

Capital Development

November 2017

Pulling together to create positive outcomes!

Issue

Seniors' housing providers are concerned with how the Province of Alberta will deliver capital funding announced in the Provincial Affordable Housing Strategy and the extent to which the funding will alleviate demand on some communities and reduce vacancies in others so as to help seniors age in community.

Key Points

- The need for new development and growth is estimated by ASCHA at approximately 3,300 units per year.
- The Ministry of Seniors and Housing has confirmed that the majority of the announced funding has already been assigned and only about \$376 million of the \$1.2 billion is yet to be allocated over the next five years. They have outlined a tentative process on how unallocated Sustainable Housing Funds (targeted to housing management bodies and housing authorities) will be delivered; however, not how it will be apportioned between seniors housing and other forms of housing.
- The reality is that new seniors' affordable housing projects take at least five years from the initial application to final occupancy. The Government tends to underestimate the time requirements for new construction in their planning and funding allocation process.
- The Province of Alberta is in the process of implementing a new B3 Occupancy Classification that could save up to 20 percent in construction costs for new supportive living projects resulting in more new housing units delivered for the same amount of funding. It remains; however, unclear if the B3 Occupancy Classification will meet the needs of Alberta Health Services (AHS) for Designated Supportive Living (DSL).
- The industry responsible for meeting seniors housing needs is unable to access capacity planning information from the Province of Alberta. This impedes collaborative community practices.
- Albertans are unsure if there will be affordable options for them when and where they need it. Public awareness of capital development plans will allow seniors to make informed decisions for their futures.

It is essential that capital development plans involve consultation with organizations charged with providing seniors housing.

Current Situation

- On June 26, 2017, the Ministry of Seniors and Housing announced the Provincial Affordable Housing Strategy. The document entitled "Making Life Better: Alberta's Provincial Affordable Housing Strategy" states, under initiative 1. Invest Now and for the Future, that the Government will be investing \$1.2 billion over five years to build more affordable housing.
- The initiative also states 4,100 new and regenerated affordable housing units will be completed by 2021. Many existing homes will need to be repaired and about 2,000 will need to be replaced. *The initiative does not differentiate between seniors' housing and family oriented housing and falls short of the actual 3,300+ units needed to address demand per year.*
- The initiative states that all Lodges will have modern fire and safety systems by late 2018.
- The Ministry of Seniors and Housing has confirmed that much of the announced funding has already been assigned, leaving approximately \$376 million yet to be allocated over the next five years.



Anticipated Unintended Consequences

- Often some areas of the Province are being overbuilt, particularly when ASCHA, the seniors' housing providers and municipalities are not involved in the consultations. When two or more providers in the same location offer similar services, none are viable due to vacancies and duplication of services.
- In the past, seniors' housing providers with projects that were "shovel-ready" or projects involving renovations to existing structures or projects actually under construction would have received priority for funding approval. While this serves a politically motivated goal of "getting results quickly", it often situates the wrong project in the wrong place resulting in inefficiencies. To some degree, it penalizes seniors' housing providers for well thought-out planning and construction processes.

Recommendations for Government Consideration

- That the government develops an affordable housing capital funding plan that clearly shows the funds available for seniors' housing, and the need and priority locations for seniors' housing (i.e., needs assessment capacity plan) for each year over the term of the funding.
- That the seniors' housing portion of the affordable housing capital plan (that includes the needs assessment capacity plan) be developed in partnership with the seniors' housing industry.
- That the government honour its commitment to make infrastructure decisions and priorities transparent with the release of a public 'infrastructure sunshine list'.
- That the government provide clarification on building codes and call for consistent approaches and interpretations across all municipalities and agencies.
- That various delivery models and options be made available, with further clarity on municipal and provincial shared ownership, and that approaches be flexible and adaptive to changing community needs.
- That the affordable housing capital funding plan remains consistent over the term and is not continually altered. (i.e., A seniors' housing provider can be working on a project proposal in year one with assurances that funding will be available in year four. To have a smooth process, funding amounts need to be adequate and assured.)
- That key funding criteria are put in place to aid transparency and understanding.
- That the following important criteria be utilized in project selection and funding approval:
 - Proposals are assessed primarily on the target group's demonstrated needs (i.e., the appropriate seniors' housing and support services are in the optimal location to properly serve the target group. Under ASLI, demonstrated need was only assessed at 20 percent importance.), as evidenced by the Province of Alberta capacity plan;
 - Proposals are assessed on needs for the area and focus on needs of the target population. (In some cases vacant buildings with available space may be suitable, but it should not drive approvals.); and
 - Proposals should be funded fairly to meet the needs of the target population, with an emphasis on decision-making transparency. (Any funding that exceeds the fair allocation needs to be openly justified.)



