

AFFORDABLE HOUSING FEDERAL AND PROVINCIAL UPDATE

EXECUTIVE SUMMARY

The last two years have seen unprecedented attention directed towards affordable housing by the federal, provincial and municipal orders of government. In this context, The City completed significant advocacy work in 2016 and 2017 to advance the objectives in the Corporate Affordable Housing Strategy and Council-endorsed advocacy goals. This report provides an update on progress made over the last year. It also provides, for information, a slightly refreshed set of advocacy goals that are intended to guide The City's intergovernmental advocacy around affordable housing in 2018.

Going forward, these goals, combined with actions taken to implement The City's affordable housing strategy are positioning The City to compete provincially and nationally for federal and provincial funding that will begin to flow in the near future. For example, initiatives like the Housing Incentive Program which is fully committed and will provide \$6.9M to support 2,000 units of affordable housing in Calgary by non-market providers and expedited approvals for affordable housing that give The City a competitive advantage when securing national funds. To maintain this advantage, it will be critical that The City move forward with implementation of the corporate affordable housing strategy including the finalization of a 10-year capital plan that identifies a long-term capital development pipeline and operating funding to maintain the level of service being provided to implement the affordable housing strategy.

ADMINISTRATION RECOMMENDATION(S)

That the Intergovernmental Affairs Committee receives this Report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2016 October 13 Meeting of the Intergovernmental Affairs Committee, the following recommendations from Administration were approved:

1. Approve the summary of The City's principles of a desired future state for housing (Attachment 2)
2. Approve the proposed position for The City on Inclusionary Housing (Attachment 3).
3. Approve that this report and its attachments remain confidential pursuant to Sections 16(1) and 24(1)(b) until a proposal has been agreed upon with the Provincial and Federal Governments and announced to the public.

At the 2016 July 25 Meeting of Council the following recommendations from Priorities and Finance Committee were approved:

1. Approve the Corporate Affordable Housing Strategy and confirm affordable housing as a Council Priority;
2. Approve the Implementation Plan in principle and direct Administration to bring forward budget recommendations for 2017 and 2018 for Council consideration through Action Plan mid-cycle adjustments;
3. Direct Administration to provide a progress update on the Implementation Plan to Council through the Priorities and Finance Committee by Q2 in 2017 and 2018;
4. Rescind the 2002 Corporate Affordable Housing Strategy (Council Policy CS007).

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BACKGROUND

The last two years have seen unprecedented focus and attention directed towards affordable housing by the federal, provincial and municipal orders of government. By the end of 2017, each order of government had published an affordable housing strategy alongside differing budget commitments. This activity is highly positive and reflects well on The City’s advocacy to all orders of government. Despite this, significant challenges with housing remain, particularly at the operational level as the Government of Alberta continues to reduce the funding it provides for ongoing operations of social housing under their ownership or funding responsibility.

To ensure that The City was clear and consistent in its responses to engagement from the federal and provincial governments, in 2016 October the Intergovernmental Affairs Committee approved The City of Calgary’s principles of a desired future state for affordable housing, which consisted of a set of advocacy goals and requested government actions. Since then, Administration has been using these advocacy goals (outlined below under Investigation: Alternatives and Analysis) as key messages to guide The City’s intergovernmental advocacy for increased investment in affordable housing and improvements to the housing system.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The table below provides a progress update related to the advocacy goals approved by the Intergovernmental Affairs Committee on 2016 October 13.

Goal	2016/17 Progress
Create a progressive, citizen-centric housing system, which focuses on people’s needs and supports them to move seamlessly through the housing spectrum.	<ul style="list-style-type: none"> • The Provincial Affordable Housing Strategy is generally well aligned with this goal but more details are required through the implementation phase of the strategy. • Commitment to housing for Indigenous peoples has improved at both the provincial and federal levels. • The City has received funding from the Government of Alberta for the design phase of the One Window initiative, which has the objective to create a coordinated intake process for non-market housing in Calgary. • The National Housing Strategy is well-aligned with this goal, particularly in the emphasis it places on housing as a human right and initiatives to increase residents’ involvement in decision making. • New regulations in effect January 2018 and the Provincial Affordable Housing Strategy focus on outcomes for tenants and qualifications that enable the building of wealth for tenants in social housing. • The Provincial Affordable Housing Strategy also contains a commitment to better access to a tenant support worker that will connect them to community support services.
All orders of government need to work together to create a strong network of	<ul style="list-style-type: none"> • The recent release of surplus City-owned land parcels to non-profit housing providers demonstrated this action and was optimized through a partnership with the Canadian Mortgage

