

**Community Services Report to
Priorities and Finance Committee
2018 June 05**

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PFC2018-0584
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Corporate Affordable Housing Strategy Q2 2018 Update

EXECUTIVE SUMMARY

On 2016 June 28, the Priorities and Finance Committee (PFC) approved Foundations for Home: Calgary's Corporate Affordable Housing Strategy 2016-2025 (the Strategy). PFC also approved the accompanying Implementation Plan (the Plan) and directed Administration to provide progress updates on that plan to Council through PFC by Q2 in 2017 and 2018.

The Strategy was built on the vision of a transformed housing system where stakeholders work together to create better outcomes for people and increase the supply of non-market housing sufficient to provide homes to a minimum of 6% of households in Calgary, consistent with the national average of non-market supply. Meeting this standard means developing at least 15,000 new homes in addition to maintaining the current supply. The Strategy identifies that this cannot be achieved by The City alone. To achieve the vision outlined in the Strategy, The City is working collaboratively with the housing sector to increase its capacity and expertise and scale up organizations so that we can achieve the vision as a city. This work is increasing in importance in 2018, given the significant injections of funding that are expected to come from the federal and provincial governments for affordable housing.

Substantial progress has been made towards the Plan through the efforts of teams across the organization, supported by an additional \$1.5M each year from the Affordable Housing Reserve, a one-time temporary operating budget increase that was approved in 2016 November for 2017 and 2018 as bridge funding until the next business cycle.

Some highlights of the progress that has been made so far are: City programs have now supported the development of 2,000 non-market housing units, the timelines for planning approvals for non-market housing have been customized and significantly expedited and The City is in the process of selling six parcels of land to non-market housing developers.

In providing this level of service, The City is using every lever available to stack, complement and ultimately leverage much larger funding sources that will be coming from the federal government. Going into the One Calgary 2019-2022 Service Plan and Budget, The City is now well placed to continue providing this level of service and give Calgary's community and housing sector a strong platform to leverage and attract investment from other orders of government.

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ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council:

1. Receive the following update as per the annual Q2 reporting requirement established in PFC2016-0512 and accept the report and its attachments as information.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2018 JUNE 05:

That Council:

1. Receive the following update as per the annual Q2 reporting requirement established in PFC2016-0512 and accept the report and its attachments for information;
2. Direct that Administration return to Council, through the Priorities and Finance Committee, with an update on this work, no later than Q2 2019; and
3. Invite the Community Housing Affordability Collective to provide an update on their work to the Priorities and Finance Committee no later than Q2 2019

PREVIOUS COUNCIL DIRECTION / POLICY

Corporate Affordable Housing Strategy/Implementation Plan

The Priorities and Finance Committee (PFC) approved the Corporate Affordable Housing Strategy and the accompanying Implementation Plan on 2016 June 28 (PFC2016-0512). PFC also directed Administration to provide progress updates on the Implementation Plan by Q2 in both 2017 and 2018. Finally, PFC approved rescinding the 2002 Corporate Affordable Housing Strategy (Council Policy CS007).

Through the mid-cycle adjustment process, on 2016 November 21, Council approved Calgary Housing's request for a one-time operating budget increase of \$1.5 million per year in 2017 and 2018, reallocated from the existing Affordable Housing Reserve, to support new staff positions and dedicated program funding. The additional staff resources, combined with funding for City programs, have helped drive progress towards the goals identified in the Plan.

On 2017 May 29, Council approved the following Administration recommendations in relation to the Corporate Affordable Housing Strategy Q2 2017 Update:

That the Priorities and Finance Committee recommend that Council:

1. Accept the report and its attachments as information;
2. Extend current funding for the Housing Incentive Program through to the end of 2019;
3. Rescind policy CSPS004 (The City of Calgary Homelessness Strategy);
4. Rescind policy CS001 (Acquisition of Affordable Housing Lands for Municipal Purposes).

