

# Rapid Housing Initiative

## ISSUE

During Budget 2021, the Government of Canada announced an additional \$1.5 billion for the creation of permanent affordable housing under the Rapid Housing Initiative (RHI). Under the Cities Stream of funding, the City of Saskatoon (City) has been allocated \$7,563,036 to create a minimum of 36 new permanent affordable housing units, with housing availability to be within 12 months of receiving the funding, while also requiring that affordability be maintained for a minimum of 20 years. Deadlines for submission of projects under the Cities Stream is August 31, 2021.

## BACKGROUND

The RHI was originally introduced in October 2020 and is administered through the Canada Mortgage and Housing Corporation (CMHC). The first round of the program consisted of \$1.0 billion to help address urgent housing needs of vulnerable people and create 3,000 new affordable housing units across Canada. Two funding streams were established as follows:

1. Major Cities Stream – funds were allocated to pre-determined municipalities in order for cities to identify eligible projects.
2. Project Stream – proponents submit their applications directly to CMHC for possible funding opportunities.

Round 2 of the RHI was announced in June 2021 and consisted of \$1.5 billion in additional money for the program, with \$0.5 billion going to the Cities Stream, and \$1.0 billion for the Project Stream. The program is being expanded to create an additional 4,500 new affordable housing units across Canada, with 25% of that funding being allocated for woman and/or women and their children. The Administration was notified that the City would receive \$7,563,036 under the Cities Stream to create a minimum of 36 new permanent affordable housing units, allocating nine units for women and/or women and their children. In order to receive the funds, the City will be required to enter into a Contribution Agreement with CMHC for the 20-year period that the units must remain affordable.

## CURRENT STATUS

The City's Housing Business Plan plays a crucial role in encouraging and facilitating the creation of affordable housing in Saskatoon, through policy, incentives, research, partnerships and education. In 2020, the annual target was 200 affordable units. [The Housing Business Plan 2013-2022](#) details the full set of housing related programs and initiatives the City is currently operating.

### **DISCUSSION/ANALYSIS**

The allocation of RHI program money to the City is restricted for capital costs only and does not permit use of the funds for operational costs. The Administration is responsible for finding suitable projects that meet the criteria of the RHI while also being required to report on an ongoing basis, annually, to CMHC on project status for the 20-year term of the Contribution Agreement. The funding for the City requires that 36 permanent affordable units are created, with a minimum of 25% or nine units allocated for women and/or woman and their children. To be eligible, all projects are to maintain financial viability and remain affordable for 20 years. Applicants must be an indigenous governing body/organization, a non-profit organization, or a municipal or provincial government.

Each project must consist of the following:

- five units or beds;
- contribution request of \$1 million or more;
- primary use is residential;
- standard rental, transitional, permanent supportive housing, single-room occupancy or seniors housing; and
- permanent housing (long-term tenancy of three months or more).

In addition, projects must be completed and achieve building occupancy within 12 months of the date that the Contribution Agreement is executed. The funding will support new construction (including modular) for housing units, conversion or rehabilitation of non-residential buildings converted to rental units, or existing buildings in a state of disrepair or abandoned for the purpose of rehabilitation to affordable housing. The Contribution Agreement will be between CMHC and the City, with the City administering the funds to successful applicants. The City is also responsible for ensuring the project is completed on time and meets all requirements.

The City received initial notice of the funding on June 30, 2021, resulting in the need to find eligible applicants within a very short timeframe. As such, the Administration sent correspondence out to organizations requesting that letters of intent be submitted within a two-week timeframe indicating their interest and outlining their proposed project. The City received ten letters of intent from interested groups at the close of the deadline on July 30, 2021.

The Administration has created a committee to review and score the letters of intent to determine if the project meets all the criteria set out by CMHC and are suitable for submission. If the project is suitable, the City is then required to submit these proposals to CMHC for consideration and approval by August 31, 2021.

Once applications are approved, the Contribution Agreement will be finalized and signed between the City and CMHC since the funding flows from the federal government to the City. The City will also require that separate agreements be entered

into with each successful applicant outlining the ongoing obligations of the parties for a term consistent with that contained in the Contribution Agreement. For further details and highlights on the RHI program, please see Appendix 1.

**FINANCIAL IMPLICATIONS**

The full amount of funds will be released to the City to manage and appropriately distribute to the approved applicants upon execution of the Contribution Agreement between CMHC and the City.

**OTHER IMPLICATIONS**

There are no privacy, legal, social or environmental implications identified.

**NEXT STEPS**

The Administration will report back in the future on selected proponents, project details, and funding allocation(s) in addition to requesting the appropriate approvals from City Council.

A joint public announcement on the successful proponents will be issued once the Contribution Agreement is signed.

**APPENDICES**

1. Rapid Housing Initiative – Highlight Sheet

**REPORT APPROVAL**

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