

Community Services Report to  
Regular Meeting of Council  
2023 February 14

ISC: CONFIDENTIAL  
C2023-0096  
Page 1 of 5

**Leveraging Federal Funding through Rapid Housing Initiative 3**

**RECOMMENDATIONS:**

**Review By: 2025 June 01**

That with respect to report C2023-0096, Administration recommends that Council:

1. Endorse The City of Calgary Rapid Housing Initiative 3 Investment Plan
2. Approve the Recommendations as attached, and
3. Direct that the report and all attachments remain confidential pursuant to Section 16 (Disclosure harmful to business interests of a third party), Section 21 (Disclosure harmful to intergovernmental relations), Section 24 (Advice from officials) and Section 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act* until such time that all relevant agreements are executed or that The City and other stakeholders agree to disclose portions for communications purposes, except for Attachment 6, which shall remain confidential.

**HIGHLIGHTS**

- Council approval is required to implement Administration's proposed approach to the third round of funding under the federal Rapid Housing Initiative (RHI 3).
- RHI 3 is structured into two streams:
  - The **Cities stream** awards funding directly to municipalities for allocation in their city. Administration is recommending Cities stream funding be used for two projects (Project 1 and 2) and that additional City capital funding also be provided to those projects to assist in their successful delivery.
  - The **Projects stream** is a highly competitive, nationwide, open call for projects. Administration is recommending two projects (Project 3 and 4) receive City capital funding to support those applicants with their direct submission to the federal government for Projects stream funds. This approach is similar to that taken by The City for RHI 2.
- **What does this mean to Calgarians?** The City, through RHI 3, has the opportunity to support the delivery of new non-market housing by non-profit organizations, to address homelessness and the ability of Calgarians experiencing severe housing distress to have a safe and affordable place to live.
- **Why does this matter?** Subject to approval, Canada Mortgage and Housing Company (CMHC) and City capital funding for the four projects may result in 163 new affordable housing units (64 units under the Cities stream and 99 under the Projects stream).
- Background and Previous Council Direction is included as Attachment 1.

**DISCUSSION**

In recent years, the Rapid Housing Initiative (RHI) program has been one of the main federal government grant funding programs available to non-profit housing providers to create new affordable housing for people in need. The program creates housing at rents that are

### **Leveraging Federal Funding through Rapid Housing Initiative 3**

approximately \$500 per month and is targeted to people without housing, or those that are severely at risk of losing their housing. To date, Calgary-based projects have received \$55 million in funding from RHI 1 and 2 to create 320 new affordable homes.

RHI 3 was announced in 2022 November with a similar structure to previous rounds. However, with the addition of more cities into the Cities stream this round, The City's allocation reduced from \$16.6 million in RHI 2 to \$15.7 million in RHI 3. With this funding, The City is expected to create a minimum of 57 new affordable homes (though the City is required through the program, guidelines to create a minimum of 57 units, Administration anticipates leveraging the available dollars to create 64 units). Due to the minimum unit requirement and lower amount of RHI funding received, Administration identified the opportunity to support projects with City capital to help stretch the Cities stream funding further, ensuring The City will meet its requirements. This is in addition to supporting applicants under the competitive Projects stream with City capital to strengthen their applications for direct funding from CMHC.

Administration developed a robust application and risk review process to evaluate interested non-profit housing providers. Through this process, five organizations submitted a total of six project applications. After the review, four projects have been recommended for inclusion in The City's RHI 3 Investment Plan, as outlined in Attachment 2.

It is important to acknowledge that two applications submitted by Indigenous housing providers did not meet the RHI 3 eligibility criteria and therefore could not be recommended. This reflects both the extremely challenging processes established by CMHC and the overall capacity within the sector. Administration is actively working with the applicants to explore alternative funding programs that would be more supportive to their objectives, including the provincial Indigenous Housing Capital Program. Administration will bring recommendations related to affordable housing for Indigenous people in 2023 May, which will continue to advance this critical work.

Administering RHI is complex, with multiple funding sources and substantial legal agreements required. As a result, the recommendations contained within Attachments 3 and 4 are lengthy. A simplified explanation of the recommendations, and the outcomes they would create, follows:

#### **Cities stream**

- Requesting authorization from Council to fund Projects 1 and 2 in the Investment Plan (Attachment 2) with a combination of City and CMHC funding.
- Requesting approval from Council to enter into the necessary legal agreements with the relevant non-profit organizations for the specific projects.

Should Council approve these recommendations, CMHC approval is likely, and it is expected that 64 new affordable homes would be created by Q4 2024.

#### **Projects stream**

- Requesting approval from Council to allocate City funding from Program 489\_RHI for Project 3 in the Investment Plan (Attachment 2).
- Requesting approval from Council to enter into the necessary legal agreement with the non-profit organization for Project 3, should CMHC approve their funding request.