Housing Incentive Program

On 2016 February 2, PFC approved \$6.9M in funding for the Housing Incentive Program (HIP) (PFC2016-0081), which covers affordable housing related pre-development costs and rebates City fees incurred between 2016 January and 2017 December. The funding source for HIP was the Community Economic Resiliency Fund. On 2017 May 29, Council approved an extension of this funding through to the end of 2019. A comprehensive update on HIP is provided through this report (Attachment 2).

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BACKGROUND

The Corporate Affordable Housing Strategy¹ defines a 10-year strategic direction for The City of Calgary across six objectives, which respond to challenges for affordable housing delivery in Calgary. It clarifies The City's mandate for affordable housing delivery, formalizes affordable housing as a Council Priority, positions The City to leverage federal and provincial capital funding to support internal and community development of units, and guides City actions to create safe, affordable homes that support individual and community success and well-being. The Strategy was accompanied by an initial Implementation Plan² that identifies immediate actions for the rest of this business cycle, which will be considered for integration into the One Calgary 2019-2022 Service Plan and Budget.

The Strategy was built on the vision of a transformed housing system where stakeholders work together to create better outcomes for people and increase the supply of non-market housing sufficient to provide homes to a minimum of 6% of households in Calgary, consistent with the national average of non-market supply. Meeting this standard means developing at least 15,000 new non-market homes in addition to maintaining the current supply and the Strategy identifies that it cannot be achieved by The City alone. The City is working collaboratively with the housing sector to increase its capacity and expertise and scale up organizations so that we can achieve the vision together.

Calgary is now in an unprecedented circumstance with all three orders of government having made significant budget and strategy commitments to affordable housing. In the year since the 2017 Q2 update was presented to PFC, both the provincial and federal governments have released housing strategies and have continued to make significant commitments to affordable housing. For example, the National Housing Strategy contained the following commitments:

- \$40 billion in total over 10 years towards the strategy with \$15.9 billion for new housing and repair of existing housing.
- \$4 billion for a new Canada Housing Benefit aimed at 300,000 households in Canada.
- \$4.3 billion to preserve expiring operating agreements for social housing.

While the Provincial Affordable Housing Strategy focused on:

- Increasing the supply of affordable housing and maintaining current stock.
- Integrating housing with community supports.
- Supporting financial sustainability in the housing system.
- Creating a fair and flexible housing system.

These funds will not necessarily be allocated evenly across the country and the province. Calgary as a city will need to make its best case for why it deserves funding. In addition, project proponents will need to show they have projects that are ready and that their projects have a contribution from another order of government. That contribution is likely to be exactly the kind of

¹ The Corporate Affordable Housing Strategy is available online:

<http://www.calgary.ca/CS/OLSH/Documents/Affordable-housing/Corporate-Affordable-Housing-Strategy.pdf>

² The Implementation Plan is available online: <http://www.calgary.ca/CS/OLSH/Documents/Affordable-housing/Corporate-Affordable-Housing-Implementation-Plan.pdf>

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service that The City is currently providing – fee rebates, expedited approvals or contributions of land. The result is that the Strategy can contribute to successfully positioning Calgary and its housing sector to make a strong case for a significant proportion of the funding to come to projects in Calgary.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Corporate Affordable Housing Strategy – Progress update

Overall, the Strategy and Plan have seen tremendous progress since the last update in 2017. The tools and levers described in this report and attachments are facilitating affordable housing development in Calgary and filling the missing links that non-profit housing developers need in order to scale up. By providing grants and fee rebates, expedited planning approvals, and selling land to non-profit providers, The City is building a foundation for our partners to help achieve our common vision for affordable housing in Calgary and leverage even more investment from other orders of government for optimum outcomes. A detailed progress update for each of the six objectives in the Strategy can be found in Attachment 1 (Foundations for Home Progress Update).

