

**Corporate Planning & Financial Services Report to
Executive Committee
2025 December 09**

**ISC: UNRESTRICTED
EC2025-0912**

Affordable Housing Development Financing led by Calgary Housing

PURPOSE

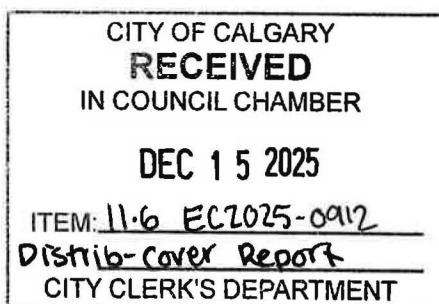
The purpose of this report is to seek Council approval of proposed Bylaws 9B2025, 11B2025, 53M2025, 54M2025 and 12B2025 (collectively the "Bylaws").

Collectively, these bylaws will enable Calhome Properties Ltd. (operating as Calgary Housing) to achieve its Strategic Plan 2023-2030, significantly scale up production of needed non-market housing, take on responsible debt levels consistent with its role as a residential developer, and decrease its reliance on capital funding from the City of Calgary ("The City"). This is aligned with Council direction under *Home is Here: The City's Housing Strategy 2024-2030*.

PREVIOUS COUNCIL DIRECTION

The City of Calgary ("The City"), as sole shareholder, through Council provided approval of Calhome Properties Ltd. (operating as Calgary Housing) revised 2023 – 2030 Strategic Plan (Attachment 6) and confidential strategic real estate acquisition on 2025 June 20 (Attachment 7).

Council approved The City's *Home is Here* Strategy 2024-2030 on 2023 September 16 (CD.2023-1749)



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RECOMMENDATION(S):

That Executive Committee:

1. Forward this Report and Attachments to the 2025 December 15 Regular Meeting of Council; and

That Executive Committee recommends that Council:

2. Give first reading to Bylaw 9B2025 (Attachment 2), being the proposed bylaw authorizing The City to amend Bylaw 7B2020 to increase the amount of borrowing authority from \$10.0 million to \$21.5 million for additional financing of City-owned affordable housing capital projects delivered by Calgary Housing;
3. Give first reading to Bylaw 11B2025 (Attachment 3), being the proposed bylaw authorizing The City to borrow up to the maximum amount of \$87.525 million for financing the construction of a portfolio of affordable housing capital projects, which may include strategic project opportunities, of Calgary Housing;
4. Give first reading to Bylaw 53M2025 (Attachment 4), being the proposed bylaw authorizing a loan to Calgary Housing in the maximum amount of \$87.525 million;
5. Give first reading to Bylaw 12B2025 (Attachment 5), being the proposed bylaw to authorize The City to guarantee Calgary Housing's \$9.0 million third party revolving loan facility and authorize The City to borrow up to \$9.0 million should that guarantee be called upon;
6. Withhold second and third readings of the attached proposed Bylaws until the advertising requirements set out in the *Municipal Government Act*, RSA 2000, c. M-26, have been met;
7. Direct Administration to amend any existing agreements between The City and Calgary Housing, as applicable, to reflect the content of the above-referenced Bylaws in accordance with The City's Credit Documentation – Loans and Loan Guarantees Policy and Procedures; and
8. Direct that Attachment 7 remain confidential pursuant to Sections 19 and 30 of the *Access to Information Act*, SA 2024, c A-1.4, and review the confidential status of Attachment 9 by 2026 December 31.

RECOMMENDATION OF THE EXECUTIVE COMMITTEE, 2025 DECEMBER 9:

None

Excerpt from the Minutes of the 2025 December 9 Regular Meeting of the Executive Committee:

“The following documents were distributed with respect to Report EC2025-0912:

- Revised Attachment 2; and
- Revised Attachment 3.

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Moved by Councillor Pantazopoulos

That with respect to Report EC2025-0912, the Recommendations be amended by deleting Recommendations 2-8 in their entirety and replacing Recommendation 1 in its entirety as follows:

That the Executive Committee forward this report and attachments to the 2025 December 15 Regular Meeting of Council without recommendation.

For: (8): Mayor Farkas, Councillor Kelly, Councillor Dhaliwal, Councillor Pantazopoulos, Councillor Yule, Councillor Atkinson, Councillor Clark, and Councillor Schmidt

Against: (5): Councillor Wyness, Councillor Johnston, Councillor McLean, Councillor Tyers, and Councillor Ward

MOTION CARRIED

Moved by Councillor Schmidt

That with respect to Report EC2025-0912, the following be approved, **as amended:**

That the Executive Committee forward this report and attachments to the 2025 December 15 Regular Meeting of Council without recommendation.

For: (8): Mayor Farkas, Councillor Kelly, Councillor Dhaliwal, Councillor Pantazopoulos, Councillor Yule, Councillor Atkinson, Councillor Clark, and Councillor Schmidt

Against: (5): Councillor Wyness, Councillor Johnston, Councillor McLean, Councillor Tyers, and Councillor Ward

MOTION CARRIED"

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Les Tochor, Chief Financial Officer and General Manager of Corporate Planning and Financial Services concurs with this report.