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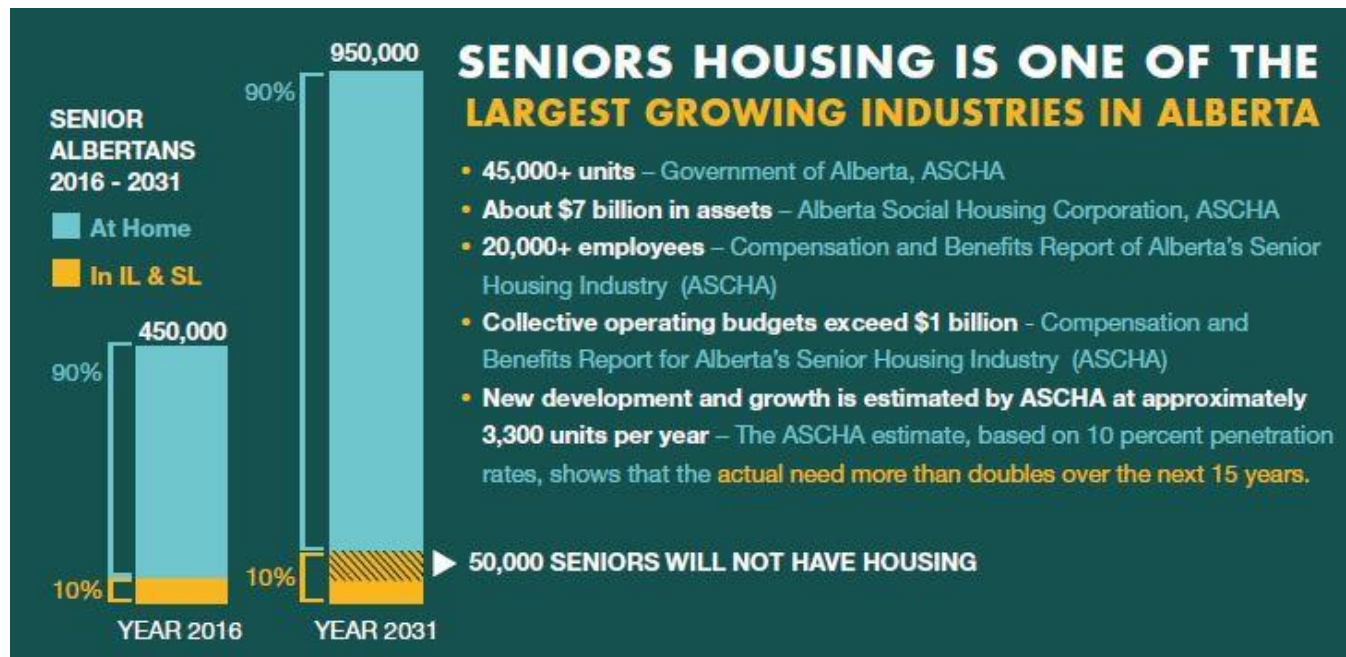


Capital Development

Background Information to Supplement Key Talking Points

Background

New development and growth has been calculated by ASCHA at approximately 3,300 units per year – This estimate is based on 10 percent penetration rates, and shows that the actual need will more than double over the next 15 years.



