

September 20, 2024

Honourable Jason Nixon, MLA
Minister of Seniors, Community & Social Services
Office of the Minister 227 Legislature Building
10800 - 97 Avenue Edmonton, AB T5K 2B6



Re: Recommendations for Improving the Affordable Housing Partnership Program (AHPP)

Dear Minister Nixon,

On behalf of ASCHA, I would like to express our sincere appreciation for your leadership on behalf of the sector. The investments made by the Government of Alberta through your leadership have been critical in supporting housing providers across the province as they work to serve vulnerable populations, including seniors, women fleeing violence, and low-income families. We commend the government's commitment to ensuring that more Albertans have access to safe and affordable housing.

As part of our ongoing efforts to enhance the delivery of affordable housing, we recently conducted a survey on the Affordable Housing Partnership Program to identify ways this valuable program could be enhanced. The goal of the survey was to identify actionable solutions to share with your government.

Summary of Findings:

Thirty-one housing providers across Alberta, representing communities across the province, provided feedback. While many positive outcomes have been achieved through the AHPP, the survey results have highlighted several areas where adjustments could further improve the program's impact and accessibility for a broader range of organizations. It is also understood that this program is new, and with any new program, adjustments will need to be made based on evaluations.

The survey revealed several challenges housing providers face, particularly the high costs associated with preparing applications and the unpredictability of success. On average, organizations spent \$8,100 on average per unit in Round One and \$8,955 per unit in Round Two to be "application ready." These costs cover a range of services/work including, but not limited to, project management, architecture and engineering services, environmental/geotechnical/traffic or other studies, zoning, community engagement, cost consultation, construction management or pre-construction services. Despite this investment, success rates have varied. Additionally, organizations are allocating significant staff time to prepare their applications, with many allocating 40+ hours and numerous staff members involved. Conversely, smaller organizations with fewer staff noted substantial challenges due to limited resources.

The number of applications received and the fact that 45% of respondents to the survey shared they would be applying for Round Three show that AHPP remains critical to building more affordable housing in Alberta. It should also be noted that over 66% of those who intend to apply for Round Three have not yet applied to the previous rounds, further underscoring the urgency to address the challenges. The opportunity costs of allocating scarce resources without a clear chance of success are enormous.

Without transparency on selection criteria, organizations cannot analyze how they can improve their application, thereby having a limited impact on their desired outcome of a successful application and further delaying projects.

Below are our key recommendations:

Key Recommendations:

1. Introduce a Pre-Qualification Stage:

- Implement a pre-qualification stage where organizations can submit a simplified proposal or concept note before investing heavily in detailed applications. This would allow the government to identify high-potential projects early on and reduce applicants' financial risk.

2. Simplify and Streamline the Application Process:

- The application process and approvals should account for varying sizes of municipalities and tailoring project scales accordingly. This approach will promote equitable distribution of resources and support, recognizing diverse communities' unique needs and characteristics.
- Provide the entire application before the round opens to allow organizations more time to prepare.
- Invest in a digital submission system with built-in checks for completeness and accuracy to speed up the review process and reduce errors.

3. Enhance Communication:

- Improve communication by providing clear, upfront information about funding priorities, evaluation criteria, and timelines. Regular updates should be provided to applicants throughout the application process, informing them of their status and any changes.
- Adopt a hybrid communication approach where preliminary feedback is provided within 30-90 days, with public announcements coordinated over a longer period.

4. Increase Technical Assistance and Capacity Building:

- Offer targeted technical assistance to smaller or less experienced organizations to help them navigate the application process, develop strong proposals, and manage their projects effectively. This could include webinars, workshops, one-on-one sessions, and access to planning resources.
- Provide ongoing capacity-building support to ensure organizations are equipped to manage long-term financial sustainability and meet the program's requirements. This will also allow the government to track and address broader challenges earlier.

5. Implement a Collaborative Portfolio and Resource Sharing Approach:

This should focus on program goals rather than individual project specifics. It would also provide value for program-based funding for smaller organizations because it would provide a more predictable funding stream that could be aligned with a multi-year strategic plan rather than a more reactive approach to housing development.

- Strategic Bundling of Projects and Resource Pooling:
 - a. Portfolio approach for larger organizations: Organizations with multiple housing developments could use a portfolio approach, bundling projects into one application. This allows for flexible resource allocations across projects, risk diversification, and streamlined reporting, reducing administrative burdens and improving project management.
 - b. Resource sharing and pooling for smaller organizations: Facilitating collaborative efforts among smaller organizations to pool their resources for applications. By forming partnerships, these organizations can apply for multiple projects collectively. This approach would leverage each other's strengths and increase their competitive edge through joint purchasing agreements and other resource sharing.

Both would have advantages, allowing for longer-range planning and ensuring that organizations of all sizes could benefit from collaboration opportunities and pool resources. For the strategic bundling of projects, it will be critical to ensure balance in the allocation of funding so smaller organizations that may not have as many projects will not be under-prioritized.

6. Implement Flexible Funding Models and Transparent Priorities:

- Separate Funding Streams: The Province should create distinct funding streams with transparent priorities for each housing segment, including lodges, transitional, and affordable housing. This will ensure that each housing type receives tailored support and funding according to its specific needs and challenges. For housing providers administering Rental Assistance Benefit (RAB), funding could be leveraged into new units to double the usefulness of RAB and decrease the capital required.
- Release of Key Targets: Like other ministries, the Province should release clear, specific targets for housing segments that it actively prioritizes for development. A transparent list of priority projected developments should help organizations better understand the timing and sequence of funding opportunities.
- Flexibility in Funding: Introduce flexibility in the funding model to account for regional differences and the varying capacities of organizations. This could include adjusting the required mix of income levels or offering additional subsidies for projects in smaller or higher-cost markets. Develop a continuous monitoring framework to track the financial sustainability of funded projects and adjust as needed.

7. Program Evaluation & Benchmarks:

- With the 30% provincial contribution, it is becoming increasingly difficult to make projects financially viable while keeping them affordable for tenants, and this needs to be reevaluated to ensure the sector can build more housing.
- Publicly sharing benchmarks and increasing overall transparency around priorities, evaluation, and targets will increase awareness of the government's investments.

These recommendations aim to improve the accessibility, equity, and sustainability of the AHPP, making it a more effective tool for addressing Alberta's affordable housing needs.

We deeply value the government's ongoing investments in housing and would welcome the opportunity to discuss these recommendations further. These adjustments will help ensure that the AHPP can better support housing providers in delivering essential services to Albertans. Thank you for your continued leadership and dedication to improving housing outcomes for Albertans. We look forward to collaborating with you on these critical initiatives.

Thank you,



James Nibourg
President

CC: ASCHA Board of Directors
Irene Martin-Lindsay, Executive Director