

Calgary



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Affordable Housing Development Report

Q4 2020 | July 1, 2020 – December 31, 2020



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Introduction

Affordable Housing

In 2016, City Council adopted Foundations for Home: Calgary's Corporate Affordable Housing Strategy (2016-2025). The Strategy and accompanying Implementation Plan outlines The City's affordable housing direction over ten years through six key objectives:

1. Get the Calgary community building
2. Leverage City land
3. Design and build new City units
4. Regenerate City-owned properties
5. Strengthen intergovernmental partnerships
6. Improve the housing system

In addition to enabling a transformed housing system in Calgary, the Strategy aims to contribute to an increase in affordable housing supply that would help Calgary meet the national average. In 2016, meeting this standard meant the delivery of 15,000 new non-market units.

About the Development Monitor

The Affordable Housing Development Monitor is a repository of up-to-date information on new affordable housing projects in Calgary. The Affordable Housing team has monitored affordable housing development since the adoption of Calgary's Corporate Affordable Housing Strategy to address recurrent and ad-hoc data requests.

The Affordable Housing Development Monitor captures all new affordable housing development since January 2016, including active and completed developments, to the best of our knowledge. Also included are developments that the Planning department has been informed of through a pre-application or a preliminary inquiry. A significant portion of affordable housing projects are City-supported.

The criteria for City-support includes affordable housing that has been:

- been developed by The City of Calgary,
- been built on land purchased through the Non-Market Housing Land Sale,
- received prioritized status in the planning and development process, or
- received Housing Investment Program (HIP) funding.

The Development Monitor does not include information about the following: affordable units built before January 2016, acquisitions of properties, affordable units that have been decommissioned, private market rental units, and information about housing need.

The biannual Affordable Housing Development Progress Report provides an up-to-date picture about affordable housing development to meet the needs of corporate and community stakeholders.

What's New?

This report provides high-level, point-in-time insights about affordable housing development in Calgary. Affordable housing is discussed in the context of

- year over year performance in production relative to our community target and forecasts
- the impact of municipal and federal initiatives on the affordable housing production pipeline
- various population and product trends

A number of technical enhancements to the reporting infrastructure of the Development Monitor, such as integration with Planning database systems, has made it easier to meet on-the-fly and custom reporting needs.

Consequently, in this version of the report descriptive analysis has been provided in lieu of detailed tables. A number of supplementary tables, appendices and status reports are included in a comprehensive internal package. These and other reporting materials may be available upon request, at any time, to appropriate corporate stakeholders.

Report Highlights

The non-profit sector continues to be the largest contributor of proposed affordable housing development, but faces a significant backlog of units that have not yet been issued for construction. To the end of December 2020, the opportunity presented by Canada Mortgage and Housing Corporation's Rapid Housing Initiative spurred an unprecedented volume of proposed units while the Housing Incentive Program has been heavily leveraged to ease the cost of pre-development work.

Key forecasts at this time include a significant deficit in terms of meeting the targets set by the Community Advocacy Plan (70% shortfall). This

shortfall will be particularly pronounced in the coming years as project approvals have dropped off in 2020. An annual historical average of approximately 370 constructed units, however, will very likely continue in the next 4 years.

Progressive effort to support projects currently on hold or in the queue for approvals could mean approximately 1,200 units approved over the next 1 to 2 years, with construction anticipated in subsequent years. This achievement would put Calgary at 29%, or 4,289 issued units, toward the 15,000 target by 2022. Should an additional 1,335 units associated with preliminary inquiries proceed through the approvals process over the next 2 to 4 years, the community could achieve 39% of target by 2025. The non-market housing sector is poised to deliver a significant number of units should adequate capital be made available.

The non-profit sector, and non-market rental more specifically, has the most variety in new product inventory compared to the private sector and other affordable housing types¹. Small build apartments are the most prominent across all affordable housing types, though new non-market rental is also heavily concentrated in mid- and large-build apartments. The non-profit sector maintains the greatest variety of product in new inventory (small to mid-build apartments, row/townhomes, and special care facilities), while the private sector is the exclusive driver of large-build apartments.

