



## Rapid Housing Initiative - Project Update and Provincial Funding Approval

<b>Date</b>	October 13, 2021
<b>To</b>	City Council
<b>From</b>	City Planning & Community Development
<b>Service Area</b>	Parks, Recreation & Cultural Services
<b>Item No.</b>	CM21-19

### RECOMMENDATION

---

That City Council:

1. Authorize the City Manager, or designate, to negotiate, approve and enter into all necessary agreements with the Government of Saskatchewan on behalf of the City of Regina and to undertake all actions and execute all documents, certificates and other agreements required of the City of Regina in order to facilitate borrowing of the principal sum of \$783,000 from the Government of Saskatchewan and registration of the mortgage on title to the property as required by the Government of Saskatchewan.
2. Instruct the City Solicitor to prepare a borrowing bylaw based on the terms and conditions negotiated by the Executive Director, Financial Strategy & Sustainability, as outlined in this report.
3. Approve the Rapid Housing Initiative Project, including modifications to the Project that are necessary, as determined by City Administration, to deliver the affordable housing units on-time.

### ISSUE

---

The City of Regina (City) was selected to receive funding for the delivery of permanent affordable housing as part of the Government of Canada's Rapid Housing Initiative (RHI) Cities Stream administered through the Canadian Mortgage and Housing Corporation (CMHC). The City was allocated \$7.8 million in capital funding to deliver a minimum of 29 affordable housing units. In

August 2021, City Administration submitted a proposal on how the affordable units will be built and operated and anticipate signing a capital contribution with CMHC in October 2021 to receive the funds and commence the project.

City Administration is seeking Council approval to enter into an agreement with the Saskatchewan Housing Corporation to receive the committed funds from the Province in the form of a forgivable loan. The obligations of the City under this agreement include registering the mortgage on title to the property and agreeing to 10-year timeline for forgiveness of the loan. Finally, Administration is seeking Council approval of the RHI Project, including the ability to make modifications as needed to deliver the housing units on-time.

The RHI program will help support the City's efforts to increase the supply of affordable and supportive housing units and provide support for residents experiencing chronic homelessness and housing insecurity. The program aligns with the goals and strategies of the Official Community Plan, Comprehensive Housing Strategy and Plan to End Homelessness.

## **IMPACTS**

---

### Social Impact:

By facilitating the creation of a minimum of 29 new affordable housing units, with a focus on permanent supportive housing, the City is helping people who face the largest barriers to finding and maintaining housing. Increasing the availability and accessibility of permanent supportive housing is necessary to relieve the backlog of individuals trying to access Housing First interventions. Individuals who are successfully housed in permanent supportive housing no longer access emergency shelters and other related services. Regina's existing Housing First model program has produced numerous success stories.

### Financial Impact:

If the City accepts the forgivable loan from the Government of Saskatchewan, it will add to the City's debt level. As of September 29, 2021, the City has a maximum debt limit of \$450 million and the current debt level is \$338.3 million. Accepting the loan would increase our debt level to \$339.1 million and it would remain a commitment for the City for the term of the loan (10 years). While the amount is not large and will not have a significant impact against the City's debt limit, the City continues to have a number of large capital projects that would require debt financing in the next few years if they are approved to move forward.

The debt level can also have impacts on the City's credit rating. The City requires a good credit rating to ensure we have access to credit products. A good credit rating also demonstrates fiscal responsibility and financial flexibility. It is not anticipated that the 10-year forgivable loan will have a

significant impact on the City's credit rating as it is in alignment to the current Debt Management Policy.

The dollar amount being received from the Government of Saskatchewan is a small portion of the project funding; therefore, would not have a significant impact on the ability to complete the project. The funding is also in the form of a forgivable loan and would not have any annual operating costs (principle and interest payments).

Policy/Strategic Impact:

*Official Community Plan*

Direction for the City's role in addressing homelessness is provided in *Design Regina: The Official Community Bylaw No. 2013-48 (OCP)*. Applicable policies of the OCP include:

- 8.1 Support affordable housing, attainable housing and below market housing in all neighbourhoods through ownership, rental housing, and specific needs housing.
- 8.6 Support the conversion of non-residential and heritage buildings to new residential uses where appropriate.
- 8.7 Use incentives and alternative approaches to increase the supply of affordable housing, attainable housing and below market housing, adequate specific needs housing, and innovative housing developments.
- 8.17 Support non-profit housing organizations through incentives, partnership arrangements, and other forms of assistance.
- 8.19 Work with federal and provincial governments and other partners to meet the diverse housing needs of the city through:
  - 8.19.2.increased access to specific needs housing for the most vulnerable populations.
  - 8.19.6.alignment of City initiatives with provincial and federal funding sources.
- 13.14 Work with others to ensure that all residents have secure access to basic needs, such as food, housing, and other services.
- 13.15 Participate in the development of a comprehensive plan to address homelessness in partnership with other levels of government.

