

Affordable Housing Capital Program

RECOMMENDATIONS:



That the Community Development Committee recommend that Council:

1. Direct Administration to include the updated Affordable Housing Capital Program, appended in Attachment 3, into the 2023-2026 service plans and budgets for Council's consideration at that time;
2. Approve a \$3.4 million funding transfer from the Southview project to the Rundle project in program P489_000, funded Pay-as-you-go, and a \$1.6 million funding allocation to the Rundle project in program P489_000 funded by the Fiscal Stability Reserve; and
3. Direct that Attachments 1 & 3 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* to be reviewed by 2026 January 1.

HIGHLIGHTS

- To meet the need for affordable housing in Calgary, The City has a comprehensive Affordable Housing Capital Program (the Program) that aims to maintain existing homes, develop new, and support and incentivize the non-profit and private housing sectors to create more homes. The last version of the Program was approved by Council in 2018. The purpose of this report is to present an update on one of the Program's key areas, New City led Development and Regeneration, for Council's approval, to bring this as part of the 2023-2026 service plans and budgets. In addition, the report requests funding approvals from Council to support the immediate continuation of one of the projects in the Program's New City led Development and Regeneration area.
- **What does this mean to Calgarians?** Affordable housing is a critical component of a great city and a vital contributor to our citizens' successes. Affordable housing yields tangible social and economic benefits that residents see every day. If approved, and funded, the Affordable Housing Capital Program would maintain existing assets, build new homes for Calgarians and support our partners to do the same.
- **Why does this matter?** Given the high levels of housing need in Calgary, the proposed updated Affordable Housing Capital Program is a vital tool for The City to meet that need, and to support its partners to do the same. Providing new supply is critical to ensuring more individuals and families can benefit from affordable housing and to continue doing everything The City can to meet the growing need for affordable housing in Calgary.
- The highlights of the Program's New City led Development and Regeneration updated version are:
 - Since 2016, 198 units have been completed and are providing housing to low- and moderate-income Calgarians.
 - 199 units are slated to be in construction by Q2 2022.
 - 549 units are in feasibility and/or are partially funded.
 - 175 units are expected to be delivered through other initiatives and partnerships.
 - 224+ units are in the long-range development pipeline.
- Strategic Alignment to Council's Citizen Priorities: A prosperous city
- Background and Previous Council Direction is included as Attachment 1.

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DISCUSSION

Calgary has a sustained and persistent need for affordable housing which is only increasing. At the last count, 80,000, or one in five households in Calgary are struggling to pay their housing costs. This number is expected to rise to 100,000 households by 2025. Need for affordable housing is not distributed equitably. Indigenous peoples, persons with disabilities, recent immigrants and lone parent families all have a higher rate of housing need than the general population¹.

At the same time, there is a significant gap between the supply of affordable housing and the demand. Approximately 2,000 additional households need affordable housing each year, but historically, only 300 units have typically been added to the stock on average, leaving a gap of 1,700 units. In recent years, The City and its partners have been working hard to increase that number and in the last four years, that number has risen to 370 units.

To meet the need, within the limited resources available, The City focuses on the following key areas: Lifecycle Maintenance; New City led Development and Regeneration; and Supporting the non-profit housing sector. The Affordable Housing Capital Program acts in all these areas to meet the need and to align with several of the objectives outlined in The City's Corporate Affordable Housing Strategy, *Foundations for Home*. This includes increasing supply, redevelopment, and intergovernmental partnerships.

In 2018, Council approved The City's Affordable Housing Capital Development Program. This was intended to be a 10-year plan, backdated to 2016 and to run until 2026. The Capital Development Program identified a goal of creating up to 1,000 new units through a combination of levers in all key areas outlined above. With four years remaining until the expiry of the prior Capital Development Program, Administration is reporting back to the Community Development Committee on progress so far, and with a proposed update to the Program. Both the progress update and the program update should be viewed in the light of significant changes in the funding landscape for affordable housing.

