high.	Condition is fair to poor. Asset is not functional and/or it may not be feasible to address the condition with CMR (e.g. feasible to renovate or redevelop).	Asset has low net book value.

## Level 2 – Detailed analysis

Level 2 analysis evaluates the potential outcome based on the asset characteristics and housing need criteria. Level 2 Analysis will be supported by building condition assessments (BCA), appraisals, and local needs assessments, when applicable. Operator capacity would be assessed based on financials, governance, and experience managing similar properties.

The analysis conducted in Level 2 will either support or not support the outcome identified in the Level 1 Analysis. In the case that the outcome is not supported, the asset will return to Level 1 Analysis to consider other options.



## Level 2 Criteria

Pillar	Asset Characteristics	Housing Need
<b>Transfer</b>	<p><u>Asset Condition</u> – Condition is fair to good and the BCA supports that it is financially feasible to continue to maintain the asset with CMR.</p> <p><u>Efficiency</u> – Operating costs based on scale, purpose and location align with industry averages.</p> <p><u>Utilization</u> – Asset has a low vacancy rate.</p>	<p><u>Housing Demand</u> – The housing demand is high (supported by the local needs assessment).</p> <p><u>Capacity of Operators</u> – Operator demonstrates a viable financial model for the asset (e.g., ability to own, operate and/or leverage the asset).</p> <p><u>Location Attributes</u> – Location is optimal for social housing (e.g. proximity to schools, health services, social support, and transit).</p> <p>Transfer would not impact existing tenants.</p>
<b>Sell</b>	<p><u>Asset Condition</u> – If there is an existing building, the building is not functional or able to be repurposed for affordable housing.</p> <p><u>Development Potential</u> – Market conditions signal high sale potential (considerations for location, land use, and neighbourhood characteristics).</p> <p><u>Asset Value</u> – High appraisal value (supported by an appraisal).</p> <p><u>Utilization</u> – Asset is vacant (no existing tenants) or significantly underutilized (high vacancy rate).</p>	<p><u>Housing Demand</u> – The asset is in areas with high housing supply or low current and projected demand for housing (supported by the local needs assessment).</p> <p><u>Existing Tenants</u> – There are no existing tenants or where there is a high vacancy rate alternative affordable housing options exist to relocate tenants</p> <p>See level 3 analysis for home ownership options.</p>
<b>Retain</b>	<p><u>Asset Condition</u> – Condition is fair and the BCA supports that it is financially feasible to continue to maintain the asset with CMR.</p> <p><u>Efficiency</u> – Operations costs based on scale, purpose and location align with industry averages.</p> <p><u>Utilization</u> – Asset has a low vacancy rate.</p>	<p><u>Housing Demand</u> – The housing demand is decreasing or there is limited rental options in the community (supported by the local needs assessment).</p> <p><u>Capacity of Operators</u> – There is no local capacity or willingness to own and manage the asset (e.g., ASHC is the only rental housing provider in community).</p> <p><u>Existing Tenants</u> – No alternative affordable housing options are available for existing tenants.</p> <p><u>Location Attributes</u> – Location is optimal for social housing (e.g. rural and remote communities).</p>
<b>Invest</b>	<p><u>Asset Condition</u> – The building is not functional and/or the BCA indicates that it is not feasible to address the condition with CMR.</p> <p>OR</p> <p><u>Development Potential</u> – Asset has high redevelopment or densification capacity (e.g. addition to an existing building or new construction). Additional consideration for location, land use, and neighbourhood characteristics.</p>	<p><u>Housing Demand</u> – The housing demand is high or projected to increase and/or in areas with low supply (supported by the local needs assessment).</p> <p><u>Capacity of Operators</u> – Operator demonstrates capacity to support investment and a long-term viable financial model (e.g. ability to own, develop, and/or leverage the asset).</p> <p><u>Location Attributes</u> – Location is optimal for social housing (e.g. proximity to schools, health services, social support, and transit).</p>

		<p><u>Existing Tenants</u> – Affordable housing alternatives exist for existing tenants who may be temporarily displaced due to renovation or redevelopment.</p>
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### Level 3 – Further analysis

The last stage in the analysis process is the Level 3 analysis. In this stage, the government will determine if there are additional factors to consider related to the outcome.

The following are some of the additional factors (but not the only possible ones) that may be considered.

- Affordable housing system – The outcome supports the affordable housing system and there are no to minimal impacts on the housing demand/supply. The outcome support the long-term objectives to improve and expand affordable housing in areas of need.
- Impact to tenants – There may be additional considerations to ensure no to minimal impact on tenants (e.g. health or mobility of existing tenants, special needs client groups).
- Demographic – If the asset serves a special needs population, ensuring the outcome continues to support this population (e.g., vulnerable populations such as Albertans with a disability or women fleeing domestic violence).
- Single Unit Assets - If the asset serves a single tenant, there may be an opportunity to purchase (e.g., rent-to-own agreement).
- Alternative Delivery Models – The outcome supports an alternative or innovative delivery model (e.g., partnerships, mixed-income model, or mixed-use developments).
- Other Funding Sources – If the operator receives additional funding from other government programs or levels of government, the outcome does not impact funding (e.g., Master Service Agreements with Alberta Health Services). The outcome does not impact or violate the terms of other federal, provincial, municipal or provider funding agreements or there are options to renegotiate the terms of the agreement.
- Risk – Any potential risks of the outcome that would impact the affordable housing system or disadvantage households (e.g., unreasonable burden caused by relocation of tenants).
- Other GOA Programs – Consideration for opportunities to leverage the property for other GOA programs, prior to selling a property.

# Appendix B: Planning for ASHC Assets and Investment in Affordable Housing