At a high level, progress under the six objectives is as follows:

1. Get Calgary Building

- **Target:** All qualifying affordable housing projects move to development permit and building permit approval within 6 months, 80% of the time by 2018 & 1,500 units supported by City programs by 2018.
- **Progress:** Since 2016 September, four affordable housing projects have had development and building permits approved. The average time for approval was five months and 2,000 units have been supported by City programs.

2. Leverage City Land

- **Target:** 5 parcels per year of City land disposed at below-market value for non-market housing projects in 2017 and 2018.
- **Progress:** 10 parcels of City land are on track to receive approval for disposition at below-market value for non-market housing projects in 2018.

3. Design and Build New City Units

- **Target:** 160 new units delivered to Calgary Housing Company by 2018 & 110 units in development by 2018.
- **Progress:** Calgary Housing expects to deliver 120 new units to Calgary Housing Company by autumn 2018 & Calgary Housing expects to exceed this target, with 294 units funded by the end of 2018.

4. Regenerate City-owned Properties

- **Target:** Redevelopment initiated for 3 existing sites & 2 City-owned buildings with lifecycle improvements by 2018.
- **Progress:** To date, over 200 units have undergone critical maintenance repairs & Administration continues to make progress on a sustainability project that will identify what is needed to find appropriate sites for redevelopment.

5. Strengthen Intergovernmental Partnerships

- **Target:** Participation in 3 significant intergovernmental projects by 2018.
- **Progress:** Target has been met but work continues.

6. Improve the Housing System

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- **Target:** 5 programs to improve outcomes for tenants delivered by 2018.
- **Progress:** This target has been exceeded.

Some selected highlights of progress are showcased below:

Housing Incentive Program (HIP)

HIP offers a reimbursement to non-profit organizations that are building affordable housing units, through Council approved funds. There are two components to this program: a pre-development grant and a City fee rebate that covers a range of eligible City development fees. As of the end of Q1 2018, the program has approved 14 pre-development grant applications and 33 city fee rebate applications. To date the full program budget of \$6.9M has been committed for approved applications. There is now a wait list for this program, with a request to support an additional 176 units. The current program commitments, not including the wait list, support an anticipated total of 2,000 units of affordable housing, at an average cost of \$3,456/unit. A comprehensive update on HIP is attached to this report (Attachment 2).

Home Program

In 2016 November, City Council approved one-time funding for Calgary Housing to establish a program to support individual well-being of affordable housing residents. Administration has developed a framework for this, called the Foundations for Home Community Development Program or the Home Program. So far, the Home Program has helped 600 affordable housing residents utilizing 90 volunteers who have given 300 volunteer hours, and worked with 30 different community partners. An independent evaluation of the Home Program is being conducted by United Way and an executive summary of the interim evaluation report is attached to this report (Attachment 3).

Community Housing Affordability Collective (CHAC)

The City continues to participate in and support CHAC. The last year has seen significant progress as CHAC is established in the community and grows in prominence and stature, with responses provided to government on property tax exemptions and the National Housing Strategy, organizing a film screening and Q&A and securing funding to build a program that will provide education and resources to strengthen the development of the affordable housing sector. CHAC has recently refreshed its work plan and is focused on establishing a clear vision and target for affordable housing in Calgary. A more comprehensive progress update from CHAC is attached to this report (Attachment 4).

Stakeholder Engagement, Research and Communication

The Strategy and the Plan were developed following extensive consultation with all City departments impacted by the proposed actions. In addition, The City conducted engagement over several months with over 30 external non-profit and private sector housing providers, as well as stakeholders from across the housing spectrum. The City also leveraged input from the 22 stakeholder organizations in CHAC. Feedback from these stakeholders was instrumental in shaping The City's strategic direction and implementation actions.

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Stakeholder engagement continues to be integral to The City's success in implementing the strategy. Feedback from stakeholders remains highly positive and Administration is of the firm belief that the Strategy is well on track to achieve its vision and objectives.