¹ Other affordable housing types include affordable homeownership, shelters, supportive housing, and assisted living. See the Appendix for more information

Findings

The Projects Pipeline

As of the end of Q4 2020, the City’s planning department has issued 20% of affordable housing units needed to reach the 15,000-unit national average shortfall (Figure 1). A remaining 1, 228 have been proposed² but not yet approved. Successful approvals for units under planning review and anticipated issued construction would put Calgary at 29%, or 4,289 units, toward the 15,000 target over the next 1 to 2 years³. Guiding an additional 1,335 units associated with preliminary inquiries through the approvals process over the next 2 to 4 years could mean 39% of target is achieved by 2024.

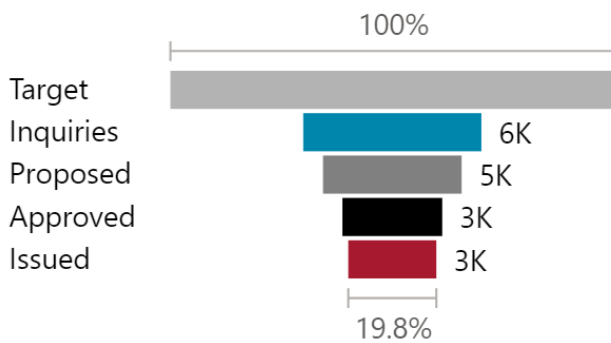


Figure 1: Target Units and Current State

A low volume of *proposed* units in 2019 was followed by an all-time low in *approved* units in 2020, with 89 units approved in 2020 compared to an average 350 units from 2017 to 2019 (Figure 2). Maintaining steady approvals year-over-year depends on a sufficient number of proposed projects in the projects pipeline.

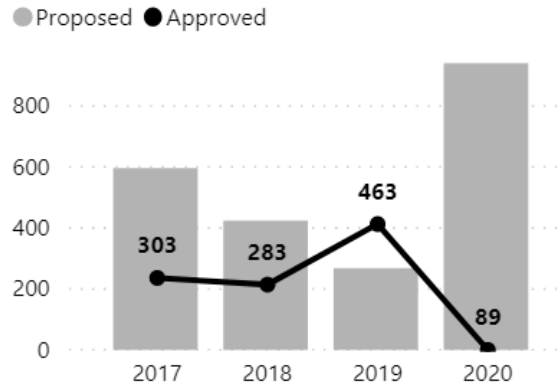


Figure 2: Proposed and Approved Units by Year

Fortunately, proposed unit volumes have seen an upward trend since Q2 of 2020, with a peak in Q4 (Figure 3). As a result, the number of affordable housing units under review in the planning approvals pipeline⁴ has nearly doubled from Q2 to Q4 of 2020. As the highest peak in units under review observed since 2016, the Rapid Housing Initiative (RHI) is a significant contributor to these volumes: 62% of the unit volume proposed in Q4 of 2020 is tied to RHI.

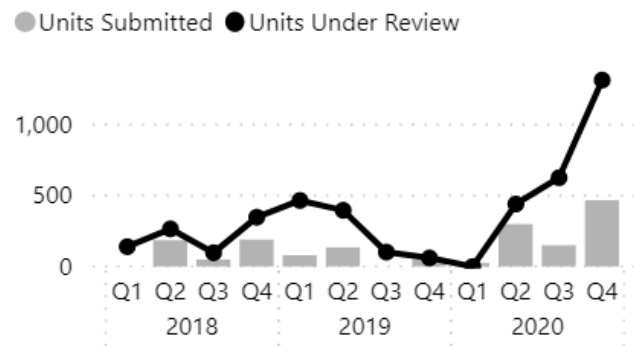


Figure 3: Units Submitted & in Review by Date

² Proposed means a land use and/or development permit has been initiated

³ In 2020, average time to reach approval was 24 months, and average time to start construction from approval was 9 months.

⁴ Planning review underway for a land use file and/or development permit

While non-profits are the most significant contributor to proposed affordable housing development (69% of all units proposed since 2016), the sector faces the largest deficit in terms of issued construction (Figure 4). Out of the 3,050 units proposed⁵, 1,080 units (35%) have not been issued for construction. A large component of this backlog (36%) is tied to RHI.