HIGHLIGHTS

- City Administration and Calgary Housing are seeking Council approval to secure additional capital borrowing authority for affordable housing.
- Aligned with best practice in the non-market housing sector, this borrowing will finance a portion of Calgary Housing's cost to acquire, construct, redevelop, and preserve affordable homes. The financing will not increase overall capital costs for any project, and is within the existing Council-approved budgets for City-owned projects. It provides Calgary Housing with a responsible business approach to borrow at favourable interest rates and certainty that lower-cost debt will be available when required for upcoming projects. This approach supports Calgary Housing to be agile and entrepreneurial, decreasing its reliance on City capital funding. All proposed borrowing in this report would be self-supported by Calgary Housing through rental revenues.

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- This report requests authority to borrow through two proposed borrowing bylaws a total of up to \$109.025 million. Two bylaws are required due to the diverse structures of Calgary Housing's projects in progress (some of which are City-owned). This will leverage up to \$172.906 million in City, provincial and federal capital funding, plus Calgary Housing's capital contribution of at least \$5.21 million to accelerate the creation of approximately 600-1,000 affordable homes based on Calgary Housing's current pipeline, plus future development of 160 homes resulting from a strategic acquisition.
- This report also seeks to secure authority through a proposed bylaw for The City to guarantee a new revolving credit facility of \$9.0 million for Calgary Housing.
- Flexibility in accessing financing also supports future sustainability of Calgary Housing through portfolio growth and diversification, enabling a mixed-income operational model. This preserves existing non-market housing supply and ensures stability for low- and moderate-income residents. Calgary Housing aims to support 40,000 Calgarians living on lower incomes by 2035.
- The recommendations in this report are strongly aligned with *Home is Here*, The City's Housing Strategy 2024-2030. Outcome 3 of this Strategy directs The City to enable its housing subsidiaries to improve service delivery.
- As the largest residential landlord in Calgary, Calgary Housing is uniquely positioned to scale housing by expanding mixed-income supply, helping The City meet its Home is Here target of adding 3,000 non-market homes annually.

DISCUSSION

- Proposed Bylaw 9B2025 (Attachment 2) authorizes The City to amend borrowing Bylaw 7B2020 to incur additional indebtedness of up to \$11.5 million, for a revised total of up to \$21.5 million and, in combination with \$77.416 million of other City, provincial and federal funding, apply these funds to construct the Bridgeland and Mount Pleasant affordable housing projects, providing 211 new affordable homes by 2027. These City-owned projects are currently underway, and Calgary Housing is acting as development manager. With this additional financing, \$11.5M of City capital funding currently allocated to these two project budgets can be reprioritized to support other initiatives under *Home is Here* and deliver more non-market homes.
- Proposed Bylaw 11B2025 (Attachment 3) authorizes The City to borrow up to \$87.525 million to on-lend to Calgary Housing. Proposed Bylaw 53M2025 (Attachment 4) would authorize this on-lending.
 - These bylaws will support delivery of affordable housing projects under Calgary Housing's approved 2023 – 2030 Strategic Plan, which includes delivery of 3,000 non-market homes over 10 years. Potentially, new projects may be added to the Strategic Plan as approved by Council in its capacity as sole shareholder of Calgary Housing.
 - Current planned projects include the Southview Phase 1 affordable housing development project, a second development on land anticipated to be transferred from The City to Calgary Housing in 2026, and a real estate acquisition.
 - Collectively, if completed, these three affordable housing projects will provide 460 - 480 affordable homes.

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- Calgary Housing may also reallocate borrowing authorized under these two bylaws for other affordable housing projects should any one or more opportunities arise which better further its 2023 – 2030 Strategic Plan.
- Currently, anticipated capital projects that would be supported by these two bylaws will be funded with an additional \$95.5 million of other City, provincial and federal funding, plus at least \$5.2 million of capital from Calgary Housing.
- To further aid its delivery of affordable housing, Calgary Housing is seeking approval of proposed loan guarantee and borrowing Bylaw 12B2025 (Attachment 5) in the amount of \$9.0 million to support the establishment of a revolving credit facility provided by an external financial institution.
- The revolving credit facility will provide Calgary Housing the ability to respond swiftly to both planned and unforeseen operational needs and to bridge financing needs for development projects and strategic acquisitions. Proposed Bylaw 12B2025 authorizes The City to guarantee a revolving credit facility for Calgary Housing of up to \$9.0 million provided by Calgary Housing's third-party lender and authorizes The City to borrow up to \$9.0 million should The City's guarantee be called upon by the lender.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Public communication and engagement was not required as part of this Council report, however through the bylaw approval process set out in the MGA, The City will advertise all the proposed Bylaws in the Calgary Herald and each proposed Bylaw will receive three readings in public by Council.

Internal engagement was completed with the Chief Housing Office. Calgary Housing was consulted in writing this report.