Through the Program's New City led Development and Regeneration presented in this report and in Attachment 3, Administration is proposing to shift from a 10-year program, to a rolling program, with a continuous four-year target of 400 units per cycle. This would allow Administration to focus on the New City led Development and Regeneration as a full development pipeline, with sites acquired and projects planned in one cycle, and delivered in the next. Administration has been through a comprehensive process to review the previous capital development program, engage with internal stakeholders and analyze the current funding environment for delivering affordable housing.

The City-led Capital Development Program is designed to work in concert with key strategies within the corporate affordable strategy. The proposed Program's New City led Development and Regeneration focuses on the creation of up to 400 new affordable homes in the next four years and to regenerate up 550 units of existing affordable homes, delivering more units to people that need them and delivering on the ambitious target set out in the original Affordable Housing Capital Development Program.

¹ City of Calgary – Housing Needs Assessment 2018

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New Capital Funding Request

One additional element within this report is to bring a specific request to Council to make adjustments to deal with cost escalations and move forward with the Rundle project. This includes a \$3.4 million funding reallocation from the Southview project to the Rundle project and a \$1.6 million funding allocation to the Rundle project funded by the Fiscal Stability Reserve. This move will support the continuity of the Rundle project and maintain the Program's New City led Development and Regeneration momentum.

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

Stakeholder engagement is an important component to every affordable housing project. Efforts have been made to continually learn from affordable housing engagement sessions to improve the way information is delivered, received, and applied. As projects in the program move into the planning phase, public engagement will be undertaken.

Internal discussions have been held at a high level with relevant impact business units including Real Estate & Development Services, Facilities Management and Calgary Housing Company.

IMPLICATIONS

Social

Affordable housing is a critical component of our city and a vital contributor to citizens' successes. Income disruptions resulting from COVID-19 and Calgary's economic downturn may exacerbate the demand for affordable housing, which pre-pandemic, was understood to be at 100,000 new units by 2026.

Environmental

By providing people with safe, affordable, energy efficient housing, The City can ensure those on low-incomes and the homeless are not disproportionately impacted by climate change. Each proposed project in the Program's New City led Development and Regeneration will build on recent work to be more environmentally efficient, support climate action goals, and help achieve The City's growth and development targets as per the Municipal Development Plan. The projects will start to work towards the Net Zero target and will strive to be as energy efficient as possible and seek to use new and innovative technologies and building design to promote energy efficiency.

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 yields tangible social and economic benefits that residents see every day and strengthens residents' purchasing power and boosts the local economy. Affordable housing is also an important factor for businesses looking to locate in Calgary, to ensure the availability

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of a local workforce. Providing one homeless person with housing has been shown to save taxpayers \$34,000 annually.

Service and Financial Implications

New capital funding request

To support the immediate development of one of the projects in the Affordable Housing Capital Program's New City led Development and Regeneration, Administration is recommending the reallocation of \$3.4 million from the Southview project to the Rundle project in program P489_000, funded Pay-as-you-go, and \$1.6 million funding allocation to the Rundle project in program P489_000 funded by the Fiscal Stability Reserve.

Cost escalations caused by inflation, supply chain disruptions and the COVID-19 pandemic have created additional challenges for delivering the Program's New City led Development and Regeneration. Administration has been working to control the cost escalations through a significant program of value management, but a budget gap remains, and the additional funding is needed to ensure the Rundle project can continue.

The overall financial implications to the Program that will be coming back in November to council, will reflect the impacts of funding programs under the Government of Canada's National Housing Strategy that are not well suited to The City's new development program and the absence of a comprehensive funding program from the Government of Alberta. These conditions will continue to challenge the Program's progress and will necessitate a different funding model that will look at leveraging and maximizing diverse funding sources (e.g., grants, municipal funding, federal/provincial programs, borrowing bylaw, etc).

RISK

The following risks have been identified in relation to the Affordable Housing Capital Program's New City led Development and Regeneration (see Attachment 4 for Risk Assessment): Funding from other sources is not available, meaning projects cannot be delivered; Lack of capacity to deliver projects; Risks inherent with large construction projects; and Risks of significant cost overruns.

ATTACHMENTS

1. Previous Council Direction, Background (Confidential)
2. Affordable Housing Capital Program
3. Affordable Housing Capital Program (Confidential)
4. Risk Assessment

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Chief Financial Officer	Inform