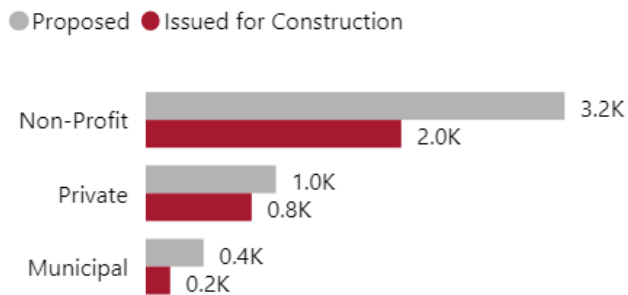


Figure 4: Proposed and Issued Units by Sector

Programmatic Support

The Housing Incentive Program (HIP) has supported 78% of eligible units. The remaining 22%, or 704 units, will incur an estimated⁶ \$2 M in funding should providers choose to leverage HIP in the near future⁷. Another 659 eligible units have been proposed through inquiries⁸, and could incur an additional \$2M in funding in the event these projects proceed to a land use file or development permit.

The first iteration of the Non-Profit Land Sale (NPLS) led to the completion of 156 units, while the second iteration has another 128 units in the planning approvals process, for a total of 284 units. This represents 23% of all units proposed through the non-profit sector since 2018, and a total estimated \$16.8M in construction value.

⁵ Does not include 187 units that were cancelled (Skyview Ranch by Horizon Housing)

⁶ Based on an average City fee rebate of \$3,000 per unit

⁷ Preliminary analysis suggests unleveraged HIP funds may be at least partially due to staff-turnover as well as some eligible projects (e.g. conversions). Some of our partners may not be aware of or proficient with the application process.

Another 69 units have been proposed through a preliminary inquiry and have a NPLS in progress.

To date, the Rapid Housing Initiative (RHI) has supported 14% of eligible units⁹ with approved funding. The introduction of RHI appears to be a significant catalyst for volume of units proposed in 2020 (e.g. see Figure 3), which is indicative of non-profit “readiness” when large-scale funding is made available. To date, 9 projects and approximately 800 units have either been approved for RHI funding or were tied to various stages of an RHI submission. Should these projects be successful, comparable submissions and ongoing funding commitments of equal scale year-over-year means Calgary could reach its 15,000 unit target by 2036.

Forecast

The Community Advocacy Plan’s ambition for the community has been impacted by funding deficiencies. A forecast based on substantial investments would see over 5,000 units constructed over the next 4 years (Figure 9). Constructed units have fallen short of the Community Advocacy trajectory for 2020, by 40%, or 221 units.

As of December 2020, only 18% (1,107 units) of the anticipated units for the 2021-2025 period are anticipated for construction in the next 4 years¹⁰, assuming approved projects will proceed as planned and no further extensions will be granted

⁸ Non-profit inquiries not older than a year, excludes cancelled Pre-Apps and inquiries deemed inactive

⁹ Municipal or Non-profit projects initiated with a development permit or land use file since 2020

¹⁰ Based on commencement deadlines of development permits

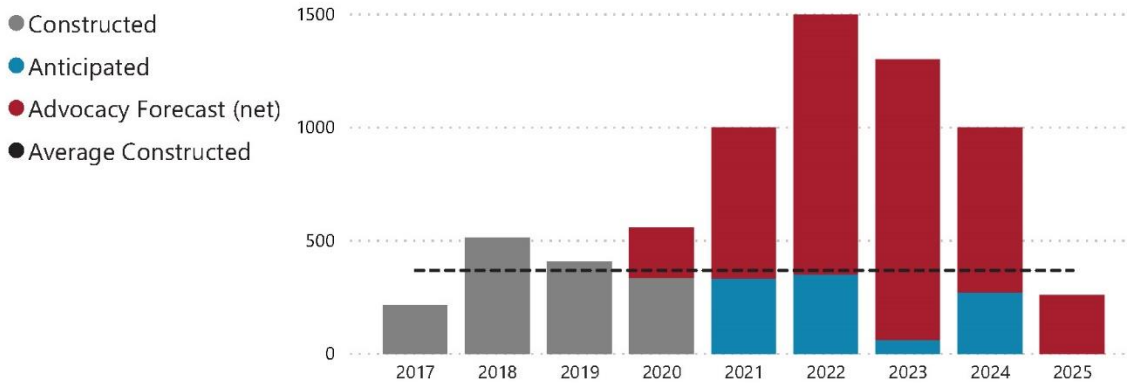


Figure 9: Community Advocacy Forecast, Actuals and Anticipated Units

to the commencement deadlines of approved development permits.