IMPLICATIONS

Social

Calgary needs significantly more affordable housing supply. Homes built by Calgary Housing serve Calgarians in desperate need of housing at below-market prices.

The recommendations in this report strongly align with The City's *Home is Here Strategy*, which includes a target of 3,000 new non-market homes per year. There is also specific alignment with Outcome 3 of that strategy: "Enable the City's housing subsidiaries to improve service delivery". Action 3.B.1 of the strategy is to "support the capital development programs for both City of Calgary housing subsidiaries, as appropriate and aligned with their respective strategic plans."

Adequate housing enables Calgarians to maximize their contributions to the wider community with economic mobility, removes barriers to access and inclusion for vulnerable low to moderate income Calgarians, reduces reliance on emergency response police, 911,

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improves community safety and creates better outcomes for all Calgarians. Affordable Housing supply growth for Calgary Housing is limited without access to self-supported debt.

Environmental

The lack of affordable housing may cause people to seek affordable housing away from the centre of our community, and outside The City's boundaries, increasing our collective environmental footprint caused by longer commutes. Calgary Housing's pipeline of projects supports capital development in established communities, near transit routes which enable active mobility and will contribute to reducing Calgary's greenhouse gas emissions.

Economic

Housing affordability is essential for propelling economic growth and prosperity. Through talent attraction and retention, attracting businesses, job creation and local economic activity, housing is a key component in creating a vibrant, sustainable, and economically resilient city. The City's investment, leveraging provincial and federal funding, in affordable housing provides private construction industry jobs and builds homes where the supply that is needed most.

Service and Financial Implications

Self-supported financing

Calgary Housing's Board of Directors reviewed and approved the financial proforma scenario including self-supported debt financing for the capital projects and strategic acquisition. City Treasury has also reviewed Calgary Housing's financial proforma scenario. The loans will be amortized up to a 30-year period and paid in full by the end of the amortization period.

For funds borrowed by The City pursuant to proposed borrowing Bylaw 11B2025 and on-lent to Calgary Housing pursuant to proposed bylaw 53M2025, Calgary Housing shall repay The City from rental revenues earned on Calgary Housing owned properties sufficient to pay the interest, principal, fees and deposits when due and as required on the indebtedness under the terms of the credit agreement between The City and Calgary Housing. In the event of any revenue deficiency, The City shall levy and raise municipal taxes sufficient to repay such indebtedness.

Calgary Housing has been providing mixed income housing for forty years and has not had a default on a loan due to a mature mixed income model that limits risk during various economic cycles.

The City will charge Calgary Housing the City's standard Administration Fee of 0.25 percent per annum on the amount of outstanding City loans to Calgary Housing and 0.10 percent per annum on the amount of the outstanding revolving loan guaranteed by The City.

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RISK

Delivery on the *Home is Here* strategy:

- Certainty on funding is required by Calgary Housing to deliver non-market housing.

Increasing debt levels

- Approval of the proposed Bylaws will result in increasing debt levels at Calgary Housing with housing rental income as the primary source of funds to repay debt over the next several decades. As with any rental development, this revenue source entails some uncertainty due to market fluctuations.
- Rising interest rates or broader economic downturn can increase borrowing costs, reducing project sustainability or straining cash flow requirements. Similarly, inflation can lead to increases in materials, labor, permitting and other costs, which can increase project costs, requiring additional borrowing.

Mitigants:

City Finance has assessed the 10-year cashflow forecast of Calgary Housing and has confirmed, based on the assumptions provided, the cashflow is adequate to support Calgary Housing paying the principal and interest of loans entered into through proposed Bylaws 9B2025 and 11B2025.

The Calgary Housing's leadership and Board of Directors is well positioned to manage and mitigate the risks related to larger financial and real estate decisions given the real estate and development expertise within its membership. Calgary Housing also has a long track record as a housing operator and demonstrated ability to set appropriate rents to fill units, cover operating obligations, and comply with complex legal agreements.

In addition, the existing Credit Agreement between The City and Calgary Housing will be amended to reflect the additional loans and revolving loan guarantee contemplated under these proposed Bylaws, in accordance with The City's Credit Documentation - Loans and Loan Guarantees Policy and Procedures. The Credit Agreement contains various terms and covenants allowing The City to monitor Calgary Housing's financial performance and ability to meet its financial obligations and secure its loans.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. **Proposed Bylaw 9B2025**
3. **Proposed Bylaw 11B2025**
4. **Proposed Bylaw 53M2025**
5. **Proposed Bylaw 12B2025**
6. Calgary Housing Strategic Plan 2023 - 2030
7. Confidential – Calgary Housing Real Estate Opportunity
8. Affordable Housing Development Financing Presentation
9. **Distributed Revised Proposed Bylaw 9B2025**
10. **Distributed Revised Proposed Bylaw 11B2025**

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Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor, Chief Financial Officer & GM	Corporate Planning and Financial Services	Approve
Reid Hendry, Chief Housing Officer	Chief Housing Office	Consult
Kay Choi	Partnerships	Inform

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