

## **CORPORATE AFFORDABLE HOUSING STRATEGY UPDATE**

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### **EXECUTIVE SUMMARY**

Following direction from Council at the 2013 June strategic session, a community capacity analysis was undertaken through stakeholder engagement. The capacity assessment confirmed and expanded the known gaps in how the affordable housing community in Calgary meets the need for safe and affordable housing. It indicates that currently there is little excess capacity in the system for stakeholders to effectively fulfill their current roles or take on new or expanded roles. Given limited available resources to provide additional housing stock and related services, a new strategy is required to define how stakeholders can collectively work smarter together to impact the entire housing system and meet the needs of all Calgarians.

Given that a collaborative approach is desired, the creation of a community affordable housing strategy for Calgary will bring stakeholder groups together to collectively redefine appropriate roles and responsibilities for each group. The objective of the strategy will be to grow the community's ability to respond across the housing system to housing needs.

The City is best positioned to facilitate the development of the community affordable housing strategy. This provides a great opportunity for The City to play a leading role in working with stakeholders to move the housing system to a more efficient and effective level. The community strategy will subsequently inform the roles that The City will take forward in a corporate affordable housing strategy.

### **ADMINISTRATION RECOMMENDATION(S)**

That the Priorities and Finance Committee recommends that Council:

1. Receive the Community Capacity Research Report for information;
2. Direct Administration to facilitate the collaborative development of a community affordable housing strategy involving all relevant stakeholders as a next step in updating the Corporate Affordable Housing Strategy; and
3. Report back to Priorities and Finance Committee with terms of reference and a governance model for the community affordable housing strategy no later than Q3 2014.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

At the 2013 June 17 Strategic Meeting of Council it was moved by Alderman MacLeod, seconded by Alderman Mar, that with respect to Verbal Report VR2013-0064, the following be adopted:

That Council:

1. Receive Verbal Report, VR2013-0064 and the presentation material for information;
2. Direct Administration to initiate a review and update of The Corporate Affordable Housing Strategy and report back to the Priorities and Finance Committee with a status update no later than Q2 2014;
3. Direct Administration to undertake a community capacity analysis through stakeholder engagement to identify opportunities and costs to meet gaps in the provision of affordable housing in Calgary and define the City of Calgary roles in affordable housing and report back to the Priorities and Finance Committee no later than Q1 2014;

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4. Endorse the Affordable Housing Principles to guide a strategic workplan on affordable housing; and
5. Direct that the materials, presentations, discussions, and confidential distributions, remain confidential under Sections 23 (1)(b) and Section 24(1)(c) of the *Freedom of Information and Protection of Privacy Act*, until this matter is resolved.

### **BACKGROUND**

The existing Corporate Affordable Housing Strategy was adopted by Council in 2002 with the intent of positioning The City to take advantage of changes happening at the federal level, which included new funding opportunities. The Strategy also defined eight roles for The City of Calgary in affordable housing (Attachment 1). Business units from across the Corporation have played key parts in contributing to the implementation of the Corporate Affordable Housing Strategy since 2002. These contributions have had a positive impact in the provision of affordable housing within Calgary. Specific efforts have focused on providing financial incentives, making planning or regulatory changes that are favourable to affordable housing development, partnering with other sectors to build new units, raising awareness in the community to improve perceptions and advocating for stronger federal and provincial government commitment in this policy area.

Provincial policy directions and decisions can have significant impacts on The City of Calgary's operations, and this is apparent in the delivery and development of affordable housing. It is important to note that while the provision of affordable housing is not the sole responsibility of municipal government, The City's involvement in this area has evolved in an effort to leverage provincial funding that has been made available over the years to increase the supply of affordable housing in Calgary, and to respond to the situation that manifests itself at a local level, rather than at a provincial level. However, this approach has caused all stakeholders, including The City, to address the local situation in isolation as resources become available.

With the availability of provincial funding between 2008 and 2011, The City contributed towards the delivery of over 600 new units (Attachment 2), with community partners contributing a combined total of over 2200 units for the same funding period. Since 2012, provincial capital funding for the development of new affordable housing units has diminished and no new investments are anticipated before the 2015/16 provincial budget. Rather, provincial funding is being directed towards regeneration/renewal of existing provincial housing.

There continues to be a persistent need for additional affordable housing in Calgary. While housing system stakeholders, including The City of Calgary, have made concerted efforts to address this ongoing demand across the city over the past 20 years, there has been no change to the overall number of households in need of affordable housing, which has remained at 18 per cent.