Constructed units year-over-year will likely maintain a historical average (see the Average Constructed line in Figure 10). Assuming a similar trend in constructed units from 2017 to 2020, we would expect an estimated 369 units constructed year over year in the future. An upward trend of this average depends on units being approved further upstream in the planning approvals process, particularly the 495 units currently tied up in land use files under review or pending decision.

Given that there are currently an additional 346 units in need of a development permit decision¹¹ that may subsequently carry commencement deadlines in or around 2023, we anticipate constructed units year-over-year will remain near the historical average (369 units per year)¹².

Population and Product Trends

In terms of issued units, large build apartments driven by the private sector have re-emerged as the leading product type in 2020 (Figure 11, 13). Small build apartments have also seen a revival in

2019 and 2020, ranking 1st and 2nd place, respectively, in total units (Figure 11). Indeed, small-build apartments are prominent in all types of new affordable housing inventories produced since 2016 (Figure 12). Mid-build apartments have maintained 2nd and 3rd place, respectively, for 2019 and 2020 (Figure 11).

New non-market rental inventory is now heavily concentrated in mid and large-build apartments (Figure 12). Rowhomes and townhomes, which made up a fair proportion of units in 2019, has declined in tandem with reduced affordable homeownership approvals since 2018 (Figure 11).

¹¹ Without a decision, these projects do not have a commencement deadline. Therefore, they are excluded from the anticipated totals in Figure 9.

¹² Assuming commencement deadlines of approved development permits will not be extended.

- Large Build Apt
- Mid Build Apt
- Row/Townhome
- Senior Care Homes
- Small Build Apt
- Special Care Facility

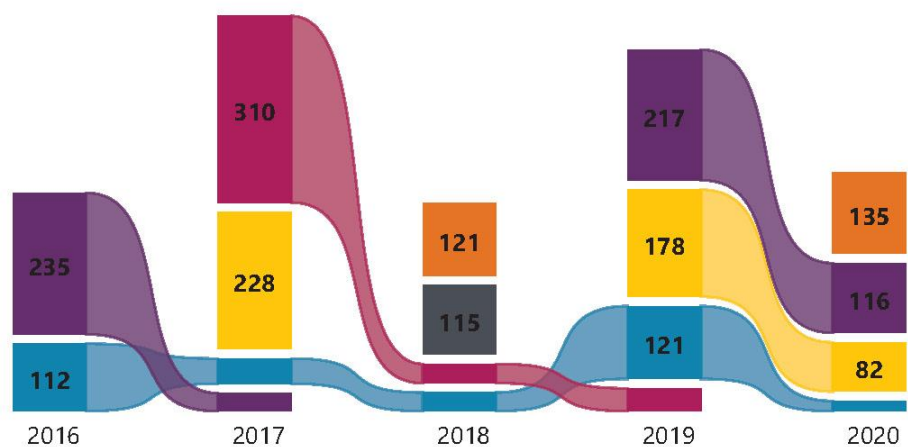


Figure 11: Issued Units by Product Type and Year, in Rank Position

- Large Build Apt
- Mid Build Apt
- Row/Townhome
- Senior Care Homes
- Small Build Apt
- Special Care Facility

