

Calgary Housing Company

CS: Calgary Housing Company - Overview

Calgary Housing Company (CHC) is a wholly-owned subsidiary of The City of Calgary. CHC's mandate is the management of housing units and programs to provide affordable housing options to Calgarians. As the largest landlord in Calgary, CHC manages the rentals for over 10,000 households serving 24,000 citizens.

The properties CHC manages are owned by CHC, The City, or the Government of Alberta. The majority of funding comes from the Province in the form of capital investment, ongoing subsidies, rent supplements and operating support. CHC also coordinates services and partnerships with other organizations to offer programs that assist tenants with a wide range of specialized needs to achieve positive outcomes.

Key functions include:

Housing Services – Management of over 7,000 rental units to provide quality customer services in the provision of affordable homes and services for over 24,000 citizens in need. CHC also coordinates outreach services with other agencies to support low-income tenants.

Asset Development - Comprehensive asset management and development to optimize properties and meet changing client needs.

Business Services – Ongoing initiatives to improve efficiency, increase transparency, and maintain a safe and healthy workplace.

CHC's Board of Directors includes members from the community, City Administration and City Council. The Board is accountable to The City as sole shareholder (as represented by Council). CHC's approximately 175 staff members are City employees.

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Trends

The economy continues to drive a high need for housing of all types in Calgary. The demand for rental units and, in particular, affordable housing units in Calgary continues to grow and exceed the available supply. This gap is driven by trends such as significant population increases, low vacancy rates and increased rental rates. Increases in construction costs and the floods of 2013 put additional pressure on an already tight housing market. CHC maintains a waitlist that has averaged over 3,000 applicants for the past several years.

Additionally, government subsidies have not been keeping pace with increased maintenance costs and the need for new developments. This is becoming increasingly important as housing ages - more than half of the housing stock managed by CHC was constructed prior to 1981. This trend is driving the requirement for an improved business model to enable CHC's properties to become more financially sustainable. Older social housing developments had operating agreements that allowed for only fully-subsidized tenants. By moving to a greater mix of tenants, with rental rates based on income, an important revenue stream was created that enables CHC to make buildings less reliant on operating subsidies and to more effectively manage the operations. As more properties come to the end of their operating agreements, there is opportunity to negotiate new agreements that allow for greater flexibility to manage the rent levels and program distribution among facilities as well as to grow the overall portfolio. This will, in turn, will enable CHC to create more homes for families in need.

Long-Term Plans

CHC initiatives are aligned with the Municipal Development Plan (MDP) and will support its achievement. Primarily, CHC contributes to section 2.3.1 of the MDP ensuring a choice of housing forms, tenures and affordability. CHC, as stated in the MDP, "[encourages] housing

opportunities for low- and moderate-income households in all communities". CHC is aligned to the objective of negotiating funding and "partnerships with... government and non-governmental agencies to pursue measures to ensure construction of affordable housing." In this business cycle CHC will specifically focus on sustainable funding and partnership agreements with the Province and The City.

This plan identifies how CHC will improve its current service provision including: an effective asset management strategy to meet the needs of clients both for today and tomorrow; systematic building condition assessments to inform decision-making about whether properties should be renovated, redeveloped, or divested; a 10-year capital plan; and, negotiation of new partnership agreements with all levels of government to enable CHC to fully implement these plans.

Engagement

The affordability of housing emerged as one of the top priorities expressed by the citizens of Calgary through the budget engagement process. This is part of a larger economic trend in the city which is putting pressure on vulnerable populations of low-to moderate-income. The Office of Land Servicing & Housing conducted a survey that indicated the majority of citizens surveyed believe access to affordable housing is important and 91 per cent believe The City should help fund it.

CHC is undertaking actions to optimize the condition and management citizens. The current shortage of affordable housing options was cited as contributing to a negative quality of life in Calgary and a source of social isolation. Council has also identified this issue as a key priority. of existing properties through the implementation of asset management initiatives as well as internal process redesign. Sustainable funding will also be addressed through negotiations with the Province and City to ensure an ongoing ability to meet client needs.

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Council Priorities

CHC actions support Council's priority to create a prosperous city and, specifically, to "increase affordable and accessible housing options" (P6). CHC works closely with the Affordable Housing division of the Office of Land Servicing and Housing - the business unit that leads this strategy. Through this relationship, CHC is also contributing to the development of The City's Corporate Affordable Housing Strategy.

The actions planned by CHC are designed to address short-term needs for improving customer service and increasing efficiency as well as long term goals to improve the availability and sustainability of affordable housing. CHC is also collaborating with Alberta Municipal Affairs to establish a province-wide enterprise software solution to support the changing business needs of the social and affordable housing industry in Alberta. This will facilitate the long-term planning, maintenance and sustainability of the assets and quality of life for residents.

For Council Approval

Council
Priority

Corporate Services Commitment:

Corporate Services will support Calgary's continued prosperity and growth by addressing affordable housing challenges, making it easier for citizens to interact with The City by improving access to technology and information and by providing industrial lands for business.

