

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:**

Original Signed by 

Jacque Dubé, Chief Administrative Officer

**DATE:** February 22, 2022

**SUBJECT:** **Rapid Housing Initiative – Housing Nova Scotia Funding**

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## **ORIGIN**

On October 27, 2020 the Federal Government launched a new Rapid Housing Initiative (RHI) that invests \$1 billion to create up to 3,000 new permanent, affordable housing units across Canada. The RHI allocates \$8,659,527 to HRM through the Municipal Funding Stream.

On November 17, 2020 Regional Council passed the following motion:

*“THAT Halifax Regional Council direct the Chief Administrative Officer to enter into the Rapid Housing Initiative Agreement with Canada Mortgage and Housing Corporation (“CMHC”), as provided in Attachment A of the staff report dated November 11, 2020, to accept \$8,659,527 for the creation of a minimum of 28 affordable housing units.”*

On November 17, 2020 Regional Council passed the following motion:

*“THAT Halifax Regional Council*

- 1. Direct the Chief Administrative Officer to include an Investment Plan providing funding for the proposed affordable housing developments by the Mi’kmaq Friendship Centre, Adsum Women and Children and the North End Community Health Association, as further discussed in this report, into the Rapid Housing Initiative Agreement with Canada Mortgage and Housing Corporation (“CMHC”);*
- 2. Direct the Chief Administrative Officer to accept a request for site-specific amendments for 5823 College Street to consider amendments to the applicable secondary municipal planning strategies, including the Regional Municipal Planning Strategy (RMPS) and land-use by-laws (LUB), to allow the development of an emergency shelter, shared housing use and multiple unit residential building at 5823 College Street; and*
- 3. Authorize the CAO to negotiate and execute Contribution Agreements, and any amendments or consents arising from them, with recipients, to distribute CMHC Rapid Housing Initiative funding for approved projects.*

On August 31, 2021 Regional Council passed the following motion:

*“THAT Halifax Regional Council authorize the Chief Administrative Officer to:*

- 1. Enter into the Rapid Housing Initiative Agreement with Canada Mortgage and Housing Corporation (“CMHC”), substantially in accordance with the draft form in Attachment A, to accept \$12,979,021 for the creation of a minimum of 43 affordable housing units by the Affordable Housing Association of Nova Scotia, Souls Harbour and Akoma Holdings Incorporated as further discussed in this report; and*
- 2. Negotiate and execute Contribution Agreements, and any amendments or consents arising from them, with recipients, to distribute CMHC Rapid Housing Initiative funding for approved projects.”*

## **LEGISLATIVE AUTHORITY**

*Halifax Regional Municipality Charter (HRM Charter), Part III – Powers*

73(b) The Municipality may enter into and carry out agreements with

- (i) the Minister of Community Services or Canada Mortgage and Housing Corporation with respect to housing projects, or
- (ii) any body corporate or agency having similar objects to Canada Mortgage and Housing Corporation with respect to projects pursuant to the National Housing Act (Canada);

## **RECOMMENDATION**

It is recommended that Halifax Regional Council authorize the Chief Administrative Officer to negotiate and execute Contribution Agreements, and any amendments or consents arising from them, with Housing Nova Scotia and the third party non-profit recipients of the Rapid Housing Initiative, as further discussed in this report, to receive and distribute Provincial capital and operational funding to support the affordable housing developments funded through the Rapid Housing Initiative Cities Stream.

## **BACKGROUND**

The [Rapid Housing Initiative \(RHI\)](#) is a Federal program that provides funding for the rapid development of new residential units that will provide housing for those in need of deeply affordable housing. Units must be targeted to vulnerable populations who are homeless or at severe risk of experiencing homelessness with a percentage of housing that must be targeted to women/women with children, urban indigenous populations and Black Canadians.

In October 2020, the Federal Government launched the first round of RHI that invested \$1 billion dollars to create 3,000 new units across Canada. In June 2021, an additional \$1.5 billion was announced for the creation of 4,500 additional units through the second round of RHI.

Both rounds of RHI funding are delivered through two funding streams:

- Cities Stream which flows directly to municipalities to ensure funds are directed to areas where there is the highest incidence of renters in severe housing need, and;
- Projects Stream where proponents apply directly to CMHC and are considered amongst submissions received across Canada.

