

HomeSpace Project: One-time capital grant for rapid affordable housing pilot

City support to enable an office-to-residential conversion in the Downtown Core:

The Sierra Place building presents an opportunity to demonstrate a conversion within the downtown core from office space to affordable housing. This opportunity will take 95,000 sq ft of office space and convert it to 108 affordable residential units to serve 180 Calgarians. Having received a development permit in January in just 20 calendar days, this project will move quickly. A municipal grant will increase the likelihood that the developer, HomeSpace, will be successful in securing federal, provincial, and other contributions to the project.

Project Benefits:

1. Demonstrating an office conversion project which will remove excess office capacity, reuse existing structure and materials and enable activation of adjacent green space.
2. Demonstrating to the private sector that a price sensitive office conversion project can be viable downtown.
3. Adding new non-market housing, which contributes to addressing social disorder and ending homelessness and saves public systems an ¹estimated \$70K to \$135K per person, per year.
4. Stimulating the economy through the creation of approximately 160 construction jobs.

Background:

HomeSpace is a charitable real estate developer, rental housing owner and property manager, providing safe, appropriate and affordable housing for Calgarians experiencing vulnerabilities. Sierra Place is a downtown tower well-suited for a retrofit. This building, originally built in 1959 for Dome Petroleum, is in a prime location (706 7th Ave SW), with access to transit and amenities. Within 12 months, Sierra Place could provide housing for vulnerable populations including low-income women, women with children, Indigenous people and newcomers to Canada. The project would also create 160 jobs.

Non-market housing providers have responded to COVID-19 by doing what they do best: planning, building and operating affordable homes. HomeSpace's Sierra project was assessed favourably by the City as part of a competitive project vetting process related to Canada Mortgage & Housing Corporation's Rapid Housing Initiative but funding was insufficient for this project to advance.

¹ *Costs of services for homeless people with mental illness in 5 Canadian cities: a large prospective follow-up study*, <http://cmajopen.ca/content/5/3/E576.full>

Through The City of Calgary's COFLEX fund, \$5.5M has been identified to support this project given its alignment to downtown and civic priorities. Total project costs are estimated at \$28.5M and, with Council support, the project funding would align as follows:

- \$7 million from the Cold contribution / HomeSpace equity
- \$3 million contribution from CMHC Co-investment
- \$12 million loan from CMHC Co-Investment
- \$1.1 million contribution from the Government of Alberta
- \$5.5 million contribution from City of Calgary – via COFLEX (19%)

Alignment to other City Strategies:

Beyond the Greater Downtown Strategy, affordable housing is a major priority for the City as part of a post-pandemic recovery. This project is well aligned to Council's priority to increase affordable and accessible housing options and supports the following municipal strategies, policies and plans:

- Foundations for Home: Calgary's Corporate Affordable Housing Strategy
- Resilient Calgary Strategy
- Social Wellbeing Policy

Authorization:

1. Authorize entering into a Housing Agreement on Sierra Place at 706 7 Avenue SW and authorize the Community Services General Manager to develop, approve, and execute the agreements identified in Attachment 7 and necessary to implement the HomeSpace project.
2. With respect to the Property described in 1:
 - a) Authorize the General Manager, Community Services to approve the terms and conditions of the Funding Agreement between The City of Calgary and HomeSpace Society respecting the funding contribution by The City;
 - b) Authorize the General Manager, Community Services to execute the Funding Agreement and to approve of any rectifications, corrections, changes, additions, amendments or deletions of any terms and conditions which are necessary in order to facilitate the negotiation, completion and administration of such Funding Agreement;
 - c) Authorize the General Manager, Community Services to approve the terms and conditions of the Housing Agreement, including approving of any rectifications, corrections, changes, additions, amendments or deletions of any terms and conditions which are necessary in order to facilitate the negotiation, completion and administration of such transaction agreements;
 - d) Authorize the General Manager, Community Services to execute the Housing Agreement;
 - e) Authorize the General Manager, Community Services to approve of the entering into any additional agreements by The City, and to sign such additional agreements on behalf of The City (including but not limited to subordination agreements, priority agreements or inter-creditor agreements), where it is necessary in order to finalize, or advance the objectives of, the Transaction Agreements.