

AFFORDABLE HOUSING RESERVE FUND

Issue

The Affordable Housing Strategy recommends the creation of a Housing Reserve Fund to support the construction and operation of affordable housing projects in Okotoks.

Motion Proposed by Administration

That the Affordable Housing Reserve Fund report be received as information.

Report, Analysis and Financial Implications

Background

The Affordable Housing Strategy and Municipal Development Plan direct the Town to explore the creation of a housing reserve fund to advance affordable housing initiatives. At Council's June 24, 2024 meeting, the following motion was made:

That Administration be directed to bring forward a report establishing a Housing Reserve Fund, including a recommended operating budget for the Secondary Suite Grant Program, before the 2025 budget is considered, as recommended by the Governance and Priorities Committee.

This motion was made based on recommendations in the Affordable Housing Strategy. Following this motion, Administration undertook further research and analysis to understand the implications of establishing a housing reserve fund for Okotoks and whether it would improve the Town's position to advance affordable housing initiatives.

The programs or initiatives funded by such a dedicated housing reserve fund can vary widely between municipalities, depending on their financial management strategies. Therefore, exploring the creation of a housing reserve fund for Okotoks requires consideration of the Town's financial management approach.

Context

The establishment and management of reserve funds is guided by Financial Reserves Policy GP-F-2.5. Reserve funds are in place to enhance the Town's financial strength, flexibility, cash flow management, and ability to achieve Council's Strategic Plan priorities.

Historically, the Town maintained numerous reserve accounts for specific purposes; but has since consolidated these into streamlined general reserves for operating and capital transactions. Operating reserves support ongoing expenses, such as infrastructure repair and maintenance, while capital reserves focus on long-term investments, including infrastructure construction, upgrades, and land acquisition.

These consolidated reserves enable the Town to support a wide range of strategic initiatives across the organization, including those related to housing.

Current Approach to Funding Housing Initiatives

Affordable housing initiatives in Okotoks are funded through a combination of annual operating budgets and reserves. The Secondary Suite and Accessory Dwelling Unit Grant program and Affordable Housing Incentives are funded through an annual operating budget of \$315,000. Any unused funds are transferred into reserves. Servicing and land costs associated with the D’Arcy Affordable Housing site were drawn from the capital general reserve in 2019 and 2023.

Analysis

The primary purpose of a housing reserve fund for Okotoks would be to finance major expenses related to housing, such as land acquisition, construction, infrastructure cost, and operating expenses. Meanwhile, the Secondary Suite Grant program and Affordable Housing Incentives would continue to be funded through the annual operating budget.

The Town’s existing financial management strategy, which relies on large, flexible general reserves, has proven effective in funding housing initiatives. These consolidated reserves have already supported major housing-related expenses and can continue to fund future opportunities. Given this flexibility, the creation of a dedicated housing reserve fund would not result in a more effective or efficient approach to advancing affordable housing projects.

Conclusion

Municipalities have limited capacity to fund affordable housing projects and typically act as catalysts by providing initial funding to attract external investment. The way the Town structures its financial support for affordable housing does not diminish the critical responsibility of federal and provincial governments to provide funding and address housing affordability in Okotoks.

Establishing a housing reserve fund would not enhance the Town’s ability to allocate resources to affordable housing projects, as it would merely redirect funds from existing reserves without creating any new financial capacity or improving outcomes. This is not to suggest that a housing reserve fund could not be established in the future. If the Town’s financial management strategy changes or the Town chooses to begin funding ongoing operating expenses for housing, the establishment of a housing reserve fund can be reconsidered.

Strategic Plan Goals

<input checked="" type="checkbox"/>	Responsibly Managed Growth	<input type="checkbox"/>	Demonstrated Environmental Leadership
<input type="checkbox"/>	Strong Local Economy	<input checked="" type="checkbox"/>	Enhanced Culture & Community Health
<input type="checkbox"/>	Organizational Excellence		

Equity/Diversity/Inclusivity Impacts and Strategy

Housing is a fundamental human need and a critical factor in health and well-being. The Town is committed to enhancing the diversity of housing options in Okotoks, ensuring that individuals and families of all backgrounds can access housing that meets their unique needs and circumstances. By prioritizing equity, diversity, and inclusivity, the Town aims to create a more inclusive community where everyone can thrive.

Environmental Impacts

Efforts to diversify the housing stock by providing more rental and below market housing options will serve to increase opportunities for Okotoks' workforce to also live in the community, thereby reducing commutes and contributing to a reduction in greenhouse gas emissions.

Community Engagement Strategy

Exploring the establishment of an affordable housing reserve fund is a recommendation of the Affordable Housing Strategy, which is further referenced in Municipal Development Plan policies. Both documents were informed by extensive stakeholder and community engagement and best practices research. No further engagement is recommended.

Alternatives for Consideration

n/a

CAO Comments

I support the recommendation of Administration. If the role of the municipality changes in support of affordable housing, this could be revisited at that time.

Attachment(s)

n/a

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