

# Background and Previous Council Direction

## Background

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### Rapid Housing Initiative

The Rapid Housing Initiative (RHI) is delivered by the Canada Mortgage and Housing Corporation (CMHC) under the 10-year National Housing Strategy. RHI provides funding to support the rapid development of new permanent affordable housing units, for people and populations who are vulnerable and prioritized by CMHC. RHI delivers deeply affordable units, with rents of approximately \$500 per month. Other key details of RHI are:

- Funding can cover the construction of new housing, the acquisition of land or non-residential buildings for conversion to affordable housing, and the rehabilitation of closed or derelict housing units into affordable housing.
- Projects are expected to deliver completed units within 18 months of approval.
- Projects that support specific priority populations are prioritized, including women and/or women and their children, Indigenous peoples, and Black Canadians.
- Units must be available for year-round and long-term occupancy (3+ months).
- Residential must be the primary use and for rehabilitation, the project must be vacant, uninhabitable and lost from the housing stock.
- Projects must have operating subsidies from a level of government or Indigenous governing body or demonstrate operational self-sufficiency.
- New construction projects that exceed the energy efficiency standards as set out in the 2017 National Energy Code for Buildings will be prioritized.
- New construction projects will be prioritized for exceeding the minimum local/regional accessibility requirements in their jurisdiction (by percentage of additional accessible units).

Announced in 2020 September, round 1 of RHI had a budget of \$1 billion. Round 2 was announced in 2021 June and had an additional budget of \$1.5 billion. To date, CMHC has said that over 10,000 affordable housing units across Canada have been funded by the first two rounds of RHI. Through Budget 2022, and in 2022 November, the Government of Canada announced an additional investment of \$1.5 billion over two years, starting in 2023-2024, to extend RHI for a third round (RHI 3). This brings the total investment in RHI to \$4 billion for the rapid development of new permanent homes for Canadians.

RHI 3 will again be delivered by CMHC through two funding streams:

- Cities stream: RHI 3 funds are allocated directly to 41 pre-determined municipalities by CMHC. The Cities stream funds can be used for projects owned/led by municipalities, or the municipality can choose to partner with non-profit or Indigenous organizations in the delivery and operation of the RHI units; and
- Projects stream: RHI 3 funds awarded directly to applicants by CMHC via a nationwide open and competitive process for provinces, territories, municipalities, Indigenous governing bodies and organizations, and non-profit organizations.

## RHI 1 and RHI 2

Through rounds 1 and 2 of RHI, six projects within Calgary received just over \$55 million in funding from CMHC and approximately \$10.5 million from The City, which is expected to result in over 320 new affordable homes for Calgarians.

In round 1 of RHI, The City put forward five projects to CMHC: three to be funded through the Cities stream and a further two to be funded through the Projects stream. The three Cities stream projects were funded with a total of \$24.6 million, but the two Projects stream applications were not. In addition, providers put forward a further nine projects (making 11 total) directly to CMHC through the Projects stream. None of these provider-led projects were funded.

For round 2 of RHI, CMHC provided a Cities stream allocation of \$16.6 million that was used for one of the unfunded Projects stream applications from RHI 1 (the fourth project on The City's RHI 1 list). In addition, seven of the original 11 Projects stream applications were resubmitted by the providers to CMHC under the Projects stream (including the fifth project from The City's RHI 1 list). Taken together these projects had the potential to create up to 400 new homes.

To support Calgary-based projects in the extremely competitive Projects stream, The City committed conditional capital funds in RHI 2 to Calgary-based projects, aiming to increase the potential for Calgary projects to be prioritized by CMHC and leverage additional RHI funding. Funding for this program was approved at the 2021 July 26 meeting of Council. On the strength of The City's advocacy and the commitment of conditional capital funds, CMHC funded two Calgary projects in the RHI 2 Projects stream (the aforementioned fifth project from The City's RHI 1 list and one new project). These projects used \$5 million in City funding to leverage an additional \$14 million in CMHC funds directly to Calgary supporting the creation of an additional 60 new permanent affordable homes for Calgarians experiencing severe housing distress.

