

ASCHA's Response to the 2022 Alberta Budget

Prepared by ASCHA for Members
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Budget 2022 includes some positive announcements for Alberta's seniors and community housing sector and the Albertans served by the sector. ASCHA has written a [summary of key information from the budget](#) related to our members. Some items are worthy of singling out and ASCHA particularly wants to express thanks to the Government of Alberta for listening to our sector and for demonstrating leadership in meeting the housing needs of Albertans by:

1. Increasing 2022 operating year budgets by 2.5% for most Housing Management Bodies (HMBs)
2. Providing funding increases of 7.7% for Community Care (including Designated Supportive Living (DSL)), and 12.0% for Home Care in 2022-23
3. Offering \$118 million in capital over three years for Alberta Seniors and Housing to allocate to new projects
4. Offering \$204 million in capital funding over three years to modernize continuing care spaces and add new spaces in priority communities

Budget 2022 maintains the provincial government's important role as a funder for seniors and community housing. However, even more provincial funding is required. Budget 2022 has not yet delivered the new investments that will be required to achieve the targets that were announced for transforming affordable housing and continuing care to make life better for Albertans. Government understands the financial, workforce, and COVID-related pressures faced by the sector, and knows that more resources are required. ASCHA will continue to advocate for funding to address the increasingly pressing needs of Albertans for housing choices that are affordable and, for seniors, that also meet their needs for service options and health supports.

In addition to fully funding the transformation strategies it has announced, government can take the following actions to address longstanding barriers faced by housing providers:

- Ensure cross-ministerial commitment and accountability for expanding and enhancing housing options
- Provide property tax exemptions and Grants in Place of Taxes (GIPOT) to municipalities for housing that targets lower-income clients and/or has government-regulated accommodation rates
- Deliver a consolidated, streamlined, and responsive process ensuring accountability for measurable outcomes and non-compliances in seniors housing
- Introduce multi-year budgeting processes that blend block and variable funding
- Coordinate with the federal government to maximize access to federal funding programs

In December 2021, ASCHA presented the government with 13 policy and funding solutions to address the housing needs of Albertans. Many of the proposed solutions would have saved the system money and grown the economy. The Government of Alberta's Economic Multiplier Analysis shows that every \$1 invested in building affordable housing creates \$1.74 in total economic output. Alberta needs increased investments in housing to create jobs, stimulate the economy, maximize the funding that can be



leveraged from the Government of Canada, and support those most impacted by the economic and health impacts of the COVID-19 crisis.

The Government of Alberta is supporting thousands of Albertans in seniors and community housing, and ASCHA thanks the government for this. The housing challenges facing our province are enormous, and ASCHA will continue working with government on the needed policy changes that are in progress. In addition, we will advocate for the investments that ensure Albertans live in housing that honours their dignity, serves their needs, and inspires purpose in their chosen community.

Response to the Alberta Seniors and Housing Budget

Capital to Preserve Housing Stock

The most urgent concern raised by Alberta Seniors and Housing's budget is that only \$44.6 million in capital investment is budgeted for 2022-23 (capital investment is capital spending on Alberta Social Housing Corporation (ASHC) assets rather than grants to organizations). This is 50% of the \$89.9 million budgeted last year, and only 26.8% of the \$166.2 million budgeted 3 years ago. We understand that changing the Government of Alberta's role from being an owner to being a regulator and a funder of affordable housing means that Alberta Seniors and Housing's capital investments will greatly decrease over time. However, the cuts to capital investments should not occur until after assets have been transferred or sold.

ASCHA is concerned that Capital Maintenance and Renewal funding is still not adequately funded at \$38.1 million this year, and only \$23.3 million for each of the following two years. For comparison, actuals for Capital Maintenance and Renewal were \$39.0 million in 2019-20 and \$53.4 million in 2020-21.

Decreasing capital investment on ASHC assets, particularly Capital Maintenance and Renewal funding, will increase the risk of building failure, and will continue to erode the condition of ASHC assets. Affordable housing units transferred to housing providers will only be financially sustainable and physically safe to operate as affordable housing if the provincial government stops the rapid deterioration of building conditions caused by more than a decade of inadequate maintenance funding.

