

## The City of Calgary Submission to the Affordable Housing Review Panel – August 31, 2020

### Three key recommendations, and suggested implementation strategies, for the Government of Alberta to transform affordable housing:

#### 1. Uphold Provincial obligations for affordable housing through investment in the non-profit housing sector to ensure sustainability.

The Province must support the strategic growth of non-profit housing sector with new capital assets, exempt non-profit housing providers from property taxes and partner with The City of Calgary (The City) to streamline funding program applications to help strengthen civil society's role in addressing the affordable housing supply gap.

##### a. Scale up the portfolios of non-profit housing providers with capital funding to build additional homes and the transfer of viable assets at below-market values.

Significant, predictable capital funding is needed to address Calgary's affordable housing supply gap. Calgary represents a unique investment opportunity with favourable real estate and construction pricing and non-profit housing sector expertise supported by a strong philanthropic community. Investing in mission-driven non-profits to build more units will help Calgary address its affordable housing supply gap in perpetuity.

To ensure limited government funding is focused on the most marginalized, lowest income Albertans, non-profit housing providers need to build larger asset bases to support deeply subsidized housing units as they transition to more sustainable, mixed income operating models. Providing capital to support a mixed rent portfolio approach can help non-profits become less dependent on government funding in the long term.

In the context of the COVID-19 pandemic and the concurrent economic crisis, The City supports the *COVID-19 Community Affordable Housing Advocacy Plan* (the Plan; attached) as one way to immediately make marked progress to address Calgary's affordable housing supply gap. The Plan highlights the urgency of housing as a key factor underpinning individual and community health in advance of future waves of COVID-19, and focuses on stimulating Calgary's struggling economy through the activation of stranded hotel assets and support for the construction and real estate sectors. Seeking Federal and Provincial funding, the Plan, if executed, would:

- Deliver housing for up to 12,000 Calgarians, meaningfully addressing homelessness in our city and addressing a long-standing affordable housing deficit;
- Build and/or secure more than 5,400 new homes – increasing the asset base of the non-profit housing sector and reducing operators' reliance on future government funding;

- Leverage economic conditions favourable to real estate acquisition and construction and mitigate potential collapse of the tourism and residential sectors by securing homes for those who need them; and
- Immediately create 2,800 residential construction jobs across 22, shovel-ready non-profit affordable housing construction projects. The overall economic activity generated in the region would be \$765M.

As part of the Community Plan, The City of Calgary is committed to delivering 378 new units across four projects as part of its 10-year Affordable Housing Capital Plan. This requires Provincial investment of \$39M, against \$62M already committed through The City and the Federal government. These leveraged funds are at risk without timely commitment from the Government of Alberta.

The Plan proposes to purchase and repurpose privately-owned surplus assets and support the non-profit sector to build new affordable homes, helping to stimulate real estate and construction sectors and contribute to job creation. Federal and provincial funding required for the Plan and its two streams are summarized in Table 1.

Table 1: The **COVID – 19 Community Affordable Housing Advocacy Plan** Federal and Provincial funding requirements (millions of dollars)

	Federal Investment(\$)		Provincial Investment (\$)	
	Capital	Operating	Capital	Operating
<b>Stream 1:</b> Supportive housing to functionally end homelessness	46	13*		
<b>Stream 2:</b> Build, acquire and partner to stimulate economy	290		245	30**

\* Funding for year one support services

\*\* Annual funding for support services in later years of the plan as supportive housing units are developed

#### **b. Exempt property taxes for non-profit housing providers.**

The City firmly believes affordable housing should be exempt from property tax as it provides substantial public value and benefit. Affordable housing is a public priority that supports low-income citizens, creates jobs, boosts local economies, and saves taxpayers money through reduced spending on emergency and other social services. Tax cancellation – municipally and provincially – will support the financial sustainability of non-profit organizations, allowing money to be reinvested to build assets to remain resilient during Calgary’s challenging economic climate.

**c. Partner with The City and Federal government to streamline funding program applications.**

Reduce red-tape by easing administrative and reporting burdens for non-profits through partnering with The City to streamline application processes. The City successfully partnered with the Canada Mortgage and Housing Corporation (CMHC) to create a one-time single application for two levels of government funding: The City's below-market surplus land sale and our development fee-rebate and grant program and CMHC's SEED and Co-Investment funding. Processes were stacked and streamlined with CMHC, with the combined goal to expedite development by coordinating underwriting and approval timelines.

By providing much needed capital funding, exempting property taxes and partnering to streamline funding applications, non-profits can focus attention and investment on building and consolidated asset bases to become a more resilient, sustainably funded and self-propagating sector.

**2. Create a citizen-centric housing system**

Overwhelmingly, people in need of affordable housing are also experiencing other conditions which increase their vulnerabilities. The incidence of housing need is higher among populations including: youth (45%), seniors living alone (38%), singles (31%), lone-parent families (29%), recent immigrant households (26%), Indigenous (24%), and households with the presence of an activity reduction / limitations (19%)<sup>1</sup>. Given the complexity and co-occurrence of needs, an aligned, readily navigable system of supports is sorely needed.

So long as government income support benefits for people with disabilities or barriers to full employment remain inadequate to enable access to market housing, the demand for Provincially-supported rent benefits and non-market housing options will remain unmet and growing.

