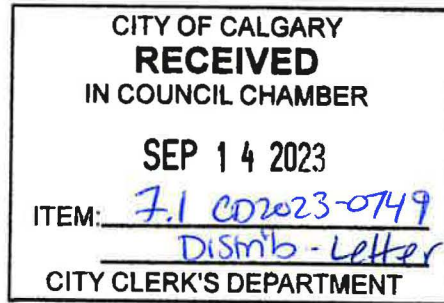


Frank Kelton, Executive Director  
Potential Place Society, Calgary



September 11, 2023

City of Calgary  
9th Floor, Rocky Mountain Plaza, 615 Macleod Trail SE  
Calgary, AB Canada T2P 3P8

Attention: Councillor Pootmans, Councillor Walcott, and Councillor Sharp *via email*

RE: **Affordable Housing Taskforce Recommendations - Nexus between  
Action and Outcome: Top-up Capital Funding from City**

Dear Councillors,

I am writing to express my appreciation for the commendable work that the City of Calgary Housing Taskforce has undertaken to address the critical issue of housing affordability within our city. Potential Place also appreciates the attention and support we have received from you toward achieving CMHC funding for our upcoming project.

It is evident that the Taskforce has dedicated considerable time and effort to developing a comprehensive set of recommendations aimed at increasing the supply of housing, supporting affordable housing providers, and ensuring diverse housing choices to meet the needs of equity-deserving populations. The outlined objectives and measures of success within these recommendations reflect a deep commitment to making Calgary a more inclusive and affordable place to live.

While the Taskforce's objectives and proposed actions are undoubtedly commendable, it is crucial to emphasize a fundamental reality that underpins the successful realization of these goals: the indispensable role of capital funding in bringing these recommendations to fruition. Without adequate finances, funding, or capital investment, it becomes exceedingly challenging to bridge the gap between action and outcome as outlined in the Taskforce's proposals.

The nexus between capital funding and the successful execution of these recommendations is undeniable. Despite agreeable policies and zoning regulations, the actual development of affordable housing remains an elusive goal without the requisite financial resources. It is imperative to acknowledge that the fulfillment of Outcome 1, for example, which seeks to increase the supply of housing to meet demand and increase affordability, hinges on securing the necessary capital funding. The Taskforce's objectives to make City-owned land available for affordable housing, leverage partnerships with government, and streamline planning policies all depend on access to financial resources to be truly effective.

Furthermore, achieving the other outcomes, such as supporting affordable housing providers, enabling The City's housing subsidiaries, ensuring diverse housing choices, and addressing the needs of Indigenous populations, equally necessitates substantial capital funding allocations. Whether it's the allocation of funds to support housing



providers, invest in City-owned assets, or develop programs that reduce barriers and increase housing supports, the availability of financial resources remains a pivotal factor in achieving these objectives.

Potential Place Society provides a specific example, which includes plans for 95 non-market housing units, that underscores the critical role of capital funding in achieving meaningful outcomes in the realm of affordable housing. Potential Place's Purpose-Built Facility requires a total investment of \$41MM to move forward with its development. The process to achieve funding leading up to this point has been arduous, requiring substantial time and effort. It has involved five years of engagement with various levels of government, including federal, provincial (both NDP and UCP), and municipal authorities.

Over the course of this endeavor, Potential Place has navigated through the complexities of considering three different land sites and collaborating with two different developers. The project has also required the expertise of architects, government relations professionals, estimators, dedicated staff and board resources, and comprehensive decision-making processes. Despite these significant efforts, securing the necessary capital funding has remained a challenge.

Notably, Potential Place has explored seven unique solutions aimed at achieving both capital and operational funding for our purpose-built facility. The participation of all orders of government (municipal, provincial and federal) is crucial particularly in relation to the CMHC Co-Investment Fund which plays a pivotal and preponderant funding role in this context.

Potential Place's Co-Investment funding application is favourable and, if successful, will receive approximately \$30MM in funding from CMHC. Potential Place will contribute \$4.5MM in equity. This leaves a shortfall in funding of \$6.5MM that needs to be addressed. A 20-year operating funding commitment from Alberta Health services has been secured by Potential Place. Thus, we are asking the City for a commitment of \$68,500 per door for a 95 Unit affordable housing project that will house Calgary's persistently mentally ill along with our Psycho-social agency services on site. This funding ask represents 15.8% of the top-up capital required and will get this shovel-ready project to the finish line.

