

CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2017 UPDATE

EXECUTIVE SUMMARY

On 2016 June 28, the Priorities and Finance Committee approved *Foundations for Home: Calgary's Corporate Affordable Housing Strategy 2016-2025* (the Strategy). PFC also approved the accompanying Implementation Plan (the Plan) and directed Administration to provide progress updates on that plan to Council through PFC by Q2 in 2017 and 2018. Substantial progress has already been made against the Plan through the efforts of teams across the organization, supported by \$1.5 million from the Public Housing Reserve, a one-time operating budget increase that was approved in 2016 November. The City has received positive feedback from the community on the commitment to affordable housing.

Since the Strategy's completion, the distribution of Housing Incentive Program funds to support community non-market housing development has started and 1,033 units have been supported to date. Administration has now identified the need to extend the use of these existing funds to 2019.

Additionally, two existing policies have been identified that are replaced by the Strategy. Administration recommends that these policies be rescinded.

ADMINISTRATION RECOMMENDATIONS:

That the Priorities and Finance Committee recommend that Council:

1. Accept the report and its attachments as information;
2. Extend current funding for the Housing Incentive Program through to the end of 2019;
3. Rescind policy CSPS004 (The City of Calgary Homelessness Strategy);
4. Rescind policy CS001 (Acquisition of Affordable Housing Lands for Municipal Purposes).

PREVIOUS COUNCIL DIRECTION / POLICY

Corporate Affordable Housing Strategy/Implementation Plan

The Priorities and Finance Committee (PFC) approved *Foundations for Home: Calgary's Corporate Affordable Housing Strategy* and the accompanying Implementation Plan on 2016 June 28 (PFC2016-0512). PFC also directed Administration to provide progress updates on the Implementation Plan by Q2 in both 2017 and 2018. Finally, PFC approved rescinding the 2002 Corporate Affordable Housing Strategy (Council Policy CS007).

Through the mid-cycle adjustment process, on 2016 November 21, Council approved Calgary Housing's request for a one-time operating budget increase of \$1.5 million in both 2017 and 2018, reallocated from the existing Public Housing Reserve, to support four new staff positions and dedicated program funding. The additional staff resources, combined with funding for City programs, have helped drive progress against the Plan.

Housing Incentive Program (HIP)

On 2016 February 2, PFC approved \$6.9 million in funding for the Housing Incentive Program (HIP) (PFC2016-0081), which covers affordable housing related pre-development costs and

CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2017 UPDATE

rebate city fees incurred between 2016 January and 2017 December. The funding for HIP came via the Community Economic Resiliency Fund.

BACKGROUND

Foundations for Home: Calgary's Corporate Affordable Housing Strategy defines a 10-year strategic direction for The City of Calgary across six objectives, which respond to existing challenges for affordable housing delivery in Calgary. It clarifies The City's mandate for affordable housing delivery, formalizes affordable housing as a Council Priority, positions The City to leverage federal and provincial capital funding to support internal and community development of units, and guides City actions to create safe, affordable homes that support individual and community success and well-being. The Strategy was accompanied by an initial Implementation Plan that identifies immediate actions for the rest of this business cycle, which will be considered for integration into Action Plan.

Recent budgets tabled by the provincial and federal governments show continued support for affordable housing. In the budgets announced in 2017 March, the Alberta government showed continued commitment to its previously announced investment of \$892 million over five years for new construction and preservation of existing units and the federal government pledged to spend \$11.2 billion over 11 years on affordable housing. The City of Calgary expects to see funds from both levels of government to assist with its affordable housing program, which highlights the importance of the continued commitment to the implementation of the Plan.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Foundations For Home: Calgary's Corporate Affordable Housing Strategy – Progress update

See below for a high-level progress update for each of the six objectives in the Strategy. A more detailed, complete progress update can be found in Attachment 1- Foundations for Home: Calgary's Corporate Affordable Housing Strategy Progress Dashboard and Detailed Table Update.

Objective #1 – Get the Calgary community building

Since the Strategy was approved in 2016 June, 1,047 units have been supported by City programs. There has been significant uptake on programs and The City is on track to support 1,500 units by the end of 2018.

Specifically, Administration has created a new Affordable Housing coordinator role in Calgary Approvals, tasked to understand the community housing pipeline, ensure prioritized service and to champion these applications throughout the approval process. Five new affordable housing development permits (DP) have been submitted and those five DPs will help support the delivery of 340 units. Calgary Housing has received positive feedback from non-profit organizations on the substantially improved processes and priority service. The objective establishes moving to development permit and building permit approval within 6 months, 80% of the time by 2018 and feedback has been provided to move towards a more customized timeline format to support the needs of individual organizations and work as partners in the process.