**a. Collaborate and align investment in supports for vulnerable Albertans across Provincial ministries.**

Align predictable capital funding with operating funding from Community & Social Services and Alberta Health to ensure the appropriate supports are provided to offer housing stability, especially for the most vulnerable Albertans experiencing homelessness, mental health concerns and addictions. Ensure integration of Provincial housing policy and funding

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<sup>1</sup> The City of Calgary 2018, [Housing Needs Assessment](https://www.calgary.ca/content/dam/www/cs/olsh/documents/affordable-housing/affordable-housing-needs-assessment.pdf).

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with broader policy discussions regarding inadequate income support benefits, other measures to alleviate poverty, child maltreatment, addressing anti-racism, mental health and addictions treatment, empowering marginalized populations, and expanding access to opportunity. Housing is especially unaffordable for low income earners, including Indigenous people, newcomers, people with disabilities, lone parent households and seniors. Policy integration across ministries will help address barriers these populations encounter, helping them gain access to opportunity.

**b. Fund the One Window Initiative to maximize the social impact of existing assets.**

Reduce red tape for many low- and moderate-income Albertans who access affordable housing by funding the One Window Initiative. Under the current system, the Province separately regulates, funds, and audits intake activities for provincially regulated housing (i.e. the majority of affordable housing stock in Calgary) across many different Provincial Housing Management Bodies. The existing duplicative processes are burdensome for housing applicants and residents, result in inconsistent service delivery across organizations, and rely on inadequate systems and tools (in many cases paper-based or manual processes).

The One Window initiative as proposed by The City of Calgary, on behalf of the Community Housing Affordability Collective, would cut red tape by replacing up to 60 duplicative, largely paper-based application processes with a single, streamlined process; better utilizing existing non-market housing stock as clients are efficiently matched to appropriate housing; transferring intake responsibilities of various government-related organizations and Housing Management Bodies to an independent non-profit entity; simplifying the Government of Alberta's compliance review process as it relates to housing intake processes and waitlists; and providing new data and analytics to support efficient allocation of future resources.

**3. Help facilitate appropriate private sector involvement.**

Calgary's housing supply differs substantially from other Canadian cities. Among the major centres, Calgary has the highest rates of homeownership and single-family housing and the lowest supply of purpose-built rental, subsidized housing and co-operative housing<sup>2</sup>. The private rental and homeownership market meets the needs of 78% of Calgary's households. Of those remaining, just 3.6% are supported by government and non-profits (compared to 6% in other markets). In Calgary, 18% of households struggle with housing costs<sup>3</sup> and this is

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<sup>2</sup> The City of Calgary 2018, [Housing in Canada's Big Cities](https://www.calgary.ca/content/dam/www/cs/olsh/documents/affordable-housing/housing-in-canadas-big-cities.pdf).  
<https://www.calgary.ca/content/dam/www/cs/olsh/documents/affordable-housing/housing-in-canadas-big-cities.pdf>

<sup>3</sup> The City of Calgary 2016, [Foundations for Home: Corporate Affordable Housing Strategy \(2016-2025\)](https://www.calgary.ca/content/dam/www/cs/olsh/documents/affordable-housing/corporate-affordable-housing-strategy.pdf).  
<https://www.calgary.ca/content/dam/www/cs/olsh/documents/affordable-housing/corporate-affordable-housing-strategy.pdf>

particularly pronounced at lower income levels: 60% of those earning \$60,000/year are overspending on housing every month, in that 30% or more of their income is spent on shelter.

A strong base of publicly supported social housing provided by non-market operators is essential; however, the private sector can play a more significant role, provided protections for affordability for tenants is appropriately balanced with other objectives.

The City is working to increase opportunities for private sector involvement in the development and rental of affordable housing so that more Albertans' housing needs can be met by the private sector. This includes investigation of meaningful tools and process adjustments to better meet the needs of private sector partners by The City.

The Province can better facilitate private sector involvement by allowing for longer term housing agreements and increasing the rent supplement program.

**a. Allow for longer term housing agreements.**

Housing agreements are vital to ensure the sustained provision of affordable housing by private sector partners, in exchange for land, money or density provisions. Currently, there is a 40-year maximum for housing agreements to be held on title. For transactions with non-profit sector partners, upon agreement expiry, the land or building is retained by the non-profit partner with no requirement for affordable housing provision, adding to the non-profit's assets. This helps build non-market housing provider capacity and ensures that the additional asset will further the non-profit's mission and values to increase affordable housing. However, for transactions with private sector partners, a longer agreement term is needed to ensure the public good of affordable housing is retained. Unlike the non-profit sector, upon agreement expiry, the asset would be utilized to further profit the private sector developer, without a mission or mandate to provide affordable housing. Other jurisdictions like Vancouver hold 99 year leases, or in some US cities, caveats are placed on title in perpetuity to ensure affordability is not lost.

**b. Increase the rent supplement program.**

Income adequacy is a challenge for Albertans in unstable employment or for those reliant on government income benefits. By increasing investment in the rent supplement program, the Province can involve private sector landlords to a greater extent, allowing low and moderate income Calgarians to access market rental units. Calgary has a healthy rental market vacancy at 3.9%. Providing more rent supplements will utilize existing assets more efficiently to meet affordability needs and preserve much needed rental housing. Calgary



has the lowest supply of purpose-built rental apartments at 7%, less than half of the average of Canada's eight largest cities.<sup>4</sup>

Thank you for considering these recommendations.

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<sup>4</sup> The City of Calgary 2018, *Housing in Canada's Big Cities*.  
<https://www.calgary.ca/content/dam/www/cs/olsh/documents/affordable-housing/housing-in-canadas-big-cities.pdf>