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<p>non-profit housing providers that can increase the supply of affordable housing in Calgary to meet the national average.</p>	<p>and Housing Corporation (CMHC) that provided seed funding in addition to the parcels of land. Administration expects this kind of initiative to be repeated through the close relationships it has established with CMHC and the newly released National Housing Strategy.</p> <ul style="list-style-type: none"> • The National Housing Strategy does not explicitly address this goal but does contain a number of programs that will ultimately benefit non-profit providers across Calgary.
<p>Create a sustainable, mixed income portfolio with no net loss of high need households served. Operating funding follows the household, not the unit.</p>	<ul style="list-style-type: none"> • Both orders of government have expressed their interest in and commitment to mixed-income housing but there have not yet been any initiatives or actions that would move this goal forward in a concrete way. • Of most concern is the situation relating to Calgary Housing Company (CHC) and the operating funding received for provincial social housing. It appears that the Government of Alberta views a mixed-income model as the way to achieve financial sustainability for social housing but is not giving providers the flexibility they need to achieve this and is also not funding social housing appropriately in the interim before a mixed income model can be achieved. Administration has briefed Council on this issue in more detail. • The National Housing Strategy will launch a National Housing Benefit in 2020 which will be a partnership with provinces and territories to provide a top up benefit to rent supplements already being received. The federal government views this benefit as being portable, i.e. it follows the person rather than the unit and is directly aligned to this goal. More details are needed on the implementation but it is well aligned to this goal.
<p>Sustained, expanded and consistent capital funding is required to create a development pipeline and increase the supply of non-market housing from 3% to 6% to meet the national average and for deferred maintenance.</p>	<ul style="list-style-type: none"> • Substantial capital investments in affordable housing were committed in the 2017 provincial and federal budgets but so far there has been poor flow-through to municipalities and housing providers. • The Government of Alberta has committed funding to CHC for capital maintenance and to address unit closures in the provincial portfolio. The funding falls short of the amount required to address a significant deferred maintenance backlog. Going forward, CHC has requested a commitment to address over \$75 million in deferred capital maintenance starting with a minimum of \$6 million in 2018 with a plan over the long-term to address ongoing maintenance requirements and asset management. • The National Housing Strategy contained a \$15.9-billion federally managed National Housing Co-Investment Fund which will consist of nearly \$4.7 billion in financial contributions and \$11.2 billion in low interest loans. This funding will need to be

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	<p>matched by a contribution from another order of government which can be, for example, an expedited planning approvals process. Given The City’s affordable housing strategy, it is well positioned to capitalize on this funding when it starts to flow. For example, initiatives like the Housing Incentive Program have provided \$6.9 million in grants and fee rebates to non-profit housing providers to support the development of 2,000 units of non-market housing. In addition, The City has made seven parcels of land available for non-market housing development and implemented an expedited approvals process for non-market housing. These initiatives will set Calgary up well to receive and utilize the funding that is expected to flow.</p> <ul style="list-style-type: none"> • In addition, over the next 10 years, up to \$200 million in federal lands will be transferred to housing providers to support housing development.
<p>The City needs new authorities that recognize its status as one of the largest cities in Canada and that give it the tools it needs to address Calgary’s affordable housing needs.</p>	<ul style="list-style-type: none"> • The City has gained new authorities through the City Charter, to be enacted in 2018, and through the updated <i>Municipal Government Act (MGA)</i> including the ability to enter into housing agreements which ensure housing remains affordable through a legal instrument on the land title. • Most notably, the Government of Alberta is in the process of introducing a regulation of the MGA to provide municipalities with the ability to implement Inclusionary Housing policies. The City’s approach to this new authority will be measured and involve extensive engagement with all stakeholders to develop the right policy for Calgarians. • The City has also been advocating for property tax exemptions for affordable housing through an updated version of the <i>Community Organization Property Tax Exemption Regulation (COPTER)</i>. The regulation is still being developed and may see some progress in terms of property tax exemptions for affordable housing.