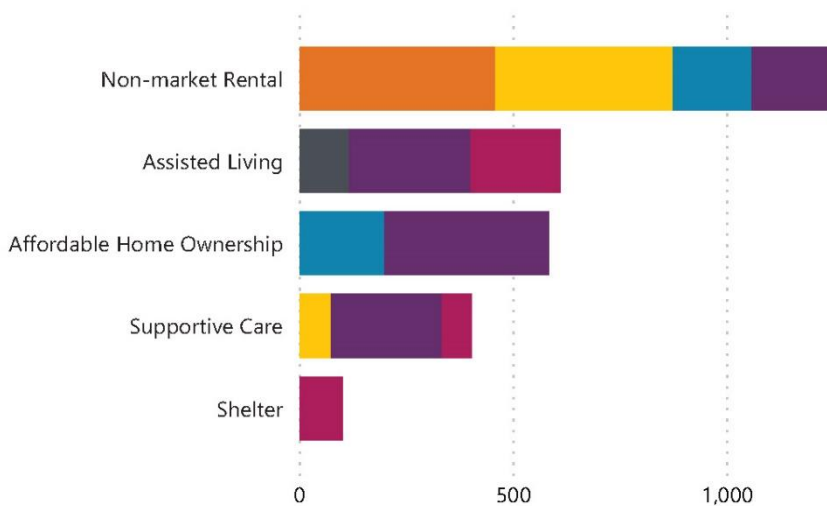


Figure 12: Issued Units by Affordable Type and Product Type

- Large Build Apt
- Mid Build Apt
- Row/Townhome
- Senior Care Homes
- Small Build Apt
- Special Care Facility

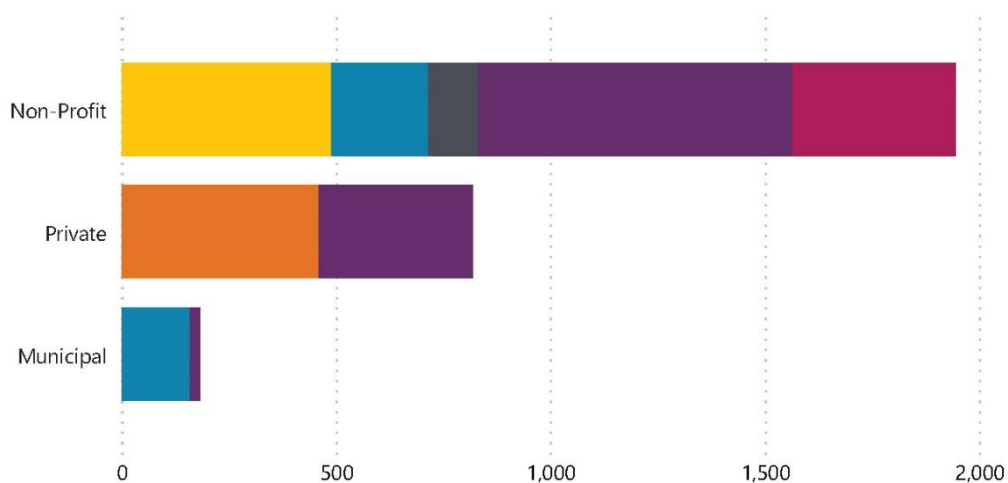


Figure 13: Issued Construction by Product Type and Sector

Trends in new unit inventory are also patterned by sector (Figure 13). The non-profit sector has maintained the greatest variety of product in its new inventory, including small to mid-build apartments, row/townhomes, and special care facilities. By contrast, new private sector inventory is composed of only large and small build apartments. After non-profits, the municipal sector is the 2nd largest contributor to row/townhome product, and a much smaller proportion of small-build apartments.

A subset of the 123 projects included in the Development Monitor identify specific target populations. Drawing from a sample of 45 projects targeted toward needs beyond the general population, unit breakdown by target group is provided in Figure 14. The majority of units in this sample are targeted toward seniors (66%), followed by targeted care (20%). Targeted populations and categorization is outlined in the Appendix.