Strategic Alignment

The Strategy will help to advance the goals and policies of existing City plans that call for increased housing affordability to meet the diverse needs of Calgarians. The Strategy is aligned with the Calgary Municipal Development Plan which includes the following objective under Part 2.3.1: Housing: "Ensure a choice of housing forms, tenures and affordability to accommodate the needs of current and future Calgarians and create sustainable local communities." Additionally, The City of Calgary Action Plan 2015-2018 includes Strategy P6, "Increase affordable and accessible housing options," under its area of focus for a prosperous city. Calgary Housing is currently also working to integrate the Strategy into the One Calgary 2019-2022 Service Plan and Budget process.

Social, Environmental, Economic (External)

A fully mixed housing market creates and retains jobs, attracts new workers, assuages poverty, meets the needs of seniors and families, and keeps our most vulnerable residents off the street. This in turn reduces financial stress on the health care system, the justice system, policing, social services, City Administration and other municipal and provincial services. Results from Housing First programs piloted in Calgary as one of Alberta's Seven Cities have shown that providing housing to one homeless person yields \$34,000 in annual savings to taxpayers.

In addition, demand for affordable housing remains strong, as evidenced by the 88,000 Calgary households currently earning less than 65% of area median income and spending more than 30% of their income on housing costs, and by CHC's current wait list of 4,000 households.

Adequate housing enables all Calgarians to maximize their contributions to the wider community. The City of Calgary has an opportunity to create better outcomes for individuals and communities through safe, affordable housing solutions.

Financial Capacity

Current and Future Operating Budget:

There is no operating funding request at this time. The current level of service being provided by Calgary Housing to implement the Strategy is funded through base operating dollars blended with \$1.5M in temporary one-time funding in 2017/2018 from the Affordable Housing Reserve and funding from the Economic Resiliency Fund. To continue the good progress being made against the strategy, Administration will be bringing forward a request to baseline this level of service through the One Calgary 2019-2022 Service Plan and Budget in 2018 November. This will be a request to increase the current base operating budget (excluding contributions to Silvera for Seniors) for Calgary Housing from \$2M to approximately \$5M.

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Current and Future Capital Budget:

The Plan will continue to be implemented through existing capital budgets. Future capital budget considerations will be incorporated into the One Calgary 2019-2022 Service Plan and Budget process in 2018 November.

Risk Assessment

The goals defined in the Strategy and Plan, particularly the short-term targets, are ambitious, and require resources from across the organization to achieve them. Continued prioritization of the implementation plan cross-corporately will be required to reach the 2018 goals.

The City's progress could also be impacted by several factors outside the control of Council and Administration. Capital funding for affordable housing remains primarily a provincial and federal responsibility. It is possible that other orders of government may not deliver on their budget or strategic commitments, or may not allocate funds to Calgary as expected. To date, Calgary has seen limited allocation of budget commitments. Additionally, adverse funding or policy decisions by other orders of government, particularly as governments change over the 10-year outlook, could significantly impact The City's ability to make progress against its goals for affordable housing supply and improved outcomes for Calgarians.

REASON(S) FOR RECOMMENDATION(S):

As this report shows, The City continues to make good progress towards implementing the Corporate Affordable Housing Strategy. More importantly perhaps, The City is significantly improving its relationships with and developing the capacity of the non-market housing sector and the other orders of government through the initiatives funded by the Strategy. This work to support the sector, in collaboration with CHAC, is of critical importance to achieving the ultimate vision of the Strategy and to leveraging the coming investments and funding from the federal and provincial governments.

ATTACHMENT(S)

1. Attachment 1 – Foundations for Home Progress Update (dashboard and detailed table)
2. Attachment 2 – Housing Incentive Program Update
3. Attachment 3 – Foundations for Home Community Development Program Interim Evaluation Report – Executive Summary
4. Attachment 4 – Community Housing Affordability Collective (CHAC) Progress Update
5. Attachment 5 – Housing Sector Partner Letters