

Town of Whitby

Staff Report

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Report Title: Canada Mortgage and Housing Corporation – Housing Accelerator Fund

Report to: Committee of the Whole

Date of meeting: June 12, 2023

Report Number: CAO-19-23

Department(s) Responsible:

Office of the Chief Administrative Officer

Submitted by:

M. Gaskell, Chief Administrative Officer

**Acknowledged by M. Gaskell,
Chief Administrative Officer**

For additional information, contact:

M. Gaskell, Chief Administrative Officer

1. Recommendation:

1. That Council approve in principle the Draft Proposed Action Plan outlined in Attachment # 1 to Report CAO 19-23 for the purpose of submitting an application for Canada Mortgage and Housing Corporation – Housing Accelerator Fund (2023);
2. That Council authorize the Chief Administrative Officer to submit the application for the Canada Mortgage and Housing Corporation – Housing Accelerator Fund (2023);
3. That Council authorize the Chief Administrative Officer to approve any changes to the Draft Proposed Action Plan outlined in Attachment # 1 to Report CAO 19-23, prior to submission of the Town’s application for Canada Mortgage and Housing Corporation’s Housing Accelerator Fund; and,
4. That Council authorize the Mayor and Clerk to execute any necessary agreements regarding the application.

2. Highlights:

- Canada Mortgage and Housing Corporation (CMHC) has announced the Housing Accelerator Fund (HAF) making available \$4 billion for transformational change for the creation of 100,000 more housing units across Canada.
- All applications for the HAF must include an Action Plan with housing supply growth targets and a minimum of seven (7) initiatives intended to grow housing supply and speed up housing approvals.
- The HAF funding can be used for a variety of housing related purposes which fall into 4 categories: (i) investments in HAF Action Plans; (ii) affordable housing projects; (iii) housing-related infrastructure; and, (iv) community-related infrastructure that supports housing. The program is subject to mandatory reporting.
- The HAF application portal is expected to open in summer 2023 with a 45-day window for submission of applications; with funding being awarded to successful applicants in fall 2023.
- Further details required to be included in the Town's Action Plan and the necessary supporting documentation will be prepared and finalized by staff prior to submission of the HAF application through the CMHC HAF online portal.

3. Background:

The Federal government recently announced \$4 billion in funding, available beginning in 2023 until 2026/27, to launch a new Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (HAF) which will provide incentive funding to local governments.

Housing Accelerator Fund (HAF)

According to CMHC, the \$4 billion HAF program is intended to make transformational change within the control of local governments regarding land use planning and development. The Fund's objective is to accelerate the supply of housing across Canada, resulting in at least 100,000 more housing units permitted than would have otherwise occurred without the program, and enhancing certainty regarding the development approval process.

The HAF is intended to: make systemic changes to reduce barriers to housing supply; streamline development approvals; support the development of complete, low-carbon, and climate-resilient communities, that are affordable, inclusive, equitable, and diverse; and, speed up housing development and increase supply.

HAF Eligibility

The HAF program provides two application streams:

- **Large/Urban communities** with a population (based on 2021 census data) greater than 10,000, excluding those within a territory or an Indigenous community; and

- **Small/Rural/North/Indigenous communities** with a population less than 10,000 or within one of the territories or an Indigenous community.

Eligible communities must have delegated approval authority over land use planning and development approvals.

According to CMHC, eligibility for the incentive funding requires:

- submission of an online application, including an action plan that outlines supply growth targets and specific action plan initiatives to grow housing supply and speed up housing approvals;
- a minimum of 7 initiatives in an action plan (for large/urban communities);
- commitment to a housing supply growth target within the action plan that increases the average annual rate of growth;
- completion or updating of a housing needs assessment report; and
- mandatory progress and data reporting requirements.

Action Plan

HAF applicants must provide an action plan, outlining appropriate initiatives as part of their application, which will assist CMHC in selecting successful applicants and awarding funding accordingly. Part of developing an action plan for HAF applications includes an assessment of housing needs, challenges, and opportunities.