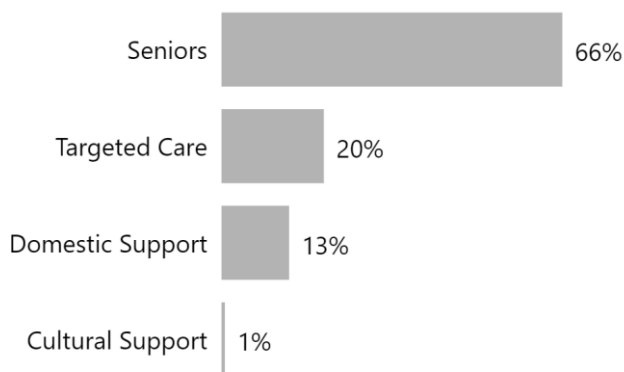
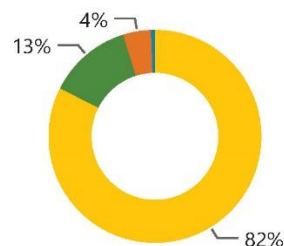


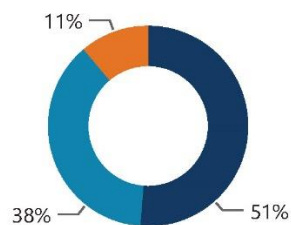
Figure 14: Proportion of Planned Units by Target Group (45 project sample)

- Affordable Home Ownership
- Assisted Living
- Non-market Rental
- Shelter
- Supportive Care

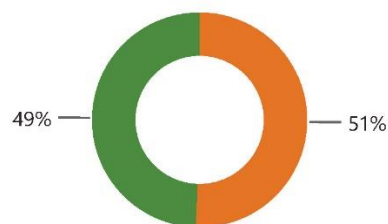
Targeted Care



Women, Children, Families



Seniors



Cultural Support



Figure 15: Proposed Units for Targeted Populations by Affordable Housing Type

Most units intended for targeted care are fulfilled by supportive care-type housing (82%), while a much smaller proportion is met by assisted living (13%) and non-market rental (4%) (Figure 10). Units directed toward seniors is served by a near-even split between assisted living and non-market rental. The needs of women, children and families are served by two polarities in the spectrum of affordable housing types: affordable home ownership (38%) and shelters (51%), with a smaller proportion served by non-market rental (11%). Cultural needs, which includes indigenous and newcomer needs, is an emerging category of targeted population. More units are anticipated for these populations; many are in the inquiry/pre-app phase, and will be served by non-market rental.



Concluding Remarks

What's Next?

A number of topics and analyses are in the works for subsequent versions of the Affordable Housing Development Progress Report, such as:

- An analysis of appeal rates for affordable housing projects relative to similar developments
- Spatial analyses to explore the shifting needs being met by affordable housing development
- Broad look at the profile and potential trajectory of our non-profit partners

If you'd like to be circulated in our subsequent versions of this report, or have requests and ideas for analysis, please contact us.

Acknowledgements

The Affordable Housing Development Progress Report is made possible by the support and coordination of the Affordable Housing Approvals Coordinator and the Affordable Housing Policy & Strategy team. The author acknowledges their hard work and assistance in providing up-to-date and accurate information and ongoing logistical support.

The underlying datasets of this analysis can meet a wide variety of inquiries and needs, such as: up-to-date project status reports; maps and spatial analysis; summaries by sector, affordable housing type, and target population served; and constructed product trends.

For more information about the contents of this report, or to request custom reports, you can contact the author at kylee.vanderpoorten@calgary.ca.

Appendix: Terms and Definitions

Affordable Housing

According to the City's definition, housing is considered affordable when occupied by households earning less than 65% of the Calgary Area Median Income and spending no more than 30% of their gross income on shelter costs. Based on household income data from the 2016 federal census, this means affordable housing is targeted toward households making less than \$44, 000 annual gross income, **with shelter costs at or below \$1, 100 per month**. The Development Monitor tracks projects that are guided by various legal and organizational commitments to retain the affordable housing status in perpetuity (at least 10 to 20 years).

City-supported projects

City-supported projects are qualified by one or more of the following: developed by the City of Calgary; built on land purchased through the Non-Market Housing Land Sale; received prioritized status in the planning and development process; or received funding from the Housing Incentive Program.

Housing Incentive Program (HIP)

The Housing Incentive Program is a key component of Calgary's Corporate Affordable Housing Strategy Implementation Plan. The city-administered program provides two different types of funding for approved projects: a \$50, 000 grant to cover pre-development activities associated with an affordable housing project; and a rebate on eligible City development fees related to an affordable housing project. A non-profit agency can apply for one or both types of funding.