Housing Operations

ASCHA is pleased to see that operating funding will increase by \$25 million (or 21.8%) over three years. Housing providers have lost significant rental revenue due to COVID-19 while inflation is driving up costs. This funding is urgently needed now, but the increase is only \$1.8 million (or 1.6%) for this year. This increase is not applied to all forms of affordable housing but only to Rent-Geared-to-Income (RGI) housing programs. HMBs received a 2.5% operating funding increase for RGI programs for their 2022 operating year. ASCHA thanks Alberta Seniors & Housing for providing this required funding and hopes for increases that align with inflationary increases and that the true costs of operation are addressed going forward. This will better support housing providers to respond to the transformation at full capacity.

Accounting for inflation, HMBs operated this year with 10.8% less than they had in 2018, and face a forecasted record-high inflation for the coming year. All housing providers need more



operating funding, particularly during this time of transition, so that they can grow capacity to respond to asset transfers and mixed-income models.

The budget did not increase the Lodge Assistance Program rate. The sustainability and quality of the accommodation and services offered in lodges will erode unless this grant is modernized and increased to account for year-over-year inflation (for example, there is currently inflation of 4-5% for food costs and 7-10% for non-food costs).

Alberta Seniors & Housing is not planning to implement the commitment from *Stronger Foundations* to enhance tenant supports until a future year. ASCHA will continue to advocate for immediate funding to keep Albertans safely and affordably housed by enhancing access to mental health and addictions services and funding for tenant support workers.

Capital to Expand Housing Stock

ASCHA is pleased to see \$118 million in new capital funding that is not yet allocated to specific projects. This funding to expand the stock of affordable housing will increase each year, with \$20.0 million in 2022-23, \$39.9 million in 2023-24, and \$58.1 million in 2024-25. \$89 million of this funding over three years will be in grants to housing providers. The increase in capital grants is welcome, but inadequate. For comparison, the three-year total of capital grants from 2018-19 to 2020-21 was \$111 million. Reaching the *Stronger Foundations* target of 13,000 new units built over 10 years would require an investment of \$260 million/year using a cost estimate of \$200,000/unit. We know that the government anticipates that partners will contribute much of the capital to reach the target of 13,000 units, but reliance on this model creates a great deal of uncertainties, and, as such, significant investment from the provincial government will still be required until partnership models are proven to be successful and sustainable long-term.

Rental Assistance

Growing annual spending on rent supplements by \$14 million by 2024-25 is welcome, and shows that the province plans to use all available federal funding from the Canada-Alberta Housing Benefit. This will have a significant impact in supporting Albertans in housing need, but as with so many other funding increases announced in Budget 2022, the increase in rental assistance is back-ended, with a target of increasing in 2023-24. ASCHA will advocate that this funding be used to expand the Temporary Rental Assistance Benefit (TRAB) outside of Alberta's seven major cities.

Response to the Alberta Health Budget

Continuing Care Operations

Alberta Health's budget signals the implementation of its strategy of meeting most of the increasing demand for continuing care services in the community, rather than in facilities. Budget 2022 increases funding by 1.4% for Long Term Care (named Continuing Care in the budget), 7.7% for Community Care (including DSL), and 12.0% for Home Care. ASCHA thanks the government for prioritizing Home Care and Community Care in response to the clear preference Albertans have to age in community, not in facilities. Further increases will be required to serve Alberta's aging population. ASCHA will continue to advocate for 24/7 Home Care in congregate living settings to avoid expensive transfers or visits to higher levels of care (such as acute care).



ASCHA is concerned that the government has not committed to replacing legacy funding models between AHS and housing providers that are no longer sufficient to provide safe and appropriate care. This is an urgent, high-risk situation. ASCHA will also continue to advocate that accommodation fees (set by Alberta Health and funded by Alberta Seniors & Housing) be increased to align with actual costs of accommodation services. We need to ensure that DSL providers are set up to succeed or the model will fail the health system and Albertans in need of essential health services.

To successfully support the new direction of the continuing care system, providers will need additional support and resources to ensure that providers can be successful in partnering with government and Alberta Health Services to provide high quality services to Albertans, many of whom are seniors.

Capital Plan for Continuing Care

ASCHA thanks the government for recognizing the need to modernize continuing care spaces and to add new spaces with the addition of \$204 million in capital funding over three years. ASCHA is pleased to see that this includes new capital for continuing care spaces in new lodge developments. ASCHA's advocacy will continue to include requesting more capital funding and making the capital plan pro-active and transparent based on shared information and projections that extend beyond just continuing care, to meet the current and future needs of those requiring services and/or health supports within their housing environments.