The required action plan must include housing supply growth targets that includes two projections: one for an annual projected growth rate without the HAF funding, and another with a growth rate if HAF funding were awarded.

The action plan must commit to increasing the average annual housing supply growth by at least 10% and the overall housing stock growth rate must also exceed 1.1%. Growth targets and action plan initiatives can also be based on targets for additional types of housing supply that are projected to be permitted if funding was made available through the HAF program. Such additional targets and initiatives would increase the amount of funding available.

Action Plans can include initiatives that are context-appropriate for each municipality, such as:

- pre-zoning for high-density development within proximity to rapid transit stations (to reduce car dependency);
- introducing policies for additional dwelling units (ADU's);
- promoting infill developments;
- making systemic changes for increased supply and diversified dwelling unit types;
- revised/reduced parking requirements for new developments;
- aligning development charges with the costs of infrastructure and servicing;

- implementing incentives, costing or fee structures to encourage such things as affordable housing;
- implementing measures to address or prevent flood plain or climate change risk;
- incorporating a climate adaptability plan into Official Plan;
- promoting housing that serves vulnerable populations;
- implementing inclusionary zoning which would require a certain percentage of new units to be affordable;
- disposing of publicly-owned surplus lands for the development of affordable housing;
- e-permitting;
- delegating development approval authority;
- partnering with non-profit housing providers for affordable housing; and
- updating infrastructure planning.

Refer to section 4 and Attachment #1 for more information on a Draft Proposed Action Plan for the Town's application for HAF incentive funding.

Application Submission Requirements

An application for CMHC's HAF funding must include the following minimum documentation:

- Completed application form, including an action plan and growth targets;
- Signed integrity declaration;
- Most recent audited financial statements (if not available publicly);
- Current housing needs assessment report (if available at time of application); and
- Attestation letter signed by the applicant's Chief Financial Officer (or equivalent) using the prescribed form on the viability of the action plan.

Evaluation Criteria

Evaluation of HAF applications is based on the following criteria:

- The **commitment to increase housing supply** – exceeding minimum growth expectations;
- The **relevance of the initiative** outcome(s) to one or more of the objectives of the HAF – including creating more supply; complete communities; affordable housing; and, low-carbon, climate-resilient communities;
- The **effectiveness of the initiative** on increasing the supply of housing – including implementation/timeliness of the initiative; supply impact; and, system impact; and

- The **need for increased housing supply** – based on available housing needs assessment; higher score if already available.

(Note: the Region of Durham has completed a Housing Needs Assessment as a component of the Envision Durham Municipal Comprehensive Review which can be used in part for the Town's application for HAF.)

Funding

Eligible applicants can receive funding based on overall growth commitments and projected units that align with the HAF's program priority areas, as follows:

- Base Funding:
 - designed to incent all types of supply across the housing spectrum; based on estimated number of units without HAF funding vs. estimated number with HAF funding.
- Top-up Funding:
 - designed to incent certain types of housing (single detached is not eligible; formula applied to other types such as higher densities in proximity to rapid transit, medium and higher density, 'missing middle').
- Affordable Housing Bonus:
 - designed to reward applicants who can increase share of affordable housing units (formula is applied relative to affordable units vs. the total projected units supported by the HAF. Targets must be included in the Action Plan).

The funding that is potentially available to Whitby is based on the methodology and formulae set by CMHC, and the growth targets set by the Town.

The incentive funding can be used in a variety of ways as investments to support housing, such as:

- Initiatives within an approved HAF Action Plan;
- Affordable Housing (e.g., construction, repair, or modernization, land or building acquisition)
- Housing-related infrastructure, that supports housing such as: municipal infrastructure; public transit; community energy systems; disaster mitigation; brownfield redevelopment; broadband and connectivity; and
- Community-related Infrastructure, that supports housing such as: local roads and bridges; sidewalks, lighting, bicycle lanes; firehalls; landscaping and green space.