In addition to the need for subsidized housing, market rental stock has been declining due to demolition and conversion to condominiums, with minimal new builds since the early 1980's, resulting in extremely low vacancy rates. The number of attainable home ownership opportunities is also still limited. This means that for many people it is too difficult to make the step from one part of the housing system to another. Calgary's strong housing market and the

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impact of the 2013 June flood have exacerbated the situation. A change is required to our approach to addressing affordable housing need.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### Community Capacity Research

To understand the change needed, the Office of Land Servicing and Housing undertook a community capacity analysis. Stakeholder engagement with agencies associated with the delivery of affordable housing units was conducted through in-person interviews and an online survey. The 27 interviews undertaken included stakeholders from non-profit organisations, municipal and provincial government departments, advocacy groups, market housing providers and industry associations. The scope and results of the research are outlined in the report in Attachment 3.

The community capacity analysis highlighted eight key conclusions which are set out in detail in Attachment 4. The general thrust of the findings can be summarized in two points:

- Stakeholders currently do not have the capacity to address the gaps in the housing system independently; and,
- Stakeholders need to work together to move the housing system in Calgary to a more efficient and effective level and achieve better collective outcomes. This would encompass collaborative use of resources and skills, capacity building, exploring collaborative ways to work with stakeholders to deliver affordable housing units and identifying funding opportunities to meet the demand for affordable housing.

Concurrently with the stakeholder engagement, Administration undertook best practice research that shows that other Canadian municipalities are taking this collaborative approach. They are also taking on the lead facilitation role to bring all the stakeholders to the table. This has been found to be the most effective way to adopt a systems approach to affordable housing. Such an approach considers how housing issues are connected within the whole housing system and develops solutions that are collaborative. This aligns with the guiding principles for the review of the corporate affordable housing strategy that were endorsed by Council at the 2013 June strategic session.

Administration identified a number of trends in 2013 June strategic session of Council which were contributing to gaps in the housing system. As a result of the capacity research and internal and external stakeholder engagement, these gaps have been reviewed and augmented and are set out in Attachment 5.

#### A Community Affordable Housing Strategy for Calgary

Administration's community capacity analysis and best practice research shows that long term success to meet current and future housing needs and to implement a systems approach requires the coordinated action and collaboration of City business units with non-profit and private sector stakeholders and other levels of government. The housing system is complex and is made up of multiple stakeholders with many interconnections, but their contributions currently come through a broadly-segmented approach where each stakeholder delivers housing products and/or associated services to a distinct segment of the system with little mitigation of impacts on other parts of the system. There are also resource constraints that affect the whole

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system, and a segmented approach adds more overhead for all participants. As a result, no single stakeholder has the capacity to change the entire system. Collaboration is needed to develop solutions that can enhance the housing system and progress it to a more functional level. Ultimately a systems based approach will optimise the impact of individual contributions.

To facilitate collaboration, a community strategy for Calgary should be developed with stakeholders across the housing system. This strategy would identify actions to be taken by all stakeholders working collaboratively to tackle the housing gaps, enable efficient and effective use of resources, and define roles and responsibilities. The City's corporate strategy could then formalize The City's role in the community strategy. The development of a community strategy will not impede initiatives already in place or being developed; rather it will provide alignment between City and external plans and initiatives, and a governance framework to move the system forward.

The City is best placed to lead the facilitation of the strategy as it already connects with stakeholders across the breadth of the housing system in one way or another. These include: development approvals and regulation; strategy and enabling functions; facilitation; land leases or provision of land to non-profit organizations including those who operate homeless shelters and non-market housing, and who provide attainable home ownership; and the management of non-market housing through Calgary Housing Company. The City also has a greater ability to provide resources to support strategy development than any other individual stakeholder. Without a single organization spearheading the facilitation, it is unlikely that a community strategy will be successfully developed within a meaningful time period.

Balancing long term and short term objectives and the roles of a wide range of stakeholders can be difficult. Achieving this balance requires an inclusive governance model that facilitates collaboration and enables an appropriate community response to the diversity of issues and challenges that exist across the housing system. Ultimately better collective outcomes will result.