Noting the policy context of the Taskforce Recommendations, the land designated for this purpose-built facility already aligns with the city's policy and meets the Land Use bylaw and the Approved Westbrook Local Area Plan. Policy has not been the biggest barrier. Funding is the biggest barrier to construction. The nexus between the proposed Actions and Outcomes is funding.

In light of this critical aspect, it is crucial for the City of Calgary to prioritize and allocate sufficient capital funding to support the implementation of the Taskforce's recommendations effectively. This financial commitment is essential to transform the recommendations into tangible outcomes that benefit our community, reduce the housing affordability crisis, and create a more equitable city for all residents.

In the short term, it is imperative to bridge the gap between the ongoing affordable housing crisis and the construction of non-market housing. A potential solution could involve the City providing funding that is tied to a favorable and successful CMHC application. This approach would not only make the project viable but also align with the urgent need to address affordable housing issues.



I would like to propose considering City funding commitments for up to 15% of the capital of projects, like ours, that are already in the queue, such as those awaiting CMHC support. By doing so, we can expedite the development of much-needed affordable housing projects and ensure that the recommendations and outcomes of the Taskforce include non-market housing providers with a specific focus on capital funding.

I encourage the City of Calgary to explore avenues for securing the necessary capital funding, whether through public-private partnerships, grants, or other financial mechanisms. By doing so, we can ensure that the admirable intentions outlined by the Taskforce translate into meaningful progress and tangible results.

Once again, I commend the City of Calgary Housing Taskforce for its dedication to addressing the critical issue of housing affordability. With a strategic focus on securing capital funding, we can bridge the gap between action and outcome and move closer to the shared goal of a more affordable, inclusive, and equitable city.

Attached is a summary of Potential Place's experience and a representative example of the need for funding that is not urgently addressed in the Taskforce Recommendations.

Thank you for your attention to this matter, and I look forward to witnessing the positive impact of these recommendations on our community in the near future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frank Kelton".

Frank Kelton, Executive Director  
Potential Place Society  
[frank.kelton@potentialplace.org](mailto:frank.kelton@potentialplace.org)

cc: Tim Ward, Chair, Affordable Housing Taskforce *via email:* [Tim.Ward@Calgary.ca](mailto:Tim.Ward@Calgary.ca)  
Karin Finley, AND Strategies Ltd.

Attachment: *(following pages 3-6) Sample Action to Outcome Gap - The nexus is top-up capital funding from the City*

## Sample Action to Outcome Gap:

The *nexus* is top-up capital funding from the City

Using Taskforce Recommendation 1 as an example, note that the Action changes policy, the Outcome (“this will create more housing”) requires funding

### Explanation for Clarity

#### **Rec 1: Make it easier to build housing across the city**

##### **Action A - Enable more non-market housing**

“How would this affect Calgary?” The outcomes are listed: *This will create: More housing, Economic benefit, Demographic diversity.*

In fact, the proposed change only creates the land use change that would permit more housing. Should construction and completion of housing be achieved, economic benefit and demographic diversity may potentially also be achieved.

As Potential Place has experienced, accommodating land use only creates the pathway toward housing. No new housing will exist on those spaces without adequate funding for construction of new building for affordable housing providers. Our concern is that the outcome, without funding, may simply be empty lots.

Funding / investment is REQUIRED to build housing. One of the biggest barriers to Potential Place, and non-profit, non-market housing providers like us, that want to build housing, is access to capital and operational dollars.

In the context of a housing crisis and to truly address urgency, we emphasize the critical need for money - capital, funding, financing, grants, investment and gifts – to create new housing. Focus on this key aspect would create an immediate shift toward building much-needed new housing in Calgary, especially for non-market and affordable housing providers like Potential Place.

*Without funding, the most likely outcome will be empty lots.*

*Funding for Affordable Housing will create more housing. Land Use and Policy change alone will not.*