Along with this progress on specific goals, the overall relationship with provincial and federal housing officials and staff has improved in 2016 and 2017, providing many opportunities to communicate The City’s affordable housing challenges and needs. In particular, Administration continues to participate in the Big Cities and Government of Alberta Collaborative on Affordable Housing, which was established in 2016. This Collaborative brings together senior staff from multiple ministries in the Government of Alberta and staff from the City of Edmonton and The City of Calgary.

Over the past year, it has agreed and signed off on a Terms of Reference and an Action Plan, which is primarily focused on capital development. The value of The City’s membership in this Collaborative is in the ability to build relationships with counterparts at The City of Edmonton and across the Government of Alberta. With the addition of the Government of Canada, through a local CMHC representative, the Collaborative can also be a forum to communicate

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with both orders of government. Additionally, the Collaborative provides a platform for The City to showcase recent initiatives and accomplishments under the Corporate Affordable Housing Strategy. Throughout the year, Administration has made multiple presentations on different programs being implemented under the strategy with an overall objective of building support for The City's work and influencing the provincial government's direction and position.

Despite these improvements and the progress on advocacy goals outlined above, a number of new or continuing challenges have been identified, including:

- There is still not enough funding to address Calgary's supply gaps and operating funding issues persist. Specifically, CHC is facing an operating shortfall for 2018 that will see units close if the Government of Alberta does not fund social housing adequately. The City's Corporate Affordable Housing Strategy sets a target of meeting the national average for non-market housing but this target will be at risk if the Government of Alberta does not fund social housing adequately and more units have to close.
- The Provincial Affordable Housing Strategy was released in June 2017 but there are few details on how the strategy will be implemented.
- Data and research gaps exist both provincially and federally.
- Calgary is further ahead than other orders of government in strategy and implementation, which may pose delays to effectively working with the provincial and federal governments. However, there are specific short-term initiatives that position Calgary to be a leader and successful recipient of new funding.
- Communication and alignment between ministries, particularly at the provincial level has improved but gaps still exist. For example, in the discussions on property tax exemptions, it has been clear that there is limited alignment and discussion between the ministry responsible for property tax and the ministry responsible for housing.
- With the release of provincial and federal housing strategies, the focus may turn away from housing to other areas (e.g. poverty), particularly in the lead up to provincial and federal elections.

Based on the progress made toward the previous advocacy goals and current issues described above, Administration is providing for information a slightly refreshed set of affordable housing advocacy goals for 2018 (Attachment 1). While these goals have not substantively changed since their approval by the Intergovernmental Affairs Committee on 2016 October 13, Administration has slightly updated and refreshed the language in relation to some of the positions to adapt to the changed strategic, financial and policy context in which The City is now operating, and has made more explicit how these goals relate to Calgary's affordable housing strategy, Foundations for Home. Most notably, the goal related to attaining new legislative authorities from the 2016 has been removed as the City Charter and MGA updates are largely completed and minimal advocacy is required in 2018.

In the coming year, The City's advocacy strategy for affordable housing is proposed to build on success. The refreshed advocacy goals, combined with actions taken to implement The City's affordable housing strategy are positioning The City to compete provincially and nationally for federal and provincial funding that will begin to flow in the near future. For example, it is

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anticipated that cities such as Vancouver and Toronto will advocate strongly for federal funds and Calgary needs to act to ensure its voice is heard when funds are made available.

Programs initiated over the last two years, such as the Housing Incentive Program which is fully committed and will provide \$6.9M to support 2,000 units of affordable housing and the expedited approvals for affordable housing will give The City a competitive advantage when securing funds. To maintain this advantage, it will be critical that The City moves forward with a 10-year capital plan that identifies a long-term capital development pipeline and baselines the operating budget to reflect the current level of service being provided to implement the affordable housing strategy. Administration will be bringing forward proposals for both these items throughout 2018.

