

## COVID-19 Community Affordable Housing Advocacy Plan update & Rapid Housing Initiative

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### RECOMMENDATIONS:

Administration recommends that Intergovernmental Affairs Committee receive this report for information.

### HIGHLIGHTS

- *Calgary's COVID-19 Community Advocacy Plan Advocacy Plan* (the Plan), approved by Intergovernmental Affairs on 23 July 2020, identified opportunities to seek Federal and Provincial investment to create 5,400 new affordable housing units in the next three years, supporting economic recovery and vulnerable populations. Specifically, the Plan identified the need to support 600 Calgarians experiencing homelessness into safe, secure housing.
- In response to advocacy from cities and the Federation of Canadian Municipalities, Canada Mortgage and Housing Corporation (CMHC) announced details of their Rapid Housing Initiative (RHI) on 27 October 2020. RHI is intended to create new homes and stimulate the economy through the conversion of existing buildings (including office space and hotels); the construction of modular housing; the rehabilitation of previously lost units; as well as the acquisition of land for the creation of new permanent affordable housing. There are two streams of funding available: Major Cities and Project. The Major Cities stream represents a unique opportunity for bi-lateral partnership.
- Through the Major Cities' stream, Calgary stands to receive a minimum of \$24.6M in grant-based funding. This grant-based funding allows for funding of up to 100% of a capital project and does not require matching. Given the nature of the supportive housing to be created, Administration intends to distribute these capital funds to non-profit housing organizations for the development of permanent affordable housing units serving vulnerable populations, including those exiting homelessness. A Contribution Agreement between the City and CMHC must be signed no later than 27 November 2020 to receive the funding which will flow through to non-profits.
- **What does this mean to Calgarians?** The funding received through the Rapid Housing Initiative will support the sector in creating no less than 116 new units of permanent affordable housing.
- **Why does this matter?** The City, acting as a conduit for RHI funding, supports development of non-market housing by non-profit organizations, which in turn helps to address homelessness and the ability of Calgarians experiencing vulnerabilities to have a safe home, and to effectively manage subsequent waves of COVID-19 infection.
- The non-profit housing sector will inform the development of Calgary's RHI Investment Plan, which will outline proposed capital projects. This Investment Plan will be used to negotiate and finalize RHI allocations to Calgary with CMHC. Provisions of RHI are such that funds available for Calgary projects, beyond the base \$24.6M, are not yet known.
- To distribute RHI funding to the sector, through various agreements (see Recommendation 2), authorized by Council, between The City and non-profit developers of permanent affordable housing will be required to confirm the parties' roles and

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responsibilities and pass on all of The City's obligations within the RHI program to the non-profit developers.

- Under approved Council direction via Foundations for Home: Calgary's Corporate Affordable Housing Strategy (CAHS), Administration will enable community non-profit housing providers to maximize the RHI opportunity, by offering, but not be limited to, a single point of City contact for RHI, access to housing incentive programs, and enhanced expedited planning approval processes.
- **Strategic Alignment for Council's Citizen Priorities:** A prosperous City.

### DISCUSSION

In Calgary, 84,000 households are earning less than \$60,000 annually and paying more than 30% on shelter. This means nearly one in five Calgary households are struggling with shelter costs and 42,000 households are at risk of becoming homeless due to spending more than 50% of their gross income on shelter costs. A City goal, as per the CAHS, is to increase the supply of affordable housing to ensure people at all income levels can live and work in our city. This work also includes supporting and removing barriers for the non-market housing sector to create new units for vulnerable Calgarians. Calgary's COVID-19 Community Advocacy Plan (the Plan), developed with the support of more than 40 stakeholders from across the housing sector, calls for both immediate and longer term actions to re-house people exiting homelessness and to scale up the nonprofit sector through the acquisition of surplus stock. The Plan targeted 600 new permanent supportive housing units, a goal that was identified by Calgary Homeless Foundation (CHF) as a transformative target.

CMHC's \$1B Rapid Housing Initiative (RHI) has the objective to create 3,000 units across the country aimed to "address urgent housing needs of vulnerable Canadians by rapidly creating new affordable housing." This funding directly supports the CAHS and the Plan by providing a much-needed grant-based capital investment.