*Comprehensive Housing Strategy (CHS)*

The CHS provides direction on how the City can align its programs and resources to address Regina's housing needs, including addressing chronic homelessness. Guiding principles of the CHS include "helping people who are homeless, or at-risk of homelessness, to quickly access safe, affordable, and stable housing" and that "policy and resources of government should be aimed at areas where there are gaps in the private market's ability to address housing needs, namely the needs of low and moderate-income households, and the needs of homeless individuals should be prioritized". Key goals of the CHS include "Increasing the supply of rental and affordable housing" and "Partnerships with housing providers and other levels of government". In addition, the Strategy identifies the importance of consulting with and working with Indigenous partners to develop affordable housing and building the capacity of City staff to achieve the City's housing goals.

### *Plan to End Homelessness*

This is Regina's collaborative approach to ending homelessness. As the community plan endorsed by City Council, selected by the Regina Homelessness Community Advisory Board, and accepted by the federal Reaching Home program, it guides funding decisions and ensures alignment between local priorities and federal investments. The Plan notes that given the over-representation of Indigenous peoples among Regina's homeless population, "Any action taken to address homelessness must be grounded in the principles of the Truth and Reconciliation Commission (TRC), and the United Nations Declaration on the Rights of Indigenous Peoples". Administration will continue working with Indigenous experts, including Indigenous-led housing and homeless servicing organizations throughout implementation of the RHI project.

### Environmental Impact

City Council set a community goal for the City of Regina of achieving net zero emissions and sourcing of net zero renewable energy by 2050. In support of this goal, City Council asked Administration to provide energy and greenhouse gas implications of recommendations so that Council can evaluate the climate impacts of its decisions.

Although difficult to quantify at this stage, the construction of any new building or development contributes to additional greenhouse gas (GHG) emissions in two ways. First, the production of building materials and the construction process itself are both energy intensive and generate emissions. Second, there are GHG emissions associated with the lifecycle of a building or housing development.

For these reasons and considering Regina's goal of becoming a renewable city by 2050, it is preferable that attention be given to decisions on energy performance and efficiency of a building at the design stage, as both aspects have direct implications on long-term GHG emissions.

Under the RHI, new construction projects are expected to meet a minimum energy efficiency of five per cent or more above the energy efficiency standards as set out in the 2015 National Energy Code for Buildings (NECB) or meet the local/regional standard, whichever is higher. Conversion projects under RHI are not required to meet a minimum requirement above code for energy efficiency.

## **OTHER OPTIONS**

---

1. The City can decline the 10-year forgivable loan from the Province.  
If the City does not want to add the \$783,000 forgivable loan commitment from the Government of Saskatchewan to the current debt level, Council can direct Administration to not accept the loan. This would require that the RHI Project be scaled back or that City Administration seek alternative funding sources to make up the shortfall.

## **COMMUNICATIONS**

---

A comprehensive communications strategy is being developed to ensure key stakeholders and members of the public are kept well informed about the project, including distribution of funds, timelines, planning, construction and the resulting housing units and programming. Part of the strategy involves opportunities for recognition of funders and partners involved in the project.

## **DISCUSSION**

---

### *RHI Proposal Update*

City Administration submitted a proposal for the Rapid Housing Initiative – Cities Stream program on August 31, 2021. The City’s proposal included a commitment to construct a new permanent supportive housing development to serve high acuity individuals experiencing chronic homelessness. The building is to include a minimum of 29 units with on-site communal space and personalized, wrap-around support services provided by a non-profit operator for the tenants of the building. The City conducted a Call for Proposals to non-profit housing providers to seek an operator with experience and capacity to operate the permanent supportive housing as part of this Project. As noted in the August 11, 2021 RHI Council Report (CM 21-16), the City’s Permanent Supportive Housing (PSH) operating grant is being aligned with the RHI project. The recipient of the grant will provide supportive housing services to tenants and operate the facility. The City’s proposal to CMHC located the Project centrally to ensure tenants also have access to transit and other services. CMHC is currently reviewing all Rapid Housing Initiative proposals and City Administration anticipate signing the capital contribution agreement with CMHC in late-October 2021.

