

January 30, 2020

To: The Mayor and Council

From: Sarah Woodgate, Director, Calgary Housing

RE: Affordable Housing Capital Budgets

On 2020 January 27, two separate questions arose at Council related to Affordable Housing Capital budgets. The below briefing provides detailed answers to those questions.

Question on Attachment 1 from Mayor Nenshi

The Mayor's question related to proposed budget reductions to the *AH Pre-Development* line. Essentially, the Mayor asked: "[Are we going to see fewer units be built because of this cut?](#)"

Answer

The reduction of \$500K from the overall \$2.47M *AH Pre-Development* budget has been proposed as the least harm option to assist the corporation to reduce capital budgets.

We do not anticipate a decrease in the number of new homes created as a direct result of this reduction, instead, the impact of the proposed \$500K reduction lessens our ability to complete some future planning, feasibility, and preliminary design work. This is because the *AH Pre-Development* budget is used to support feasibility work associated with potential capital projects to determine if a project should be pursued. This includes assessments of strategic opportunities such as acquisitions, partnerships, or new community integrated facilities. This budget is used as a revolving fund - if a project proceeds and receives budget it can replenish the budget for the initial costs incurred.

Currently, \$642K is committed from this budget, leaving a balance of \$1.33M to support future work after the capital budget reduction. Every effort would be made to reduce impact to building additional units through this reduction. However, reduced capacity to assess acquisitions, partnerships, or integrated facility opportunities may occur.

Question on Attachment 2 from Councillor Woolley

The Councillor's question related to the capital budget recast for affordable housing. Essentially, the Councillor asked: "[Why would we roll over so much money so far into the future?](#)"

Answer

The budget re-cast proposals reflect current project timelines for the ten-year affordable housing capital program. The Rosedale, Bridlewood, and Mount Pleasant affordable housing budgets are currently on track. However, budgets for *Increase Affordable Housing Supply* (Mission and Marda Loop) and *Affordable Housing Redevelopment* (Rundle and Southview) were recast to better match anticipated project timelines. Specifically, these four projects are awaiting Provincial funding confirmation which is expected in Spring 2020. The timing change proposed aligns City funding with project schedules in order to meet our commitments and leverage other government funding sources.

Key Contact:

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Proposed Relinquishment (C2020-0040, Attachment 1, pg. 2)

C2020-0040
ATTACHMENT 1

**PROPOSED ONE CALGARY CAPITAL PORTOLIO CHANGES
(\$000s)**

Purpose: To provide capital budget changes required to address to Provincial Budget funding shortfall.

Citizen Priority	Service	Budget ID	Budget ID Name	Previously Approved Budget ¹	2020 Increase/ (Decrease)	2021 Increase/ (Decrease)	2022 Increase/ (Decrease)	2023 Increase/ (Decrease)	TOTAL Increase/ (Decrease)	Description / Impact
Relinquishments - Scale Back (scope impacts) ¹ - For Approval Programs / Projects that are being scaled back										
A Prosperous City	Affordable Housing	480350	Silvera for Seniors -LMP	9,507	(122)	(122)	(122)	-	(365)	Overall 5% decrease targeted towards non critical/safety items. Reprioritization is required. Reduction of pre-development funding will limit future ability to complete planning, feasibility, and preliminary design work. These cost burdens may need to be shifted to project budgets, which may result in design modifications or reduced project scope.
		489_013	AH Pre-Development	2,469	-	-	(500)	-	(500)	
Total				11,977	(122)	(122)	(622)	-	(865)	

Proposed Recast (C2020-0040, Attachment 2, pg. 1)

C2020-0040
ATTACHMENT 2

**2020 CAPITAL BUDGET RECAST - FOR APPROVAL
(\$000s)**

Purpose: To provide capital budget timing changes for Council approval.

Note: Administration has the authority to approve revisions up to \$400,000 per CFO006; however, all recast changes have been consolidated in this attachment for completeness.

Citizen Priority	Service	Budget ID	Budget ID Name	2020 Increase/ (Decrease)	2021 Increase/ (Decrease)	2022 Increase/ (Decrease)	2023 Increase/ (Decrease)	2024 Increase/ (Decrease)	TOTAL Increase/ (Decrease)
A Prosperous City	Affordable Housing	489_000	Affordable Housing Redevelopment	(12,600)	(22,089)	(400)	2,880	32,210	-
	Affordable Housing	489_013	AH Pre-Development	800	-	-	(800)	-	-
	Affordable Housing	489_AHS	Increase Affordable Housing Supply	(30)	(3,330)	3,360	-	-	-
	Affordable Housing	489_KLD	Kingsland	(500)	500	-	-	-	-
	Total				(12,330)	(24,920)	2,960	2,080	32,210