

Rapid Housing Initiative – Funding Contribution Agreements with Successful Proponents

ISSUE

As part of the Federal Government's Rapid Housing Initiative (RHI) program, the City of Saskatoon (City) was recently awarded \$7,563,036, under the Cities Stream of funding. This funding is to create a minimum of 32 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/City Agreement) to access this funding.

Two separate projects were submitted by the City for the RHI funding, and both have been approved. As the City will not be the ultimate builder, owner or operator of these housing units, the City must now enter into separate funding contribution 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. This report provides details on the funding contribution agreements with the two proponents. Administration is seeking approval to enter into these agreements based on the key terms and conditions outlined in this report.

RECOMMENDATION

1. That the City enter into a separate agreement with each of the two successful proponents, based on the terms and conditions 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

At its November 15, 2021 meeting, the Governance and Priorities Committee received a report of the General Manager, Community Services Division on the Rapid Housing Initiatives – Funding Contribution Agreement outlining the key terms and conditions of the CMHC/City Agreement. The report also signaled that a subsequent report would be forthcoming from Administration outlining the key terms and conditions of the separate funding contribution agreements with the successful proponents. The Committee resolved to recommend to City Council approval of the following 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.

City Council will receive and consider these recommendations at its meeting today, November 22, 2021.

Time is of the essence as occupancy of these affordable housing units is required within 12 months of the signing date of the CMHC/City Agreement. Thus Administration is presenting this report at the same meeting. Should Council approve the CMHC/City Agreement, Administration is subsequently seeking approval to enter into the separate funding contribution agreements with the two successful proponents.

The City is required to keep confidential the names of the successful proponents and the details of the planned projects until such time as a formal joint public announcement occurs, as scheduled, this week with the City and the Federal Government.

DISCUSSION/ANALYSIS

Contribution Agreements with the Proponents

A separate agreement with each successful proponent is required by the City. These agreements outline the ongoing obligations of the parties for the 20-year period and that the housing units must remain affordable, consistent with that contained 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 will address this through appropriate terms and conditions in the Contribution Agreements (City/Proponent Agreements).

Subject to City Council approval, key terms and conditions for the City/Proponent Agreements, which have been agreed upon between the parties and are consistent with the CMHC/City Agreement are as follows:

- Term being 20 years as required by CMHC;
- The type of construction including appropriate accessibility and energy efficiency standards;
- The amount of the capital contribution and the process for payments;
- Construction being carried out in a professional and diligent manner;
- Compliance with legislation and regulations;
- Remedial action should timelines not be met including ability for City to step-in;
- Restriction on registering encumbrances on title;
- Maintaining ongoing affordability and meeting reporting requirements for the period in which the units must remain affordable for defined vulnerable populations;
- Occupancy requirements;
- Option to repurchase should affordability requirements not be met; and
- Provisions to address information sharing and communications.

The provisions adequately set out the expectations, obligations and relationship between the City and the proponents and meet the needs of both parties.

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

Pending City Council’s approval, the Office of the City Solicitor will draft the City/Proponent Agreements which will then be signed by the Mayor and City Clerk. Administration will proceed to implement the Agreements based on the terms and conditions noted.

REPORT APPROVAL

Written by: Lesley Anderson, Director of Planning and Development
Reviewed by: Jodi Manastyrski, Senior Solicitor, City Solicitor’s Office
Approved by: Lynne Lacroix, General Manager Community Services