### *Provincial Funding*

As part of the City’s proposal, the Government of Saskatchewan provided a letter confirming a capital contribution of \$783,000 towards Regina’s Rapid Housing Project. The contribution is provided in the form of a 10-year forgivable loan and is administered through the Saskatchewan Co-Investment Program. In order to receive the Provincial funds, the City must enter into an agreement with the Saskatchewan Housing Corporation. The obligations of the City under this agreement include registering the mortgage on title to the property and agreeing to a 10-year timeline for forgiveness of the loan (\$783,000 forgiven in equal monthly amounts over 120 consecutive months). In the event of a default on the agreement by the City, any funds that had not previously been forgiven to that date, would need to be paid to the Province. City Administration is seeking Council approval to enter into an agreement with Saskatchewan Housing Corporation to receive the funds and support delivery of the Rapid Housing Project.

### *Housing Operator Selection*

On August 30, 2021, local non-profit organizations and housing providers with experience and capacity to operate permanent supportive housing were invited to submit proposals for the PSH operating grant as aligned with the City's RHI Project. Information about the RHI program, the PSH operating grant requirements and scoring criteria were shared with these organizations to assist with the development of their proposals. The deadline for the City to receive proposals was September 15, 2021.

Six proposals were received and included a mix of individual organization submissions and joint submissions from partnering organizations. One organization later decided to remove their proposal from the submissions. Adjudication of the remaining five proposals took place during the week of September 27, 2021 with a committee consisting of four external adjudicators and two members of City staff. The external adjudicators included local, provincial and national representatives with experience in affordable and supportive housing: Shana Cardinal (Regina Homelessness Community Advisory Board), Pam Reimer (Past Director of homelessness for the YMCA), Lana Phillips (Housing Development and Real Estate, Saskatchewan Housing Corporation), and Elsbeth Mehrer (City of Calgary Coordinator of Policy/Strategy for Affordable Housing).

The proposals were assessed independently by each committee member based on criteria developed for the PSH operating grant, including:

- **Support Services and Programs** – program design, inclusion of medical and social supports, organizational capacity for case-planning;
- **Project Design** – proposed staffing, accessibility (physical, economic, social, financial, etc.), trauma informed service delivery, harm reduction philosophy;
- **Capability and Capacity** – demonstrated experience offering housing and/or supportive services, experience working with high acuity individuals, partnerships with other organizations;
- **Plan to End Homelessness** – alignment with the five principles of Housing First philosophy, consumer choice and self-determination, recovery orientation, individualized and client-driven supports, social and community integration;
- **Capital Investment Securement and Financial Sustainability** – plan to operate and fund the programming over the project (up to 20 years);
- **Coordinated Access** – agreement to comply with and support the Coordinated Access implementation for Regina, accept clients prioritized through the Centralized Housing Intake Program (CHIP) table, completing assessments and trainings, adopt HIFIS-4 when available;
- **Indigeneity** – self-reported Indigenous identity in the organization (Board of Directors and staff), intent to offer appropriate and relevant cultural programming; and,
- **Value-for-Money** – number of units provided based on the funding and the number of critical on-site services provided per client.

The committee then met to review the scoring and find consensus on the recipient of the PSH operating grant. The committee selected the partnership of Regina Treaty/Status Indian Services (RT/SIS) and Silver Sage Holdings Ltd. (Silver Sage) to receive the PSH operating grant for the RHI Project. These Indigenous organizations represent a solid partnership with housing development, property management and affordable housing operations experience, including supporting chronically homeless individuals and providing medical, social and cultural supports. City Administration support this partnership and the opportunity to strengthen the city-wide community response to homelessness. With multiple organizations providing intensive supportive housing, chronically homeless individuals will have greater self-determination regarding their housing needs. This also provides a unique opportunity for the City to continue building our relationship with the File Hills Qu'Appelle Tribal Council, of which RT/SIS and Silver Sage are both entities. City Administration is currently working with RT/SIS and Silver Sage to refine the programmatic requirements of the building and next steps for delivery of the project.