According to the 2017-2021 Alberta Capital Plan, the Ministry of Seniors and Housing has assigned \$937 million of the \$1.2 billion to the following categories:

- Health and Safety (\$30 million)
- Investment in Affordable Housing (\$42 million)
- Planning (\$8 million)
Note: Approximately \$8 million remains unallocated.
- Safe and Accessible Home Modifications (\$10.3 million)
- Preservation and Maintenance to provincially-owned housing, Lodges, Self-Contained, Community Housing (\$199 million)
Note: Approximately \$150 million remains unallocated.
- New Housing Supply - Community and Specialized Housing – Seniors and Non-Seniors (\$85.8 million)
Note: Approximately \$54 million remains unallocated. Funding will be allocated to non-profit and for-profit organizations as a “provincial investment” rather than a “grant” giving the province an “interest” in the project.
- New Housing Supply - Off-Reserve to serve families and seniors (\$90 million)
Note: \$90 million remains unallocated.
- Sustainable Housing Funds (\$472.3 million)
Note: Approximately \$70 million remains unallocated. This funding will be targeted to Housing Management Bodies (HMBs) and housing authorities.



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Noble Cause: Seniors are empowered to have choice and a life of purpose, wherein they are honoured, valued and respected.

According to Alberta Seniors and Housing, of the \$937 million outlined in the Capital Plan, about \$376 million has not been allocated. According to the *2016-17 Alberta Seniors and Housing Annual Report (Page 95)*, about \$263 million (\$1.2 billion less \$937 million) was budgeted in 2016 – 2017 as follows:

- Capital Maintenance and Renewal - Health and Safety (about \$38.7 million)
- Sustainable Housing (about \$173.4 million)
- New Housing Supply – Affordable Housing (about \$34 million)
- New Housing Supply – Specialized (about \$13 million)
- *Unspecified (about \$4 million)*

The remaining \$70 million of Sustainable Housing Funds will be allocated through the annual budget process and supported by the HMB's or housing authority's Business Plan, as well as capacity planning. The intent is to move away from the rapid allocation of funds used in previous capital funding programs. Although not yet formally documented, the following are the anticipated steps:

1. Approval to proceed with planning
2. Allocation of planning funds (from \$8 million Planning Fund noted above)
3. Submission and approval of a needs assessment
4. Preparation and submission of proposal
5. Proposal and funding approval

The Ministry of Seniors and Housing has not indicated how the funding will be apportioned between family and seniors' housing. There appears to be no clear process for how decisions are made and how the funding is to be administered or prioritized.

The previous Affordable Supportive Living Initiative (ASLI) funding approval criteria was as follows:

- Facility Design and Project Readiness for Construction (30%);
- Operator Qualifications and Enhanced Services (30%);
- Financial Feasibility and Sustainability (20%); and
- Demonstrated Need (20%).

The lack of consistency in affordable housing funding over the years has created serious difficulties for seniors' housing providers to make long-range plans. The approach described above appears to address some of these concerns.

Government tends to underestimate the development time between funding announcements and project completions for new construction and the effect it is having on the demand for low-income seniors housing. For new construction, it takes at least five years to move a senior into a suite once funding is announced, depending on the size and location of the project. The following are the stages and approximate timelines:

1. Project Application and Funding Approval – 1 to 2 years
2. Approvals, Zoning and Permits – 1 to 2 years
3. Architectural Design Drawings and Contract Documents – 1 to 2 years
4. Tendering and Construction – 1 to 3 years
5. Commissioning and Occupancy – 1 to 2 years

The Province of Alberta is in the process of implementing a new B3 and B3+ Occupancy Classification under the Alberta Building Code for supportive living projects. The move from the B2 to the B3 Occupancy Classification could save up to 20 percent in construction costs for new supportive living projects. This could result in more new housing units delivered for the same amount of funding; however, clarity is needed on the acceptability of the B3 and B3+ Occupancy Classification to meet the needs of AHS for DSL.



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