Stakeholder involvement in development of the strategy would likely include representation from at least the following key stakeholders groups:

- Non-profit housing organizations
- Community based organizations
- Service agencies who provide support services
- Affordable home ownership providers
- Rental and home ownership housing providers
- Municipal and provincial government
- Industry associations
- Advocacy groups

The next steps will be:

1. Developing an appropriate governance structure which will define how stakeholders interact and make decisions, to be endorsed by Council by end of 2014 Q3.
2. Developing a plan with strategic directions and supporting actions by end of 2015 Q1.
3. Developing an Implementation Plan to carry out actions for 2015 onwards.

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While this is an ambitious time scale, it is acknowledged by stakeholders that there is a need to develop momentum in response to the continuing urgent need for affordable housing. Although The Corporation has ongoing affordable housing commitments in the coming years, it is important that a community strategy be developed in a timely manner to inform future plans, and the appropriate roles for The City, beyond that timeframe.

### **Stakeholder Engagement, Research and Communication**

The report in Attachment 3 sets out how key stakeholders were engaged in the community capacity research, and developing a community strategy will be based on further engagement and collaboration with stakeholders. Stakeholders were further invited to a presentation of the research findings by the consultant and a session to review the proposed gaps and vision. City business units were also engaged to review their respective business unit's roles and responsibilities relating to The City of Calgary's existing Corporate Affordable Housing Strategy.

To be successful, a community affordable housing strategy will require the buy-in and participation of external stakeholders and various City business units. The best way to achieve this is through an appropriate governance model, alongside a strategic engagement and collaboration initiative.

### **Strategic Alignment**

The development of a Community Affordable Housing Strategy helps advance the goals and policies within a number of City plans, including the following:

- imagineCalgary (2007)
- Municipal Development Plan (2009)
- Sustainability Direction 2020 (2010)
- Council's Fiscal Plan 2012-2014

The availability of housing to all Calgarians is an important component of safe, diverse and viable communities. A range of housing is also necessary and desirable for economic and social reasons: to attract a workforce and to enhance the safety, health and welfare of residents. These values are reflected in The City of Calgary's Sustainability Direction and Triple Bottom Line Framework. This proposed community affordable housing strategy also supports the Office of Land Servicing and Housing's business objectives of delivering affordable housing.

Further, having housing that meets the needs of Calgary's residents is part of The City's planning and development function. As such The City's Municipal Development Plan includes policies to ensure that there is housing diversity and choice, as well as opportunities for affordable housing, in every community.

This proposal would also facilitate alignment with external plans and initiatives:

#### Calgary's 10 Year Plan to End Homelessness.

This plan focuses primarily on the homeless sector of the housing system. All stakeholders acknowledge that unless all sectors of the housing system are functioning, success in addressing all the gaps will not be achieved. A community strategy will enable even greater alignment with the 10 Year Plan which will contribute to its success, particularly in relation to

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those parts of the housing system that follow on from the homelessness segments. This is timely as that plan is being reviewed during the early part of 2014.

### Province of Alberta's 10 year plan to End Homelessness.

Although affordable housing is a provincial responsibility, the province is increasingly confining its role to funding delivery of local initiatives. The current focus of the province is regeneration of existing units and not capital funding for new units. As affordable housing manifests itself locally The City and local stakeholders have an important function in developing a community affordable housing strategy for Calgary. A collaborative community strategy could also help guide the allocation of future funding from other levels of government.

### Provincial Interagency Council on Homelessness.

The Alberta Interagency Council on Homelessness was established in January 2013. It was created to enhance community input and participation in guiding the future direction of the Provincial 10-year plan to end homelessness. The Council brings together a broad range of stakeholders, including leaders of community-based organizations, shelters, other orders of government, and other provincial ministries.

### Calgary Poverty Reduction Initiative.

This is a community based approach to reducing and preventing poverty. Strategic actions that correspond to the four goals of the initiative include those that relate to affordable housing.

### Seniors Age Friendly Calgary.

This is the development of a community wide strategy to respond to the needs of an aging population. This initiative will reflect the need to have safe and affordable housing for all Calgarians, and is being developed during 2014. This is timely as it will enable alignment with the development of a community affordable housing strategy.

Council regularly interacts with stakeholders across the housing system. A community affordable housing strategy will enable Council to be better informed to make future decisions that place The City in alignment with community objectives. The focus of alignment with City and other strategic plans will continue through the governance model.

