



CITY COUNCIL REPORT

Title Affordable and Social Housing Capital Grant –
Lethbridge Housing Authority Amendment

Meeting Date March 11, 2025

Submitted By Darrell Mathews, Chief Financial Officer and Treasurer
Carly Kleisinger, Director of Community Services

Summary

Lethbridge Housing Authority (LHA) has requested changing the affordability criteria within the Affordable and Social Housing Capital Grant agreement from the Rent-geared-to-income (RGI) model to rent based on the Province's Core Net Income Threshold (CNIT).

Administration has reviewed the requested change from RGI to CNIT and since the details of the RGI rent model were supplied by LHA and included in the public report for Council, any modifications would require direction from Council.

This submission brings forward LHA's request to change the affordability criteria within the Affordable and Social Housing Capital Grant agreement.

Recommendation(s)

That Council amend the June 11, 2024 Resolution for the Affordable and Social Housing Capital Grant – Lethbridge Housing Authority to include the following clause to be included within the grant funding agreement:

1. That the LHA will ensure the property will be operated as affordable, supportive housing utilizing a rate of 30% of the Province's Core Net Income Thresholds (CNIT), for a 20-year term which shall commence on the date of receipt of an occupancy permit (the "Term") and will provide annual reports on or before December 31st of each year verifying the facility is being used as affordable housing, with the inclusion of occupancy rates throughout the year.

Financial

None

Background and Prior Decisions

In 2024, City Council approved the up to \$1,050,000 from the Affordable and Social Housing Capital (ASHC) Grant for the Supportive Housing Project located at 416 Stafford Drive, North, Lethbridge, Alberta. The funding request from LHA indicated that instead of standard rates based on market value or provincial benchmarks, the units will be rented following a rent-geared-to-income (RGI) model. This means that monthly rental rates would be capped at 30% of the occupant's household income and would always remain affordable to the tenant. This standard exceeds the expectation of City requirements for affordability.

There are differences between what the rent charged will be between both models:

The LHA ASHC Grant request was discussed at the following meetings:

May 7, 2024 Economic & Finance SPC

Administration brought forward a request for decision regarding the allocation of up to \$1,050,000 to support the Lethbridge Housing Authority (LHA) in the new build of their supportive housing project at 416 Stafford Drive.

The Economic & Finance SPC directed Administration to request the Lethbridge Housing Authority to provide additional information including, but not limited to the project budget, specific budget pressures and the costs associated with them as well as other project related information, and report back to Administration by the end of July 2024 with the information and allocation request of up to \$1,050,000 for the Lethbridge Housing Authority for their Supportive Housing Project to be incorporated into the November Economic and Finance Standing Policy Committee annual budget review.

May 28, 2024 Council Meeting

City Council approved to bring forward the May 7, 2024 that the direction from Economic and Finance Standing Policy Committee to the June 11, 2024 meeting of City Council, and allow representatives of the Lethbridge Housing Authority and the Public to speak at that meeting

June 11, 2024 Council Meeting

At the June 11, 2024 Council Meeting, Council approved the following resolution:

1. Lethbridge Housing Authority be provided up to \$1,050,000 (One Million and Fifty Thousand Dollars) from the Affordable and Social Housing Capital Grant for the Supportive Housing Project located at 416 Stafford Drive, North, Lethbridge, Alberta, conditional upon:
 - a. The inclusion of key project features including security fencing, a dedicated outdoor space, commercial kitchen, and dedicated space for future inclusion of medical and pharmaceutical facilities; and
 - b. Execution by the Lethbridge Housing Authority and the City of Lethbridge of an agreement in a form, with terms and conditions, satisfactory to the City Manager who, together with the City Clerk are authorized to sign such Agreement.

The resolution required a funding agreement between the LHA and the City of Lethbridge for the ASHC funding. This agreement was drafted to include the RGI model per the submissions to City Council.

LHA inquired into the possibility of changing the affordability criteria within the Affordable and Social Housing Capital Grant agreement from the Rent-geared-to-income (RGI) model. .

Administration reviewed the requested change from RGI to CNIT and noted to LHA that since the details of the RGI rent model was supplied by LHA and included in the public report for Council, any modifications would require direction from Council. LHA has requested this item to be brought forward for Council decision.

Engagement

In November 2024, LHA inquired into the possibility of aligning the affordability criteria with the City's typical processes using the Province of Alberta's Core Net Income Thresholds CNIT rather than the Rent-geared-to-income (RGI) model. Administration reviewed the request and noted to LHA that since the details of the RGI rent model was supplied by LHA and included in the public report for Council, any modifications would require direction from Council.

At that time, Administration noted that if LHA wishes to pursue this, Administration would submit a request to Council for decision.

Recommendation and Option(s) Analysis

Option 1: Revise the Resolution

This will change the affordability criteria to a benchmark market value rate of 30% of the Province of Alberta's Core Net Income Thresholds (CNIT) within the ASHC Grant agreement.

- Utilizing the affordability based on a benchmark market value model means rent will be charged to individuals based on a certain % below a baseline market rate.
- For example, an individual under CNIT would pay \$1,225/month (Monthly Max Rent = \$49,000 x 30%/12 months = \$1,225/month)

Option 2: Do not Revise Resolution

This will maintain the affordability criteria to a Rent-Geared-to-Income model requiring no more than 30% of a resident's demonstrated gross income.

- Utilizing an RGI model means rent charged to individuals is based on their individual income level.
- For example, an individual making minimum wage would have a rent of \$780/month ($\$15/\text{hr} \times 40\text{hrs}/\text{week} = \$600 \times 52 \text{ weeks} = \$31,200 \times 30\%/12 = \780).

Attachment(s)

1. Attachment 1 – Excerpt of May 28, 2024 City Council Meeting
2. Attachment 2 – Recommendation of E&F SPC – LHA Funding Request

Link(s)

1. [LHA Funding Request Package – June 11, 2024](#)
2. [Project Snapshot – June 11, 2024](#)

Approvals

Department Director: Darrell Mathews

City Manager: Lloyd Brierley