There will also continue to be advocacy to address CHC's short term operating budget issues. This is the most immediate and pressing issue in relation to housing and can be expected to be the main focus, particularly over the first quarter of 2018. CHC has made a clear request to the Government of Alberta for additional operating and capital funding and will be exploring all options if this funding is not received.

There will also be a focus on securing provincial and federal support for new and established City programs that showcase The City's action and expertise in affordable housing. By prioritizing and profiling specific projects from Calgary's Corporate Affordable Strategy, The City can demonstrate to the Government of Alberta and the Government of Canada that The City is a valuable partner committed to positive outcomes for citizens. In particular, there is an opportunity to influence program elements of the National Housing Strategy that are being crafted throughout 2018.

Stakeholder Engagement, Research and Communication

The City has established good working relationships with the following external groups:

- Community Housing Affordability Collective (CHAC).
- Social Policy Collaborative hosted by Vibrant Communities Calgary (VCC).
- Canadian Housing and Renewal Association (CHRA).
- Federation of Canadian Municipalities (FCM) and the Big City Mayors Caucus (BCMC).
- Alberta Urban Municipalities Association (AUMA).
- Housing Partnership Canada (HPC).

Strategic Alignment

At a high level, The City's advocacy related to affordable housing is aligned with the Corporate Affordable Housing Strategy, and specifically with Strategic Objective 5: "Strengthen intergovernmental partnerships." The specific advocacy goals proposed within the refreshed Affordable Housing Advocacy Strategy are also aligned to the objectives of the Corporate Affordable Housing Strategy and several other City strategies, as detailed in Attachment 1.

Social, Environmental, Economic (External)

The City has been advocating for a fully mixed housing market that creates and retains jobs, attracts new workers, assuages poverty, meets the needs of seniors and families, and keeps the most vulnerable residents off the street. This in turn reduces financial stress on the health

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care system, the justice system, policing, social services, City Administration and other municipal and provincial services. Adequate, affordable housing enables all Calgarians to maximize their contributions to the wider community.

Financial Capacity

Current and Future Operating Budget:

The City's affordable housing advocacy work has been carried out within current resources and will continue to be. The City is actively advocating for changes to the capital and operating funding model for housing that, if implemented by other orders of government, would transform the housing system and create a financially sustainable housing model that could reduce operating costs for The City and CHC.

Current and Future Capital Budget:

Continued participation in intergovernmental advocacy activities increases the chance that The City will have opportunities to leverage federal and provincial investments to capture Calgary's share of funding and meet the objectives set out in The City's Corporate Affordable Housing Strategy.

Risk Assessment

The policy and regulatory environment of affordable housing is not directly within The City's control. As such, there is a risk that other orders of government may implement policy changes that are unfavourable to The City or to Calgary's affordable housing sector. To mitigate this risk, clear, consistent and logical positioning and messaging are critical. The City must communicate the value of its positions in an objective way that has cross-party appeal and demonstrates the fiscal and social benefits of affordable housing. It will also be helpful to focus on building relationships and influence at the Administrative level to position Calgary Housing as an influential and innovative voice provincially and federally.

Additionally, there is a risk that The City may receive capital through its advocacy efforts that it does not have the capacity to fully deploy. If this were the case, it could lead to a reduction in future provincial and federal funding for Calgary Housing and other City initiatives. To mitigate this risk, Administration proposes to prioritize the timely investment of provincial and federal funding and publicize the completion of major projects to demonstrate The City's commitment and ability to deliver. Calgary Housing has done this a number of times over the summer with the opening and re-opening of several high-profile housing developments.

REASON(S) FOR RECOMMENDATION(S):

The City has an opportunity to build on success and continue engaging other orders of government as national and provincial housing policy and programs are finalized in the upcoming year. The approach summarized in this report will prepare Administration to respond and engage effectively and consistently with intergovernmental partners.

ATTACHMENT(S)

1. Refreshed Affordable Housing Advocacy Goals