A prosperous city
Calgary continues to grow as a magnet for talent, a place where
there is opportunity for all, and the best place in Canada
to start and grow a business.

Strategy Related to Council Outcome

Business Unit Action Related to Strategy

P6 Increase affordable and accessible housing options.

P6.1 Implement comprehensive asset management and development to optimize properties and address client needs.

P6.2 Manage the rentals, repairs and client relations to provide affordable homes and related services for vulnerable citizens.

P6.3 Undertake business process redesign projects to increase efficiency and effectiveness of affordable housing operations and services.

P6.4 Negotiate funding and partnership agreements with the Province and City to ensure an ongoing ability to meet client needs.

Calgary Housing Company Total Operating Budget (\$000s)																
	2014 Forecast at June 30, 2014			2015 Budget			2016 Budget			2017 Budget			2018 Budget			
	Rev	Exp	Net	Rev	Exp	Net	Rev	Exp	Net	Rev	Exp	Net	Rev	Exp	Net	
CHC Portfolios	22,864	22,864	-	23,083	23,083	-	23,775	23,775	-	24,488	24,488	-	25,223	25,223	-	
City of Calgary Portfolios	20,951	20,951	-	21,743	21,743	-	22,395	22,395	-	23,067	23,067	-	23,759	23,759	-	
Provincially Owned Portfolios	22,175	22,175	-	23,734	23,734	-	24,446	24,446	-	25,179	25,179	-	25,934	25,934	-	
Private Landlord Rent Supplement	20,954	20,954	-	20,954	20,954	-	19,134	19,134	-	19,134	19,134	-	19,134	19,134	-	
Totals	86,944	86,944	0	89,514	89,514	0	89,750	89,750	0	91,868	91,868	0	94,050	94,050	0	

Calgary Housing Company is a private, not-for-profit corporation which is a wholly owned subsidiary of The City of Calgary. It is permitted to operate in real estate management or development and has specifically focused its activities on providing housing solutions to Calgarians who are not served by the marketplace. It operates and manages 101 properties owned by The Province of Alberta, 54 properties owned by The City of Calgary as well as 44 of its own properties. Collectively, these 199 properties represent over 7,000 households. The properties are grouped under eight portfolios that are operated in accordance with each specific portfolio's operating agreement. An additional 2,500 households are under the rent supplement program in which housing units are owned by private landlords.

More than half of the housing stock managed by CHC is over 30 years old, resulting in higher maintenance costs that put additional pressure on the operating budget. The expiry of operating agreements for some properties means an end to some subsidies but also provides an opportunity to negotiate new agreements with government that enable CHC to redevelop, refurbish or divest these properties. As mortgages come to end, there is debt-servicing capacity that can be leveraged to create new housing. Initiatives are underway to redesign internal processes for increasing efficiencies. A recent re-organization and decentralization of offices has been completed to enhance customer service.

CS: Calgary Housing Company - Capital Budget Overview

Funding for Capital Projects	2015	2016	2017	2018	*2019+	Total 2015-*2019+
Self-supported Debt	4,206	6,069	2,982	3,668	0	16,925
Total Funding	4,206	6,069	2,982	3,668	0	16,925

*2019+ represents projects which start within the 2015-2018 cycle and are completed in years beyond 2018.

Capital Budget Listing (by Program - Project) (\$000s)

Program- Project	Project Description	Type	Cat	Prev. Approved Budget up to 2014	Prev. Approved Budget for future years	New Budget Request	2015	2016	2017	2018	*2019+	2015- *2019+	Growth Area
492-002	Building Betterments	U	C			16,925	4,206	6,069	2,982	3,668	-	16,925	
Total Program 492 : Calhome - Major Upgrading				-	-	16,925	4,206	6,069	2,982	3,668	-	16,925	
				-	-	16,925	4,206	6,069	2,982	3,668	-	16,925	

Note:

Type: M=Maintenance/Replacement, U=Upgrade, G=Growth, S=Service Change

Category: A=Project in Progress, C=New Project, O1=2015-2018 Operating Cost, O2=2019 and beyond Operating Cost

Program 492 : Calhome - Major Upgrading

All 2015-2018 capital requests are directly related to building betterment requirements identified in recent Calgary Housing Company Building Condition Assessments.

CS: Calgary Housing Company - Capital Budget for Council Approval

For Council Approval

Calgary Housing Company Capital Budget (\$000s) for Approval						
	2015	2016	2017	2018	*2019+	Total
Previously-Approved Budget (as at 2014 June 30)	0	0	0	0	0	0
Projects Requiring Approval						
<i>Program 492 : Calhome - Major Upgrading</i>	4,206	6,069	2,982	3,668	0	16,925
Total Projects Requiring Approval	4,206	6,069	2,982	3,668	0	16,925
Total Capital Budget	4,206	6,069	2,982	3,668	0	16,925

**2019+ represents projects which start within the 2015-2018 cycle and are completed in years beyond 2018.
Capital projects are self-funded through CHC's operating surplus.*