Non-Profit Land Sale (NPLS)

The Non-Market Housing Land Disposition Policy allows for the sale of up to 10 parcels of surplus City-owned land at below market value to experienced non-profit affordable housing developers every two years. The program is a coordinated effort between Calgary Housing and Calgary Real Estate & Development Services.

Rapid Housing Initiative (RHI)

The Rapid Housing Initiative is \$1 billion program administered by the Canada Mortgage and Housing Corporation to help address urgent housing needs of vulnerable Canadians. The program was included in this report due to the timing of its announcement in October 2020 and the impact of this opportunity on project submissions in Q4 of 2020.

The Community Advocacy Plan

The Community Plan is a collaboration between The City and over 40 organizations in the public, non-profit and private sectors. The plan proposes an increased affordable housing supply of approximately 5,400 units over the next five years through acquisitions and new projects. The Community Plan has been endorsed by Calgary City Council's Intergovernmental Affairs Committee and forwarded to other levels of government.

The Projects Pipeline

An affordable housing project goes through a number of planning stages, from initial inquiry to occupancy. A number of planning terms¹³ are used throughout this report to describe various planning stages of project:

- **Inquiry:** A project is considered in the “inquiry” status if an applicant has initiated a conversation with the city about building an affordable housing project. The project may or may not have a pre-application submitted to the City’s planning department. Inquiries that are dated two years or more are excluded from the analysis.
- **Proposed:** A project is considered “proposed” if a land use file and/or development permit has been initiated with the City’s planning department.
- **Active:** A project is considered active when a land use file and/or development permit has been initiated with the City’s planning department, but construction has yet to begin. The project may be in an applicant-induced hold, in the process of being appealed, or in the planning review process. Cancelled development permits are excluded¹⁴.
- **Approved:** A project is considered approved once the development permit associated with the project has been approved by the City’s planning department. Applicants must commence construction two years from the decision date of the development permit, but extensions can be granted. Sometimes the planning department will approve a permit but will add prior-to-release conditions that must be met before releasing the permit.
- **Released:** A development permit is considered “released” when all post-decision requirements have been met and/or any associated appeals have been settled.
- **Issued** (for construction): A building and its associated units are considered “issued” for construction when the City’s planning department has deemed building plans and drawings compliant with building codes and authorize construction to begin.
- **Completed** or **constructed:** A project is considered complete when all associated building permits have received final approval of occupancy permit(s), which indicates the building(s) are safe to occupy.

¹³ For more information about the planning process, see <https://www.calgary.ca/pda/pd/permits/development-permits/development-permit-process.html>

¹⁴ Note that project cancellations the City has not been made aware of may be included in this category.

Affordable Housing Types

The City categorizes Affordable Housing into five main types:

- **General Non-Market Rental:** Non-market rental housing with minimal social services or supports (e.g. providers such as Calgary Housing Company and Silvera).
- **Supportive Care:** Non-market rental housing that provides case management and supports to those with specialized needs, particularly needs related to mental health and/or addiction (e.g. providers such as Homespace and John Howard Society).
- **Assisted Living:** Non-market assisted living or long-term care facilities for those with medical or physical needs (e.g. providers such as Accessible Housing Society and Bethany). To be considered affordable, the facility must abide by the Province's maximum accommodation charge.
- **Affordable Ownership:** Other non-market housing purchased through an attainable/affordable ownership model (e.g. providers such as Attainable Homes and Habitat for Humanity).
- **Shelters:** Other non-market housing that provides temporary accommodations for homeless individuals (e.g. providers such as YWCA).

Targeted Populations

Some affordable housing projects target specific demographic groups. These target populations are broadly categorized as follows:

- **Targeted Care:** People who benefit from specialized types of mental and physical support, e.g. veterans, people exiting the justice system, people with mental illness and/or addictions, families and persons with disabilities.
- **Seniors:** People aged 65 and over.
- **Women, Families and Children:** Women, families, children and youth in precarious situations.
- **Cultural Communities:** Housing that seeks to support Indigenous communities, newcomers, and other cultural groups.