Housing Incentive Program

CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2017 UPDATE

Calgary Housing has also implemented the Housing Incentive Program, which offers a reimbursement to non-profit organizations that are building affordable housing units, through Council-approved funds. There are two components to this program: a pre-development grant of up to \$50,000 per project and a City fee rebate that covers a range of eligible City development fees typically between \$200,000- \$400,000 per project. At the end of Q1 2017, HIP has approved 17 applications for 14 different affordable housing projects. This commitment supports a total of 1,033 affordable housing units. At this time, however, Administration projects that the full approved funds will not be used by the end of 2017 and recommends the extension of the program to the end of 2019 (see Attachment 2- Housing Incentive Program Update).

Objective #2 – Leverage City land

In collaboration with Real Estate & Development Services (RE&DS), Calgary Housing has been working on a Proposed Method of Disposition. Program details were included in camera to the Standing Policy Committee on Utilities & Corporate Services in 2017 March and at Council in 2017 April. This first step will bring forward a substantial contribution towards reaching the target of 5 parcels in 2017 and 2018. Additionally, RE&DS is supporting the disposition of two other parcels of land to non-profits for affordable housing development, bringing Administration close to the two year target of 10 parcels.

Objective #3 – Design and build new City units

Calgary Housing expects to deliver 146 new units of affordable housing by fall 2018, which would slightly miss the target as outlined in the Strategy. The reason for this shortfall is that the new development of 16 units in Rosedale has been delayed due to the need for additional community engagement and the piloting of a new design-build Request For Proposal (RFP) process.

Projects currently in development include: Crescent Heights (16 units, delivered in Q2 2017); Kingsland (32 units, delivered in Q3 2017); Bridgeland (24 units, delivered in Q3 2017), Wildwood (48 units, delivered in Q4 2017) and Rosedale (16 units, delivered in Q3 2018).

Finally, Sunnyside, a mixed-use project, will be in development by 2018 and three pilot projects – two Integrated Civic Facilities and a heritage building, will all be in development in 2018. Calgary Housing expects to exceed the target of 110 units in development by 2018 given the aforementioned projects.

Objective #4 – Regenerate City-owned properties

Priorities and Finance Committee approved funding on 2017 April 4 to provide \$3.38m in critical lifecycle improvements to The City's affordable housing portfolio by the end of 2018. In addition, Administration continues to progress on a sustainability project through Calgary Housing Company that will identify what information is needed to find appropriate sites for redevelopment or regeneration.

Objective #5 – Strengthen intergovernmental partnerships

The City has already exceeded its target of participation in three significant intergovernmental projects by 2018. A cross-corporate team has completed an intergovernmental relations strategy and plan for affordable housing engagement and the team meets regularly to monitor

CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2017 UPDATE

progress.

Administration also helped create the Provincial Government and Big City Housing Collaboration Table, completed recommendations regarding changes to enable new City tools in the Municipal Government Act and City Charter and provided input into the provincial government's review of regulations under the MGA on Inclusionary Housing and Property Tax Exemptions, as well as submitted positions on the provincial and federal affordable housing strategies. Administration is currently awaiting the outcomes of these engagements and is well-positioned to respond to changes.

Objective #6 – Improve the housing system

Administration is progressing well against the target to implement five programs to improve outcomes for tenants. Calgary Housing is evaluating options for a One Window coordinated intake process for non-market housing, to improve the system for all users. To inform this project, significant engagement has taken place with housing providers and individuals with lived experience. A recommendation will be presented to Priorities and Finance Committee on 2017 June 6 regarding how to proceed on this important initiative.

Additionally, The City of Calgary continues to participate in and support the Community Housing Affordability Collective, a collective approach model which includes membership from government, non-profit housing sector, market sector and others. Administration is also in the process of establishing multiple programs to improve the lives of affordable housing residents.

Rescinding two Council policies

When Council approved Foundations for Home in July 2016, the 2002 Corporate Affordable Housing Strategy (CS007) was rescinded. Since its approval, two additional policies have been identified by the Corporation that require rescinding and are also addressed through the current Strategy:

- CS001 - Acquisition of Affordable Housing Lands for Municipal Purposes: the purpose was to clarify the role of The City regarding development of affordable housing, establish how The City could optimize and leverage different funding sources to provide maximum housing benefit, and enable The City to implement long-range planning. All of these are now covered in the Corporate Affordable Housing Strategy.
- CSPS004 - The City of Calgary Homelessness Strategy: this policy was put in place to provide a framework for when and how The City participates in addressing homelessness. The policy was developed in 2004, predating the 10 Year/Updated Plan to End Homelessness. The City's role in addressing homelessness is now established through the Corporate Affordable Housing Strategy.

