

Rapid Housing Initiative – Funding Contribution Agreement

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. The City is required to enter into a Contribution Agreement with Canada Mortgage and Housing Corporation (CMHC) to access this funding and must commit to meeting the terms and conditions required by CMHC.

RECOMMENDATIONS

1. That City Council approve the terms and conditions of the agreement with Canada Mortgage and Housing Corporation as outlined in this report; and
2. That the City Solicitor be requested to prepare the appropriate agreements and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal

BACKGROUND

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.

Administration was notified the City would receive \$7,563,036 under the Cities Stream to create a minimum of 36 new permanent affordable housing units, allocating at least nine units for women and/or women and their children. Through subsequent discussions, the City was permitted to reduce the required minimum number of units to 32. Based on estimated construction costs, the funding allocation was found to be insufficient to provide 36 units.

DISCUSSION/ANALYSIS

Contribution Agreement with CMHC

In order to receive the funds, the City is required to enter into a Contribution Agreement with CMHC (CMHC/City Agreement) for the 20-year period that the housing units must remain affordable. The City is responsible for administering the RHI funds to successful applicants and ensuring all requirements of the CMHC/City Agreement are met.

Key points of the CMHC/City Agreement are as follows:

- The funds are used for defined capital costs;
- Accessibility and energy efficiency standards are met;
- Construction is carried out in a diligent and professional manner;
- All legislation and regulations are complied with;
- Construction is completed on time and on budget, with reports on this being provided to CMHC quarterly throughout the construction period;
- Occupancy occurs within 12 months; and
- The ongoing affordability criteria is met for the 20-year period, reported to CMHC annually, and the units are used for defined vulnerable populations.

Agreements with Project Proponents

The City will enter into separate agreements with each successful proponent outlining the ongoing obligations of the parties for the 20-year affordability requirement, consistent with the provisions in the CMHC/City Agreement.

As the City is not the final owner or operator of the housing units, but is responsible to ensure their continued operation as affordable units for a 20-year period, the City is preparing agreements to address this and will bring those forward in a subsequent report.

FINANCIAL IMPLICATIONS

To meet the City's obligations under the CMHC/City Agreement with respect to reporting to CMHC, the City will be engaging a construction oversight manager for the projects. This was approved by City Council, at its meeting on October 25, 2021, as a 2021 post-budget capital project. Up to \$100,000 from the Affordable Housing Reserve is available to support this work.

OTHER IMPLICATIONS

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

NEXT STEPS

Should City Council approve the recommendations within this report, the Office of the City Solicitor will then forward the agreement to be signed by the Mayor and City Clerk. Administration will proceed to implement the agreement based on the terms and conditions noted.

Separate agreements will be required between the City and each of the proponents approved for this funding. A future report will bring these agreements forward for approval.

APPENDICES

1. Confidential-Solicitor/Client Privilege

Rapid Housing Initiative – Funding Contribution Agreement

REPORT APPROVAL

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