

# Rapid Housing Initiative – Considerations for Future Funding

## ISSUE

Administration anticipates that another round of Rapid Housing Initiative (RHI) funding may be allocated to the City of Saskatoon (City) in 2022. Due to the aggressive timelines associated with the Round 2 funding (in 2021), in which the City received a funding allocation, several considerations are outlined below which will be used to help guide a further allocation.

## BACKGROUND

During Budget 2021, the Government of Canada announced \$1.5 billion for the creation of permanent affordable housing under the RHI Round 2. Under the Cities Stream of funding, the City was allocated \$7,563,036 to create an estimated 36 new permanent affordable housing units to be available for occupancy within 12 months of signed agreements, while also requiring that affordability be maintained for a minimum of 20 years. The City was notified of its allocation in early July 2021 and deadlines for submission of projects was August 31, 2021.

During Budget 2022, as part of the National Housing Strategy, the Government of Canada proposed to provide \$1.5 billion over two years, starting in 2022-23, to the Canada Mortgage and Housing Corporation (CMHC) to extend the RHI. This new funding is expected to create at least 6,000 new affordable housing units, with at least 25 percent of funding going towards women-focused housing projects. As of the writing of this report, this round of funding has not yet been released.

## CURRENT STATUS

Round 2 of RHI resulted in the City securing two proponents to deliver 32 units of permanent affordable housing, targeted to Indigenous people. Cress Housing Corporation (Cress) and Central Urban Metis Federation Inc (CUMFI) are developing two parcels in Pleasant Hill Village. The City continues to work with these two proponents to deliver their projects with occupancy anticipated to begin in November 2022.

The subsequent round of funding for the Rapid Housing Initiative has not yet been released and the City is not yet aware if it will receive an allocation under this program. Timelines associated with this round are not yet known.

## DISCUSSION/ANALYSIS

In advance of receiving any formal allocation of funding under the next round of the RHI, Administration thought it would be important to identify several considerations related to this potential funding.

### **Suitably Zoned and Located Properties are Difficult to Find**

In Round 2, due to the timelines associated with RHI requirements, sites that were already zoned to permit the type of development being proposed were a critical element of achieving project success. It was expected that allowing for a six to nine month rezoning process would severely impact the likelihood of completion by required dates. The two project proponents in Round 2 were also seeking centrally located sites, which further limited the available inventory. While Cress did explore other sites, they were unable to find a zoned site that would suit their project needs.

Available sites zoned to permit the types of facilities pursued in Round 2 would be available in Downtown (B6 Zoning) and may also be available within new neighbourhoods. In more central locations, it may be more difficult to find a site that is zoned to permit these types of developments. In the longer term, through Corridor Plans, more sites would be available that would allow for supportive, higher density housing.

In Round 2, City-owned properties were sold to the proponents. One site was identified by CUMFI as part of their submission, while the second site was determined by Cress to meet their needs after unsuccessfully seeking other sites. Depending on inventory held by Saskatoon Land when a subsequent round of funding is released, the City may not have any City-owned properties that are appropriately zoned or located to assist.

At this preliminary stage, it is unknown if new project proponents might exist that already own or have access to appropriate land. If not, it may be difficult to find appropriate sites.

Administration is aware that in other cities, many sites had to be investigated to find appropriate locations, which required significant staff and external resources to complete. In addition to considering sites for new builds, other options explored in other cities included conversion of commercial buildings to new residential units, or rehabilitation of uninhabitable residential buildings, which had already been removed from available inventory. These options align with the restriction under RHI that requires the creation of new units but may only be viable options if a suitable building is available.

### **Funding Allocation**

In Round 2, Saskatoon's allocation of \$7.56 million was to deliver 36 units in total. In the early stages of Round 2, through working with the City's two proponents, a unit reduction from 36 to 32 was approved by CMHC, while maintaining the funding allocation. There was no size requirement for the units and providing larger units did not result in an increase in the allocation. This has presented challenges in delivering units that meet the local needs identified in Saskatoon.

A further complication of the RHI funding is that it is limited to capital funding with no additional operating funding. This is a persistent challenge recognized across the country with capital funding coming from the Government of Canada, while the

provinces are typically responsible for operating funding. There has not yet been an overall increase in operating funding from the Province of Saskatchewan to align with the RHI program, leaving the proponents to determine a long-term operating strategy for the 20-year requirement.

### **City Funding and Staffing Resources**

For Round 2 projects, the City provided support through tax abatements but was not able to contribute any capital grant or operating funding to the projects. At its June 16, 2022 meeting, the Standing Policy Committee on Planning, Development and Community Services received a report on [2022 Innovative Housing Incentives](#) (Capital Grants), which fully allocated the available budget for 2022, for any housing incentives. No additional funding is currently available for 2023. If RHI funds per unit stay relatively consistent with Round 2, the allocation may be more challenging to deliver, given current inflation and supply chain issues for construction costs and materials, and the City has no budgeted funds at this time to assist.

In addition to capital funding constraints, Administration has been spending significant time managing the existing two RHI projects to meet reporting requirements for CMHC and to fully coordinate with Saskatchewan Housing Corporation. This has been manageable from 2021 into 2022, although it has impacted other items on the work program. Most notably, this has prevented Administration from pursuing the engagement and development of the City's next Housing Business Plan. Should an additional RHI allocation come forward for the City, the work program will continue to be impacted and may further delay preparations of the next Housing Business Plan, unless additional resources are made available.

### **Proposed Approach**

Should an additional funding allocation be received by the City, Administration will proceed in a similar fashion to the activities undertaken in 2021, which includes:

- Issuing a Call for Submissions in the community;
- Undertaking evaluation of submissions;
- Pursuing negotiations with highest scoring proponents; and
- Reporting to City Council as required.

Based on the considerations outlined above, Administration would propose that the Call for Submissions outlines that additional points will be assessed for project submissions that:

- Already have a site (owned or leased) with appropriate zoning in place; and
- Have other sources of funding already secured to supplement the RHI funding.

These conditions would be in addition to those specified for the RHI in Round 2, which included affordability, accessibility, and energy efficiency requirements, and can be expected to include similar requirements in future rounds.

These requirements may impact the number of organizations that apply. It is also possible that no suitable applications are received. If this were to occur, Administration would seek further direction from City Council.

### **Alternative Approach**

Administration is aware that in several other cities, the municipality was the lead in developing the projects. This included investigating potential sites, selecting preferred sites, purchasing the site, designing or co-designing the building(s), and selecting an operator. Regina took this approach as well, which they supported with their \$1 million annual Permanent Supportive Housing Operating Grant. If directed by City Council, Administration could investigate the potential of this approach. It is expected this would require additional staff capacity and would put the City in a position that is not aligned with the current mandate of the City's Attainable Housing Program.

### **IMPLICATIONS**

Other than what is noted in the report, there are no other legal, social or environmental implications identified.

### **NEXT STEPS**

If the City of Saskatoon receives another allocation of RHI funding, a Call for Submissions will be developed and circulated as outlined above.

### **REPORT APPROVAL**

Written by: Lesley Anderson, Director of Planning and Development  
Reviewed by: Lynne Lacroix, General Manager, Community Services  
Approved by: Angela Gardiner, Acting City Manager

SP/2022/PD/GCP/Rapid Housing Initiative Considerations for Future Funding/kp