Stakeholder Engagement, Research and Communication

The Strategy and the Plan were developed following extensive consultation with all City departments impacted by the proposed actions. In addition, The City conducted engagement over several months with over 30 external non-profit and private sector housing providers, as

CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2017 UPDATE

well as stakeholders from across the housing spectrum. The City also leveraged input from the 22 stakeholder organizations in the Community Housing Affordability Collective. Feedback from these stakeholders was instrumental in shaping The City's strategic direction and implementation actions.

Stakeholder engagement continues throughout the work being done within the six objectives of the Strategy.

Strategic Alignment

The Strategy will help to advance the goals and policies of existing City plans that call for increased housing affordability to meet the diverse needs of Calgarians. The Strategy is aligned with the Calgary Municipal Development Plan which includes the following objective under Part 2.3.1: Housing: "Ensure a choice of housing forms, tenures and affordability to accommodate the needs of current and future Calgarians and create sustainable local communities." Additionally, The City of Calgary Action Plan 2015-2018 includes Strategy P6, "Increase affordable and accessible housing options," under its area of focus for a prosperous city.

Social, Environmental, Economic (External)

A fully mixed housing market creates and retains jobs, attracts new workers, assuages poverty, meets the needs of seniors and families, and keeps our most vulnerable residents off the street. This in turn reduces financial stress on the health care system, the justice system, policing, social services, City Administration and other municipal and provincial services. Results from Housing First programs piloted in Calgary as one of Alberta's Seven Cities have shown that providing housing to one homeless person yields \$34,000 in annual savings to taxpayers.

In addition, demand for affordable housing remains strong, as evidenced by the 88,000 Calgary households currently earning less than 65 per cent of area median income and spending more than 30% of their income on housing costs. This can be further evidenced by Calgary Housing Company's current wait list of 4,000 households.

Adequate housing enables all Calgarians to maximize their contributions to the wider community. The City of Calgary has an opportunity to create better outcomes for individuals and communities through safe, affordable housing solutions.

Financial Capacity

Current and Future Operating Budget:

Administration recommends that the original budget of \$6.9 million for the Housing Incentive Program be extended to the end of 2019. This requires no additional budget.

To date, 32 per cent of the \$6.9 million has been committed for approved applications. It is forecast that 52 per cent of the budget will be committed and spent by the end of Q4 2017. If the program is extended until the end of 2019, an additional 16 applications are anticipated for a total of 47 applications – and a total of approximately 2,000 units – by the end of Q4 2019. It is forecast that approximately 98 per cent of the budget will be committed and spent by the end of Q4 2019.

CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2017 UPDATE

Through the mid-cycle adjustment process, on 2016 November 21, Council approved Calgary Housing's request for a one-time operating budget increase of \$1.5 million in both 2017 and 2018, reallocated from the existing Public Housing Reserve, to support four new staff positions and dedicated program funding. The additional staff resources, combined with funding for City programs, have helped drive progress against the Plan. Future funding requests following the end of 2018 operating funding will be incorporated into the 2019-2022 Business Plan and Budget Process.

Current and Future Capital Budget:

The Plan will continue to be implemented in 2016-2018 through existing capital budgets. Future budget considerations will be incorporated into the 2019-2022 Business Plan and Budget process.

Risk Assessment

The goals defined in the Strategy and Plan, particularly the short-term targets, are ambitious, and require support resources across the organization to achieve. Continued prioritization of the implementation plan cross-corporately will be required to reach the 2018 goals.

The City's progress could also be impacted by several factors outside the control of Council and Administration. Capital funding for affordable housing remains primarily a provincial and federal responsibility. It is possible that other orders of government may not deliver on their 2017 budget commitments, or may not allocate funds to Calgary as expected. To date, Calgary has seen limited allocation of 2016 budget commitments. The current City capital development program spending for new affordable housing stock will be exhausted by the end of 2019 without any new form of capital funding becoming available. Additionally, adverse funding or policy decisions by other orders of government, particularly as governments change over the 10 year outlook, could significantly impact The City's ability to make progress against its goals for affordable housing supply and improved outcomes for Calgarians.

REASONS FOR RECOMMENDATIONS:

Administration seeks acceptance of the report as information and asks that Council rescind two policies – CS001 and CSPS004 – that are no longer relevant, as they have been replaced by the Corporate Affordable Housing Strategy and Calgary's Updated 10-year Plan to End Homelessness. Finally, Administration requests Council to extend the original \$6.9 million of funding through to the end of 2019 to support the development of additional affordable housing units by non-profit organizations. This will not require additional funds.

ATTACHMENTS

1. Foundations for Home: Calgary's Corporate Affordable Housing Strategy Progress Dashboard and Detailed Table Update
2. Housing Incentive Program update
3. CS001 – Acquisition of Affordable Housing Lands for Municipal Purposes
4. CSPS004 – The City of Calgary Homelessness Strategy