As part of the Cities funding stream, the Halifax Regional Municipality was identified for immediate funding totaling \$21,638,548 to create a minimum of 71 units; \$8,659,527 to create a minimum of 28 units in Round 1 and \$12,979,021 to create a minimum of 43 units in Round 2. Through the two rounds of funding, HRM supported the development of 6 projects totaling 137 units:

- Adsum for Women and Children – new development of 25 units at 158 Greenhead Road, Lakeside;
- Mi'kmaw Native Friendship Society – new development of 17<sup>1</sup> units/rooms at 5853 College Street, Halifax;
- North End Community Health Association – rehabilitation of non-habitable building to create 10 rooms at 2218 Maitland Street, Halifax;
- Affordable Housing Association of Nova Scotia – conversion of former hotel to create 65 rooms at 101 Yorkshire Avenue, Dartmouth;
- Akoma Holdings Incorporated - new development of 8 units at 1081 Main Street, Dartmouth; and
- Souls Harbour – new development of 12 units at a property in West Chezzetcook.

While CMHC, has provided the majority of the capital funding for these projects, to date Housing Nova Scotia (HNS) has also committed to providing funding for 72 of the units. This includes contributions of \$3,312,000 in capital funding for the projects in Round 1 and \$1,500,000 in operational funding for all 6 projects. Provincial funding for the AHANS project at 101 Yorkshire Avenue, has been provided through the provincial Department of Community Services, as described in the August 31, 2021 [staff report](#).

Due to the existing relationships and funding agreements HRM has already established with the RHI projects, the province will allocate the funds to HRM to transfer to the third-party non-profits through a tri-party agreement.

## **DISCUSSION**

As of the writing of this report, the details of the tri-party agreements are still under negotiation. However, this report will address the general role of HRM in the agreements and important considerations.

### **Role of HRM**

There will be a total of 5 tri-party agreements involving HNS, HRM and each of the non-profit RHI recipients. The Municipality's main role in the tri-party agreements will be to act as an intermediary to flow Provincial funds to the non-profit organizations. HNS will provide their full RHI contribution to the Municipality, which the Municipality will then allocate based upon the specifications of the Province. While capital funding will flow to the non-profit organizations immediately, operational funding will be held by the Municipality and will only be drawn upon based on the need of the non-profit organizations, subject to meeting conditions set by the agreement.

Similar to the CMHC Contribution Agreements, HRM will be required to work with the RHI recipients and coordinate annual reporting on each project to HNS. HRM will work with HNS to ensure reporting requirements mirror each other.

Capital and operational funding from HNS is urgently needed to ensure the success of the 5 RHI projects. This is especially important for the Round 1 RHI projects that are nearing completion and any further delay in providing funding will cause delay in the completion of their projects.

### **Conclusion/Next Steps**

RHI is an important program that will contribute 137 new deeply affordable units/rooms to the Municipality. While HRM is pleased to participate in this program, it is appreciated that support is required from all orders of government, especially when considering operational funding to ensure the long-term viability of each project. Should Council approve the staff recommendation, HRM will continue to work with HNS and the non-profit organizations to finalize the tri-party agreements and transfer funds.

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<sup>1</sup> While funding for this development was tied to 17 units, the development will provide a total of 21 units.

### **FINANCIAL IMPLICATIONS**

The funds from HNS will be disbursed to the third-party non-profits according to a future tri-party agreement between HNS, HRM and the third party. While capital funding will flow immediately, operational funding will be held for a minimum of 20 years and will only be allocated to the third parties subject to meeting conditions set by the agreement. The HRM costs associated with administering the contribution agreements can be accommodated within the approved 2021/22 operating budget using existing resources.

### **RISK CONSIDERATION**

There is risk associated with entering into tri-party agreements with HNS and the third-party non-profits. HRM's role is solely to act as an intermediary to transfer funds. Without this capital and operational funding from the HNS, the RHI projects could be at risk. If there are funding shortfalls, there is a risk that HRM will be expected to provide the necessary additional funding to ensure the continued viability of the RHI projects.

Additionally, if there is funding required beyond the 20 year mark, it will be necessary to determine how those funding requests are handled, and who is responsible. Until an agreement is in place with the HNS, that thoroughly outlines the roles and responsibilities of all groups over the 20 year funding period and beyond, HRM is at risk of becoming the funding source of these housing projects, rather than a flow-through as intended. Depending on the clarity of the agreements, HRM may be tasked with additional administrative responsibilities to ensure that the funds are properly accounted for and dispersed appropriately.

### **COMMUNITY ENGAGEMENT**

No community engagement was required.

### **ENVIRONMENTAL IMPLICATIONS**

The RHI funding requires that new developments exceed the energy requirements of the Building Code by 5%. Four of the proposed projects will involve new development.

### **ALTERNATIVES**

Regional Council may direct the Chief Administrative Officer not to enter into tri-party agreements with HNS and the non-profit RHI recipients.

### **ATTACHMENTS**

No attachments.

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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