## Taskforce Recommendation reference from website:

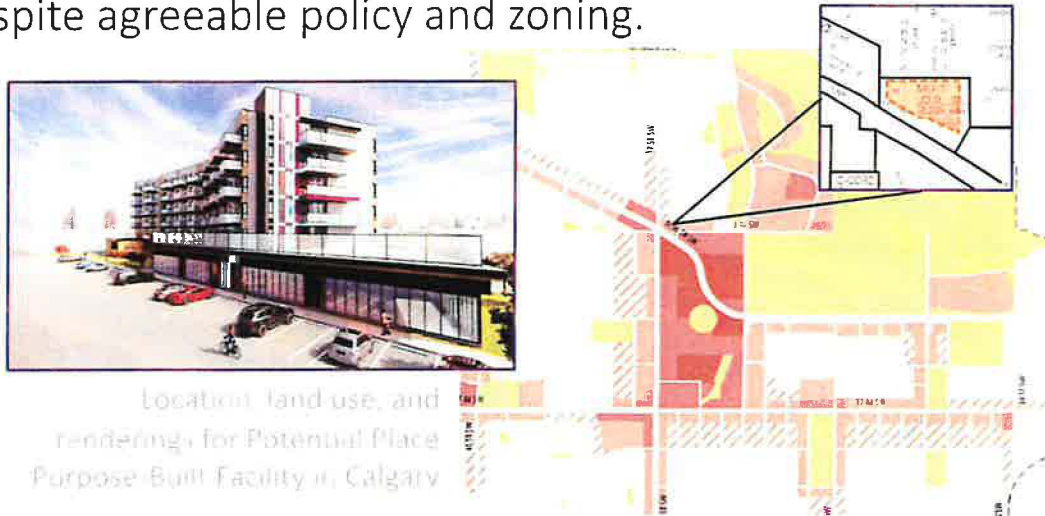
<https://www.calgary.ca/social-services/low-income/task-force/recommendation-1.html>

Taskforce Recommendation 1 is used here as an example of how the policies may not produce the desired outcomes, and we advocate that more focused attention needs to be paid to *urgency* and a short-term *crisis response* to construct housing, where the focus of policy may address housing in the longer-term

| What is the action?                                                                                                                                                                                                                                                              | What would this mean if it was approved? Why was this recommendation made?                                                                                                                                                                                                                                                                                                                                                                                                   | How would this affect Calgary?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Include policy in the Municipal Development Plan (MDP) immediately that every Local Area Plan (LAP) should enable a minimum of 15% of the total housing units to be non-market Affordable Housing (as defined by The City) to provide equal distribution across the city.</p> | <p>This recommendation means a change in policy through the MDP to help guide Calgary’s affordable housing <a href="#">targets</a> and guide Local Area Plans (LAPs), to consider the locations for market and non-market housing throughout all Calgary communities.</p> <p>When opportunities for more non-market housing units come along, there will be policy guidance in place to provide clarity to Calgarians as their communities experience growth and change.</p> | <p>This will create:</p> <ul style="list-style-type: none"> <li>•<b>More housing:</b> Approximately 81,000 households are in need of affordable housing, according to the most recent Housing Needs assessment. Calgary has 3.5% non-market housing compared to the national average of six per cent.</li> <li>•<b>Economic benefit:</b> Increasing affordability reduces overall housing costs. Investing in an affordable housing supply is critical to support new job creation and attract and retain a stable workforce.</li> <li>•<b>Demographic diversity:</b> Delivery of various home options that meet building safety standards and are accessible for Calgarians of various income levels.</li> </ul> |

# Potential Place Society Purpose-Built Facility

Without capital funding, PPS affordable housing is not possible despite agreeable policy and zoning.



Location, land use, and rendering for Potential Place Purpose-Built Facility in Calgary

## Potential Place Experience

### Purpose-Built Facility needs \$41MM investment:

- Process took 5 years government engagement – federal / CMHC, Provincial (NDP and UCP), and municipal
- 3 different land sites, 2 different developers
- Architects, government relations professionals, staff resources, board resources and decision-making
- 7 unique solutions aimed to achieve capital and/or operational funding for PPS and the Facility, including 95 non-market housing units
- CMHC Co-Investment fund requires participation from all orders of government (municipal, provincial, federal)
- Operating commitment achieved, and land purchased, top-up funding of approximately \$6.5MM required

### The Land has policy:

- Meets Land Use bylaw: MU-1 f3.0 h22
- Meets Approved Westbrook Local Area Plan (LAP):
  - Map 4: Building Scale Low (up to 6 storeys) (p.22), and
  - 2.2.1.5 Neighbourhood Connector (p.29)

### Potential Short-term Solution for City / Taskforce Consideration:

*Bridge the gap between the affordable housing crisis and construction of non-market housing with City funding:*

1. Tie City funding to a favourable / successful CMHC application
2. City contribution would make non-market project(s) viable
3. Consider City funding commitments for 10-15% of capital of project(s) that are already in the queue (e.g., CMHC)
4. Prioritize funding to non-market housing providers in the Taskforce Recommendations, specifically with capital funding