

## Canada Mortgage and Housing Corporation - Rapid Housing Initiative

### RECOMMENDATIONS:

1. Endorse Calgary's Rapid Housing Initiative Investment Plan as outlined in Attachment 1;
2. Authorize the Recommendations as outlined in Attachment 2; and
3. Direct that Attachments 1, 2, 3, 5 and 6 remain confidential under Sections 24 (Advice from officials) and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act* until such time that all relevant agreements are executed or that The City and other stakeholders agree to disclose portions for communications purposes, except for Attachments 3 and 5, which shall remain confidential until June 1, 2021.

### HIGHLIGHTS

- To utilize federal funding received under the Rapid Housing Initiative (RHI), Council budget approval is required to disburse RHI funding, and approval is required to enter into funding agreements, housing agreements and/or options to repurchase for the projects recommended to be funded by Administration under RHI.
- In response to advocacy from The City of Calgary (The City), and the Federation of Canadian Municipalities, Canada Mortgage and Housing Corporation (CMHC) launched the RHI to create new homes and stimulate the economy. The City, through a bi-lateral partnership with CMHC, has been approved to receive a minimum of \$24.6M in grant-based funding to distribute to housing providers to develop a minimum of 116 homes.
- **What does this mean to Calgarians?** The funding received through RHI will support the affordable housing sector to create new homes to benefit Calgarians in severe housing need or those experiencing homelessness<sup>1</sup>.
- **Why does this matter?** The City, acting as a conduit for RHI funding, has the opportunity to support the delivery of new non-market housing by non-profit organizations, which in turn can significantly help to address homelessness in the city and the ability of Calgarians experiencing severe housing distress to have a safe home, and manage subsequent waves of COVID-19.
- Calgary's COVID-19 Community Advocacy Plan (the "Advocacy Plan"), calls for both immediate and longer term actions to re-house people exiting homelessness and to scale up the non-profit sector. The Advocacy Plan targeted 600 new permanent supportive homes and identified the potential to create or acquire 5,400 new homes over the next three years.

<sup>1</sup> RHI funding is only to be used to support households currently spending 50 per cent or more of their income on housing, those who are homeless and those who are at risk of experiencing homelessness.

## Canada Mortgage and Housing Corporation - Rapid Housing Initiative

- On 2020 November 23, The City and CMHC entered into a Contribution Agreement (Attachment 3) positioning The City to receive RHI funding, which it will disburse to approved non-profit housing developers through a City-administered grant program.
- To secure funding from CMHC, Administration created Calgary's RHI investment plan (Attachment 1 – the "Investment Plan") which outlined proposed affordable housing projects in Calgary. The Investment Plan was created by issuing an initial call for interest, followed by a comprehensive risk and project evaluation process to determine which organizations and projects to include.
- CMHC has considered the Investment Plan and confirmed three projects delivering 176 units to be funded under the Major Cities stream for a total of \$24.6M. In addition, CMHC is still considering a further two projects delivering 183 units submitted in the Investment Plan under the Projects Stream. If these projects are funded, The City will receive and distribute an additional \$44.6M for a total of \$67.2M in funding to housing providers for affordable housing projects in Calgary.
- Beyond the Investment Plan, Administration is monitoring a further 16 projects that would deliver 820 units if submitted directly to CMHC through the Projects Stream by 2020 December 31. Administration is providing ongoing support to these projects.
- **Strategic Alignment for Council's Citizen Priorities:** A prosperous City.
- Background and Previous Council Direction is included as Attachment 4.

## DISCUSSION

In Calgary, nearly one in five households in Calgary are struggling with shelter costs and 41,000 households are at risk of becoming homeless due to spending more than 50 per cent of their gross income on shelter costs. These households are the direct and specific target of the RHI. A City goal, as per the Corporate Affordable Housing Strategy (CAHS), is to increase the supply of affordable housing to ensure people at all income levels can live and work in every neighbourhood of our city. This work also includes supporting and removing barriers for the non-market housing sector to create new homes.

The \$1B RHI program has the objective to create 3,000 units across the country and directly supports the CAHS and the Advocacy Plan by providing much-needed, grant-based capital investment. RHI funding criteria focuses on the following key parameters: (1) vulnerable populations, including a focus on people in severe housing need and/or experiencing homelessness; (2) projects must be delivered within one year with all funds to be dispersed by 2021 March 31; (3) rent levels should be no greater than 30 per cent of a household's gross income and must be maintained at this level for a minimum of 20 years; (4) accessibility and energy efficiency targets will be applied; (5) the funding can be applied to support the creation of standard affordable housing rentals, transitional housing, and permanent supportive units; (5) projects must have a minimum of five units; and (6) provide long-term tenancy.

