

## Rapid Housing Initiative Round 3 – Contribution Agreement and Process Information

### ISSUE

The Government of Canada announced an additional \$1.5B for the creation of permanent affordable housing under the Rapid Housing Initiative (RHI). A total of \$500M is allocated to pre-determined municipalities in the Cities Stream and \$1B is allocated to the Projects Stream.

Under the Cities Stream of RHI funding, similar to the last round of funding, the City of Saskatoon (City) will receive an allocation with housing occupancy to be within 18 months of project approvals, while also requiring 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. The allocation amount and unit requirement for the City is to remain confidential until the contribution agreement is signed and a formal announcement is made.

Administration is proceeding with appropriate processes to invite proposals from community housing providers, following similar processes, as were used in 2021.

### RECOMMENDATION

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That City Council approve the terms and conditions of the agreement with Canada Mortgage and Housing Corporation, as outlined in this report;
2. That the City Solicitor be requested to review/prepare the appropriate agreements and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal; and
3. That Administration prioritize available funding for capital grants to support projects submitted for the Cities Stream funding, as outlined in this report.

### BACKGROUND

The Rapid Housing Initiative (RHI) was originally introduced in October 2020 and is administered through the CMHC. The first round of the program consisted of \$1B 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:

- Cities Stream – funds were allocated to pre-determined municipalities in order for cities to identify eligible projects.
- Projects 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 \$1.5B in additional money for the program, with \$0.5B going to the Cities Stream and \$1B for the Projects Stream.

The City received an allocation under the Cities Stream in Round 2 of the RHI, which resulted in the creation of 32 units of new transitional supportive housing. The 32 units were created by Cress Housing Corporation and Central Urban Metis Federation Inc. in Pleasant Hill Village and occupancy of the units has started as of December.

At its [meeting](#) of July 18, 2022, the Governance and Priorities Committee received a report from the General Manager of Community Services related to the Rapid House Initiative and considerations for future funding. Committee resolved, in part:

“that the Committee endorse full participation and support of the future RHI Investments in our community, and that, as required, administration bring back internal resource requirements in order to avoid impacting the work plan and development of the Housing Business Plan.”

### **DISCUSSION/ANALYSIS**

#### Contribution Agreement with Canada Mortgage and Housing Corporation

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. While we have not yet been provided with a draft CMHC/City Agreement, we understand the key terms of the agreement remain consistent with Round 2.

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; 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.

One change from Round 2 is that occupancy must occur within 18 months, which is an increase from 12 months.

#### 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. Once successful

proponents are identified, the CMHC/City Agreement will be amended to include the specifics of those projects. This is expected to occur by May, at the latest.

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. This is consistent with the approach the City took during the Round 2 allocation.

### Timelines and Process

Administration is currently working towards the following timelines set by CMHC:

|                   |                                                                |
|-------------------|----------------------------------------------------------------|
| February 15, 2023 | All contribution agreements with municipalities will be signed |
| March 15, 2023    | Deadline for the City to submit projects to portal             |
| May 15, 2023      | Project approvals confirmed by CMHC                            |

### Project Submissions and Review

Building from the processes used in Round 2, Administration has set timelines to receive, evaluate and choose suitable projects, as outlined in Appendix 1. Once selected projects submitted by the City are approved by CMHC, the City will require 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 CMHC/City Agreement.

### Projects Stream Funding

As noted above, \$1B has been allocated to the Projects Stream funding in Round 3. The funds dedicated to the Projects Stream comprise a pool of funds rather than specific allocations to municipalities, as is the case for Cities Stream funding. The applications for the Projects Stream funding will come from applicants across Canada and all applications will be evaluated through a competitive process.

In Round 1 of the RHI, applications were made by several non-profit organizations in Saskatoon through the Projects Stream. Administration provided letters of support for the applications when requested. No applications in Saskatoon were approved. In Round 2, no new applications were accepted under the Projects Stream; only those applications submitted in Round 1 were allowed to re-apply. Again, no applications in Saskatoon were approved.

The City of Saskatoon can impact the scores of projects submitted through the Projects Stream by providing various types of support. An overview of each component is shown in Appendix 2. Based on the existing work plan and capacity, as well as the associated risk, Administration is not intending for the City to be the applicant for any projects to the Projects Stream. However, Administration identified the following approaches to assist any local project applications, for the Project Stream.

- If funding is available to support Capital Grants through the Affordable Housing Reserve, this funding will be prioritized to support Cities Stream applications, in

line with [Council Policy C09-002 - Innovative Housing Incentives](#) (Policy), followed by Projects Stream, then all other projects;

- Administration will work with each applicant to bring forward requests for tax abatements, in line with the Policy;
- Administration will work with each applicant as required, on a case-by-case basis to assist in finding appropriate sites and expediting municipal processes; and
- Administration will provide support letters to projects, as appropriate.

### **FINANCIAL IMPLICATIONS**

The full amount of funds will be released to the City to manage and appropriately distribute upon execution of the Contribution Agreement between CMHC and the City. Distribution of funds will not occur until proponents are selected, approved and subsequent agreements are in place, including approval from City Council.

### **OTHER IMPLICATIONS**

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

Administration expects numerous projects will be submitted for consideration for the Cities Stream RHI funding and those not selected by the City may still want to apply for Projects Stream. The earliest possible decision by the City on its projects for Cities Stream will assist applicants in determining their next steps and if they wish to proceed to apply for funding under the Projects Stream.

### **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.

For Projects Stream, unless otherwise directed, Administration will proceed as outlined in this report.

### **APPENDICES**

1. Project Submissions and Review Timelines – Cities Stream
2. City of Saskatoon Support for Projects Stream Applicants
3. Confidential-Solicitor/Client Privilege

### **REPORT APPROVAL**

Written by: Lesley Anderson, Director of Planning and Development

Approved by: Lynne Lacroix, General Manager, Community Services

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