Funding will be advanced to successful applicants in four (4) annual phases, with 25% of funding made available during each phase, including an up-front advance in year 1 to initiate action plan items. Advancement of funding requires mandatory reporting of data, and demonstration of progress on the initiatives in the action plan.

Reporting Requirements

Successful applicants will be required to provide periodic mandatory progress reports and details how funds were used.

There are three main reporting obligations under the HAF:

- **Progress** on the initiatives and commitments outlined in the action plan (e.g., start and completion dates; percentage complete; status; milestones; number of units; etc.) .
- **Data** for all housing units permitted during the reporting period (e.g., permit number; submission date; issue date; type of work; number of units; secondary suites; etc.)
- **How funding was used** during the reporting period (e.g. category incentive funding; dollar amount per category; details on capital projects; etc.)

4. Discussion:

It is recommended that Council endorse in principle the Draft Proposed Action Plan outlined in Attachment #1, for the purpose of submitting an application for the CMHC HAF. The Draft Proposed Action Plan consists of the following initiatives:

- Housing Assessment Report;
- OPA/ZBLA for Whitby GO Protected Major Transit Station Area (PMTSA);
- Inclusionary Zoning and Implementation Strategy for PMTSA;
- OPA/ZBLA for Brooklin Secondary Plan Expansion Area;
- Surplus Land Inventory and Disposition Strategy;
- E-permitting Application/Permit Portal; GIS Dashboard; and, Lean Process Review;
- OPA/ZBLA for Additional Dwelling Units (ADU's); and
- OPA/ZBLA for Provincial / Regional lands: 590 and 650 Rossland Road East.

The application will require the preparation of more detailed information to be submitted with the application through the HAF portal. Further input will be sought from Staff in relevant departments to outline the necessary details for each initiative in the action plan.

Next Steps

The CMHC HAF application portal is intended to open in summer 2023 (date is to be determined, but anticipated to be open in late June), with a 45-day window for submission of applications and documentation.

Successful applicants will be notified by fall 2023, followed by Phase 1 up-front funding advancements.

Should the Town be successful in its application, the Town would be required to enter into a contribution agreement with CMHC.

Staff are seeking Council's approval-in-principle of the Draft Proposed Action Plan, and that the CAO be delegated the authority to finalize the necessary action plan and documentation and allocate necessary staffing and resources required to submit the Town's application for CMHC HAF.

5. Financial Considerations:

The HAF funding would allow for advancement of projects that support increased housing supply, diversity, and affordability sooner than would have been anticipated without the funding.

Staff are working on refining the Proposed Action Plan and estimating the cost to implement. Projected implementation costs are required as part of the HAF application and it is anticipated that, subject to HAF grant approval, extensive staff resources will be required for successful implementation of the HAF Action Plan. This includes resources for matters such as: preparation/finalization of the action plan and necessary documentation for the application, project management of each action plan initiative, and the mandatory grant reporting.

6. Communication and Public Engagement:

Not applicable at this time.

Certain initiatives in the action plan will require public consultation at a later date (e.g., Surplus Land Inventory and Disposition; OPAs/ZBLAs; Inclusionary Zoning; etc.), which would be undertaken in accordance with relevant legislation as each initiative is advanced.

7. Input from Departments/Sources:

Input from the Legal, Finance, Strategic Initiatives, and Planning and Development Departments was provided in the preparation of this report.

8. Strategic Priorities:

The objectives of the Housing Accelerator Fund align with the priorities identified by the community in the development of the Community Strategic Plan. Programs that support affordability and help with access to housing options was identified as one of the top ten priorities in the Neighbourhoods Pillar in the Phase 1 engagement of the Community Strategic Plan. The proposed Plan includes an Action that focuses on collaboration with partners to support the implementation of Durham Region's Housing Plan regarding affordability and diversity of housing.

The Housing Accelerator Fund also aligns with the Town's priorities of accessibility and sustainability as the program focuses on accessible housing that supports the development of complete, low-carbon, and climate-resilient communities.

9. Attachments:

Attachment 1 – Draft Proposed Action Plan for CMHC HAF Application