The RHI has two funding streams – Major Cities and Projects. Under the Major Cities stream, The City was approved to receive \$24.6M to support the development of no less than 116 permanent affordable housing units in Calgary. The City may receive and disburse funding under the Projects Stream if its request goes beyond \$24.6M; any funding received under the Projects Stream is subject to a separate CMHC approval process.

## **Canada Mortgage and Housing Corporation - Rapid Housing Initiative**

### **Next Steps**

The City, acting as a conduit between the non-profit housing developers and CMHC, will distribute RHI funds committed through the Major Cities stream (at minimum \$24.6M for Calgary). With Council's authorization, Administration will finalize and execute various agreements for projects approved under the RHI with non-profit affordable housing developers and CMHC. Should CMHC decide to fund projects in the Investment Plan that were submitted under the Projects Stream, The City will receive and disburse funds for those projects as well.

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

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

Public communication and engagement was not required as part of this report. However, Administration has had discussions and meetings with housing providers and/or homeless service providers, to gauge interest and identify potential projects. The sector identified opportunities to develop approximately 675 new units, of which 600 were considered for RHI funding and 359 were eventually recommended for inclusion on the Investment Plan. Consultations with Calgary Neighbourhoods, Real Estate & Development Services, Corporate Finance, Law and Calgary Approvals Coordination are underway to identify opportunities for support, identify legal and professional service constraints and design a comprehensive RHI support program to enable non-profit housing providers.

### **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 including seniors, women fleeing domestic violence and Indigenous peoples.

#### **Environmental**

CHMC's requirements for environmental efficiency would be applied to modular projects during the approval process which involves achieving a minimum 5 per cent decrease in energy consumption and greenhouse gas emissions outlined in the 2015 National Energy Code for Buildings or the 2015 National Building Code. Projects that re-use existing assets reduce impact on traffic, transportation of goods and site preparation.

#### **Economic**

Affordable permanent housing supports economic resilience by providing homes in close proximity to employment areas and transportation networks so that people can easily access

## **Canada Mortgage and Housing Corporation - Rapid Housing Initiative**

jobs. Affordable housing is also an important factor for businesses looking to locate in Calgary, to ensure the availability of a local workforce. The acquisition and conversion of distressed hotel and office properties offers benefit to struggling sectors. The activity funded under RHI may be expected to stimulate Calgary's economy through job creation and repurposing of stranded assets. Ending homelessness saves public systems \$70K to \$135K per person, per year.

### **Service and Financial Implications**

#### Existing operating funding – Base \$0

The funding provided under the RHI is a grant-based capital contribution intended to be received by The City and distributed to non-profit housing providers via The City's capital budget. Budget approval is required for the transfer of funding to successful providers for the projects included in the Investment Plan and this is reflected in the recommendations contained in Attachment 2. The program will also contain ongoing resourcing requirements, particularly from Law, Finance and Calgary Housing which will, in the interim, be resourced within the existing operating budget. Longer-term resourcing requirements may mean additional positions need to be funded. If this were to be the case, Administration would bring forward an additional budget request at the relevant time.

### **RISK**

There is a risk that The City may need to return the contribution provided by CMHC, in whole or in part, if funds are 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. The City will use tools including funding agreements, housing agreements and/or options to repurchase to ensure development is completed in the slated timelines and occupancy by eligible residents is maintained through the life of the Contribution Agreement. A full risk analysis for RHI is outlined in Attachment 6.

### **ATTACHMENTS**

1. Attachment 1 – Calgary's Rapid Housing Initiative Investment Plan (CONFIDENTIAL)
2. Attachment 2 – Recommendations (CONFIDENTIAL)
3. Attachment 3 – Contribution Agreement between CMHC and The City (CONFIDENTIAL)
4. Attachment 4 – Background and Previous Council Direction
5. Attachment 5 – RHI Risk Analysis (CONFIDENTIAL)
6. Attachment 6 – Site Maps (CONFIDENTIAL)

Department Circulation

General Manager	Department	Approve/Consult/Inform
Jill Floen	General Counsel	Consult
Carla Male	Chief Financial Officer	Consult
Chris Arthurs	Deputy City Manager	Inform
Stuart Dalglish	General Manager, Planning & Development	Inform