### **Social, Environmental, Economic (External)**

The outcomes of a community affordable housing plan will include progress on social, economic and environmental factors. A stable and secure housing market contributes to creating jobs, attracting new workers, meeting the needs of seniors and families, and keeping our most vulnerable off the street. Evidence shows that this in turn reduces the impact on the health care system, the justice system, social services and other municipal and provincial services. Being adequately housed also enables all Calgarians to maximise their contributions to the wider community.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

This work is part of the current business plan and budget. Potential costs associated with facilitating community engagement can be accommodated within the existing 2014 operating

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budget. Any future budget implications that arise out of the development of an implementation plan will be brought forward through the Priorities and Finance Committee of Council.

### **Current and Future Capital Budget:**

There are no direct implications on the capital budget arising from this initiative to develop a community affordable housing strategy, but it will guide future capital and operating decisions. The current commitments of The City and other stakeholders will continue to form their ongoing work plans. Following the development of the strategy, new roles and responsibilities will be phased in over the implementation period of 2015-2018. Any future budget implications that arise out of the development of an implementation plan will be brought forward through the Priorities and Finance Committee of Council.

### **Risk Assessment**

The continued fragmented and disjointed action and investment across the housing system presents one of the biggest risks to meeting housing needs in Calgary. Despite the best efforts of all stakeholders it is highly likely that the housing system will still not function satisfactorily and be able to offer housing options affordable to all Calgarians.

The community capacity analysis has identified that stakeholders do not have the capacity to independently meet the need for affordable housing. Were The City to relinquish its current roles in affordable housing, other stakeholders could not currently step in to replace them. This would present a risk to addressing the need for affordable housing. The development of a community strategy would also be at risk if stakeholders are unable or unwilling to contribute fully in the process. These risks are best mitigated by developing a collaborative community affordable housing strategy through a cross-stakeholder governance structure, with The City providing a facilitation role. This would allow for coordination in strategy development, implementation and decision making.

Should the strategy not be developed, then the potential for taking a systems approach to housing and being able to improve the way the housing system functions will be severely limited. By taking a lead role in facilitation of the strategy, Administration will be able to keep Council informed during the process and will benefit from the strong advocacy and support role that Council can contribute.

Council direction at the 2013 June strategic meeting was to consider the costs of the gaps in the housing system. While at this point a firm dollar cost of not addressing each of the gaps in the housing system is difficult to establish, the implications of not taking action are significant. Stakeholders will continue to deliver their best efforts, but past experience shows that there likely will be minimal impact on the overall demand for affordable housing if the current fragmented and disjointed action and investment across the housing system continues. Without greater collaboration and increased capacity amongst stakeholders across the housing system to address the gaps, the human, social and economic costs associated with the lack of affordable housing will continue to be incurred.

Adding the development of a Community Affordable Housing Plan into the process of revising the Corporate Affordable Housing Strategy delays the clear identification of the most

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appropriate future City role(s) until the community strategy is complete and an implementation plan is developed. This does not allow this process to inform Action Plan 2015-2018 in terms of new commitments. However, this important additional step will allow the future City roles that are identified as a result of the process to come from an informed, collaborative approach, which will ensure that future City resources are allocated in a strategic way that will move the housing system to a more efficient and effective place.

### **REASON(S) FOR RECOMMENDATION(S):**

Engagement with stakeholders and investigation of best practice elsewhere show a community approach to addressing the gaps in affordable housing is critical. A community affordable housing strategy will define all stakeholders' roles more effectively, allow for more effective and efficient use of resources, and provide a more coordinated and collaborative framework to meet current and future housing needs and achieve better housing outcomes for Calgary.

The development of a community affordable housing strategy will identify the most appropriate future role for The City while aligning the work of all stakeholders to produce the best outcomes. The outcome will be a more effective corporate affordable housing strategy.

Without an organization taking on the facilitation role, the coordinated movement forward will likely not occur. The City is best positioned to undertake the facilitation role because it already engages with all parts of the housing system in some way and has the ability to allocate resources. With Council playing an advocacy and support role to Administration throughout this process, Councillors will be well informed of community aspirations and contributions and, as a result, can more meaningfully engage with their constituents and community organizations.

### **ATTACHMENT(S)**

1. Roles of The City in Affordable Housing
2. Affordable Housing Developments
3. Corporate Affordable Housing Strategy – A Community Capacity Research Project
4. Affordable Community Capacity Research - Summary of key findings
5. Gaps in the housing system
6. Letters of support