Calgary Projects Approved for CMHC RHI Funding (RHI 1.0 & 2.0)				
Provider	Project	Ward	New Units	CMHC RHI Funding Approved
Silvera for Seniors	Livingston	3	35 (was 41)	\$7 million
HomeSpace Society	Sierra Place	7	82	\$16.6 million
Horizon Housing Society	Nuvo	8	33	\$8.3 million
HomeSpace Society	Forest Lawn	9	25	\$0.8 million
YWCA of Calgary	Sheriff King	9	21 (was 19)	\$7 million
Silvera for Seniors	Lakeview	10	120	\$15.5 million
<b>Total</b>	-	-	<b>316</b>	<b>\$55.2 million</b>

### RHI 3 Process

Building upon the previous experience from RHI 1 and 2, Administration conducted a robust evaluation and scoring deliberation to determine eligibility for City of Calgary RHI 3 funding and to prepare the RHI 3 Investment Plan (Attachment 2). The review process was supported by an internal panel of subject matter experts. All applications were subject to a risk review and assessment of both the project and the applicant according to criteria established by CMHC and subsequently projects were scored and prioritized according to both CMHC criteria and City priorities. The assessment against City priorities was new to the process and applications were scored based on their alignment with policies and priorities, including, but not limited to, Transit Oriented Development, the Downtown Strategy, the Established Areas Growth & Change Strategy, Anti-Racism and social equity, and The City's commitment to Truth and Reconciliation.

Through the review process Administration's risk review panel identified challenges meeting CMHC's minimum RHI eligibility criteria, meeting The City's obligations under The Cities stream and applying City priorities and goals when evaluating applicants and projects. These challenges were encountered in the RHI 3 review where applications from two Indigenous organizations did not meet CMHC's eligibility criteria. Administration remains committed to working with Calgary's Indigenous housing providers to continue to identify and address structural issues with government funding programs that do not appear to be benefitting Calgary's urban Indigenous community through the granting of funds to support For-Indigenous By-Indigenous housing projects.

Administration prepared the RHI 3 Investment Plan based on the risk review panel's deliberation and recommendations and taking into account the available funding provided by CMHC under the Cities stream.

In addition to the projects identified on the RHI 3 Investment Plan, Administration is aware of at least two other applicants within Calgary that intend to submit directly to CMHC for funding under the Projects stream. All eligible affordable housing projects are able to apply for City support through the Housing Incentive Program.

## Previous Council Direction

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2022 January 11	C2022-0028	Council authorization received to disburse RHI funding and City capital funding to one project previously endorsed by Council, including approval to enter into relevant legal agreements. Council authorization also receive to disburse City capital funding to an additional project, including approval to enter into a legal agreement for the funding.
2021 November 16	2022 Service Plans & Budget Adjustments Memo	Calgary Housing requested a \$10 million one-time capital budget allocation Enhancing Investment in Affordable Housing. This was part of the 2022 Adjustment package and Council Proposed Investments. Approved by Council these funds provide the opportunity to best position The City of Calgary to leverage proposed federal investment and further address Calgary's acute housing challenges.
2021 July 26	C2021-1168	Administration received Council authorization to disburse the \$16.6 million allocated to The City by CMHC under the Major Cities stream of RHI 2. In addition, Council approved a budget allocation of \$9 million in capital funding to support Calgary-based projects in the Projects stream of RHI 2, along with authorization to enter into any necessary legal agreements to facilitate projects.
2020 December 14	C2020-1424	Administration received Council endorsement on the RHI 1 Investment Plan and authorization of the recommendations presented in a confidential attachment. This investment plan was to authorize the allocation of \$24.6 million of funding from CMHC to successful projects and to enter into necessary legal agreements.

## Bylaws, Regulations, Council Policies

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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 now \$4B RHI program has the objective to create more than 10,000 units across the country and directly supports the CAHS and the Advocacy Plan by providing much-needed, grant-based capital investment.