#### *Project Delivery*

The timelines and deliverables of the RHI program require flexibility, and the approach to delivering the affordable housing units may need to shift. It is possible that in order to successfully deliver the units, City Administration along with RT/SIS and Silver Sage will need to change the location for a new build, reconsider pursuing the conversion of an existing non-residential building, or shift to having the operator lead the development of the building. Changes of this type made after the capital contribution agreement is signed would require approval from CMHC. However, the aggressive timelines of the RHI program necessitate that City Administration are able to pivot quickly and modify the Project details as needed and deliver the affordable housing units on-time. City Administration is seeking Council approval for the Project, including potential changes that may be needed to the proposal that was initially submitted to CMHC. City Administration is currently reviewing options for delivery of the Project including having the City lead development of the building or having RT/SIS and Silver Sage lead the development of the building. Administration is evaluating the benefits and risks with each approach.

## **DECISION HISTORY**

---

### CM17-12: YMCA of Regina Funding the Plan to End Homelessness in Regina

On September 25, 2017, City Council adopted CM17-12 to commit \$60,000 in funding that would be directed to the Community Entity, the YMCA, to assist in creation of the Plan.

### CR18-67: City of Regina's Role in Homelessness

On June 25, 2018, City Council considered report CR18-67, which provided an overview of the City's response to homelessness, including measures to increase supply and decrease the cost of housing through the HIP, the Community Investment Grants Program which provides support to organizations and programs that address homelessness and participation on the Regina

Homelessness Community Advisory Board (RHCAB). City Council passed a motion “That the City of Regina continue providing in-kind and financial support towards confronting homelessness as discussed in this report”.

MHC19-6: Plan to End Homelessness in Regina

On September 17, 2019, a report providing background on the Plan and its key content went to Mayor’s Housing Commission. At this meeting, the YMCA also provided their overview of the Plan. Administration committed to returning to Mayor’s Housing Commission with a more thorough analysis of the Plan.

CR20-23: Plan to End Homelessness: City of Regina Alignment

On April 29, 2020, City Council considered a report that identified new actions to advance the Plan. City Council approved motions to:

- Endorse the Plan to End Homelessness and affirm the City of Regina’s role in homelessness as described in the Plan.
- Direct Administration to contribute \$20,000 to the Systems Planning Organization, as selected by the Regina Homelessness Community Advisory Board in 2020 and include future requests within the annual budget process.
- Call upon the provincial and federal governments to endorse and fully finance the Plan to End Homelessness.
- Direct Administration to develop a Housing and Homelessness stream with funding options to be considered through the 2021 budget process.

CR21-57: Plan to End Homelessness – Permanent Supportive Housing Operating Grant

On April 14, 2021, City Council approved the creation of a Permanent Supportive Housing Operating Grant program aligned with the Plan to End Homelessness to fund the ongoing operation of permanent supportive housing in an amount not to exceed \$1,000,000 annually beginning in 2022. In this report, Council simultaneously approved motions to:

- Delegate authority to the Executive Director, City Planning & Community Development to select a qualified community-based organization to operate Permanent Supportive Housing spaces for a term of five years using the process outlined and criteria established in the report, as well as negotiate, approve and amend any funding agreements needed between the City of Regina and the selected community-based organization.
- Authorize the funding for the Permanent Supportive Housing Operating Grant to be provided from the City’s Social Development Reserve.
- Amend the Housing Incentives Policy in Section 8.0 to decrease the maximum amount of funding available annually for capital incentives from \$2,500,000 to \$1,500,000 effective January 1, 2022.



CM21-16: Government of Canada Rapid Housing Initiative – Funding Allocation for Delivering Affordable Housing

On August 11, 2021, City Council approved the preparation and submission of a proposal for the CMHC 2021 Rapid Housing Initiative Cities Stream funding to deliver 29 units of affordable housing.

In this report, Council also approved motions to:

- Authorize the City Manager or designate to enter into a capital contribution agreement with the Canadian Mortgage and Housing Corporation to receive the allocated funds, any amendments to the Agreement that do not substantially change what is described in this report and any ancillary agreements or documents required to give effect to the Agreement.
- Direct Administration to support short term cash flow needs for this project with a transfer from the General Fund Reserve not to exceed 10 per cent of the total allocation expected from the Canadian Mortgage and Housing Corporation, with funding to be returned to the reserve following execution of the contribution agreement and receipt of funding.
- Allocate \$1 million from the Social Development Reserve for the Permanent Supportive Housing Operating Grant in 2022 towards capital expenditures for the City’s Rapid Housing Initiative project.
- Authorize the City Clerk to execute the necessary agreements after review and approval by the City Solicitor.

The recommendations in this report requires City Council approval.

Respectfully Submitted,



Diana Hawryluk  
Executive Director,  
City Planning & Community Development

Respectfully Submitted,



Chris Holden  
City Manager

Prepared by: Laura Pfeifer, Senior City Planner