RHI criteria focus on the following key parameters: (1) vulnerable populations, including a focus on people experiencing homelessness; (2) projects must be delivered within one year with all funds to be dispersed by 31 March 2021; (3) rent level should be no greater than 30% of gross income and must be maintained at this level for a minimum of 20 years; (4) accessibility and energy efficiency targets will be applied to appropriate projects; (5) the funding can be applied to standard affordable housing rentals, transitional housing, and permanent supportive units; (5) projects must have a minimum of five units or beds; (6) provide long-term tenancy.

### Next Steps

The City will act as a conduit between the non-profit housing sector and CMHC to distribute RHI funds committed through the Major Cities Stream (at minimum \$24.6M for Calgary), using an open and collaborative process to identify and assess the state of readiness for proposed RHI projects. Using the data collected, the Affordable Housing team will work, one-on-one with housing providers, to identify projects which may be eligible based on CHMC's criteria. Calgary's RHI Investment Plan will be shared with CHMC and, as CMHC finalizes its funding envelope for Calgary, projects will be confirmed.

Administration will work with CMHC to negotiate all definitive documents and agreement(s) and take all actions required to conclude the Canada Mortgage and Housing Corporation's (CMHC)

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Rapid Housing Initiative (RHI) contribution agreement(s). Once this is complete, Administration will then work with CMHC to negotiate agreements (for example Housing Agreement(s) etc.) with non-profit organizations for projects approved by CMHC and then proceed to Council for approval, if applicable, to obtain approval for such agreements pursuant to the terms and conditions CMHC's Rapid Housing Initiative (RHI).

### **STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)**

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

Public communication and engagement was not required as part of this report. However, since the announcement of RHI, Affordable Housing has undertaken one-on-one conversations with more than 12 housing providers and/or homeless service providers, and hosted a group meeting to pass on program details, identify interest, understand need, and identify a preliminary list of potential projects. Through these discussions the sector has informally identified opportunities to develop approximately 720 new units. A formal project intake process is underway. Consultations have started with Calgary Neighbourhoods, Real Estate & Development Services; Corporate Finance, Law and Calgary Approvals Coordination to provide notification about RHI; identify opportunities for support; identify legal and professional service constraints and, ultimately, design a comprehensive RHI support offer to enable non-profit housing providers to create new homes through RHI.

### **IMPLICATIONS**

#### **Social**

The City will be actively supporting the development of permanent affordable housing through RHI which will directly impact people exiting homelessness by being re-housed. This is directly contributing to removing barriers to access and inclusion for vulnerable Calgarians.

#### **Environmental**

CHMC's requirements for environmental efficiency would be applied specifically to modular projects during the approval process which involves achieving a minimum 25% decrease in energy consumption and greenhouse gas (GHG) emissions outlined in the 2015 National Energy Code for Buildings (NECB) or the 2015 National Building Code (NCB). In addition to this, for projects that are re-using existing assets, there will be reduced impact on traffic, transportation of goods and site preparations.

#### **Economic**

Affordable housing supports economic resilience by providing homes in close proximity to employment areas and transportation networks so that people can easily access jobs. Affordable housing is also an important factor for businesses looking to locate in Calgary, to

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ensure they can attract and retain a local workforce. Affordable housing developments contribute to a prosperous city through the creation of jobs and wealth. Through RHI specifically, the acquisition and conversion of vacant and distressed hotel and office properties offers benefit to struggling sectors of the economy. Every \$1 invested in residential housing construction generates \$0.79 in regional GDP. Each investment of \$160,000 in residential housing construction creates approximately one regional job.

### **Service and Financial Implications**

#### **No anticipated financial impact**

\$0

Supporting non-profit organizations to develop new affordable housing is a key component of the Corporate Affordable Housing Strategy and essential to delivering Affordable Housing service to Calgarians. This report is not seeking any operating or capital budget approvals. The funding provided under the RHI is a grant-based capital contribution which would, in future, be passed on to non-profit housing providers via housing agreements.

### **RISK**

There is a potential risk that The City may need to return the contribution provided by CMHC, in whole or in part, if the contribution is not distributed within the set timeline or in the event of a default by The City or the non-profit organizations, including but not limited to the inability to deliver or uphold the RHI criteria for the entire term of the Contribution Agreement.

### **ATTACHMENT(S)**

1. Attach 1 – COVID-19 Community Advocacy Plan Overview - IGA2020-1291
2. Attach 2 – CMHC Rapid Housing Initiative Overview - IGA2020-1291

### **Department Circulation**

General Manager	Department	Approve/Consult/Inform
Jill Floen	General Counsel	Consult
Carla Male	Chief Financial Officer	Inform
Chris Arthurs	Deputy City Manager	Inform