### **Leveraging Federal Funding through Rapid Housing Initiative 3**

Project 4 on the Investment Plan is already funded by The City via the Downtown Calgary Development Incentive Program, thus no additional City funding is requested at this time. Should Council approve these recommendations, it is possible an additional 99 new affordable homes would be created by Q1 2025. However, Administration cannot say with any certainty whether these two projects will be awarded RHI funding until CMHC announces in 2023 July.

Projects 1 through 4 have also submitted funding requests to the Government of Alberta through its Affordable Housing Partnership Program, and decisions on those requests are expected to be announced by 2023 March.

#### **Next Steps**

If Council approves the recommendations in Attachment 3 and the fundamental terms in Attachment 4, Administration will work with applicants to submit Cities stream applications to CMHC and prepare support letters for Projects stream applications.

#### **ENGAGEMENT AND COMMUNICATION**

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

Public engagement was not required as part of this report. However, Administration developed a robust application process for non-profit housing providers who wished to be considered for City funding support for RHI 3. Details on the City's application process were shared publicly via Terms of Reference, an e-mail to interested organizations, a web page on The City's website, meetings with interested providers, and two online information sessions hosted by Administration. This report and approach align directly to the Corporate Affordable Housing Strategy's vision of increasing the supply of affordable housing in Calgary.

#### **IMPLICATIONS**

##### **Social**

Development of permanent affordable housing through RHI 3, directly impacts people who are at risk of or are experiencing homelessness. This removes barriers to access and inclusion for vulnerable Calgarians.

##### **Environmental**

CMHC's requirement that all new construction projects exceed the energy efficiency standards established in the 2017 National Energy Code for Buildings will apply to Projects 1 to 4. Project 4 proposes the conversion of an existing office building to residential which also provides significant reductions in emissions compared to demolition and disposal.

##### **Economic**

If approved by Council and CMHC, a maximum of 163 new units of permanent affordable housing would be developed enabling households to access their daily needs, in addition to safe and stable housing. Projects funded under RHI 3 are also expected to stimulate Calgary's economy through job creation and the repurposing of underutilized land assets.

## **Leveraging Federal Funding through Rapid Housing Initiative 3**

### **Service and Financial Implications**

New capital funding request

Recommending a \$15.7 million budget allocation to Program 489\_RHI and funded by RHI 3.

- The funding provided to The City under the Cities stream of RHI is a grant-based capital contribution by CMHC, intended to be received by The City and distributed to non-profit housing providers via The City's capital budget.

Recommending a \$4.3 million allocation from existing budget in Program 489\_RHI to RHI 3 projects as described in Attachment 3.

This report also seeks approval to consolidate all capital-leveraging budgets for Affordable Housing by transferring \$10 million in Program 489\_AHS to Program 489\_RHI. The \$10 million budget was approved during the 2022 Budget Adjustments for the purpose of leveraging funds from other orders of government to meet the needs of creating new affordable housing in Calgary. This consolidation will allow Administration to quickly create programs and fund projects that leverage funding from the provincial and federal governments.

There are no anticipated operating budget impacts as ongoing resourcing requirements will be supported within existing budgets.

### **RISK**

There is a risk that The City may need to return the contribution provided by CMHC, in whole or in part, if funds are not distributed within the set timeline or in the event of a default by The City or the non-profit organizations. This is including but not limited to the inability to deliver or uphold the RHI criteria for the entire term of the contribution agreement between CMHC and The City, provided as Attachment 5. Administration has completed a comprehensive risk review of each organization to ensure it has the means and capacity to develop and operate its respective project. In addition, if the recommendations in this report are approved, The City will use tools including a funding agreement, housing agreement and options to purchase to ensure development is completed on time and occupancy by eligible residents is maintained through the life of the contribution agreement. For a full risk analysis see Attachment 6.

### **ATTACHMENTS**

1. Previous Council Direction, Background
2. The City of Calgary Rapid Housing Initiative 3 Investment Plan (CONFIDENTIAL)
3. Recommendations (CONFIDENTIAL)
4. Fundamental Terms for Agreements with Rapid Housing Initiative Funding Recipients (CONFIDENTIAL)
5. Rapid Housing Initiative Agreement (CONFIDENTIAL)
6. Calgary Mortgage and Housing Corporation - Rapid Housing Initiative 3 Risk Analysis (CONFIDENTIAL)
7. Site Maps (CONFIDENTIAL)
8. Presentation (CONFIDENTIAL)

**Leveraging Federal Funding through Rapid Housing Initiative 3**

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
GM Katie Black	Community Services	Approve
GM Stuart Dalgleish	General Manager, Planning & Development Services	Inform

CONFIDENTIAL