



SUBJECT: Housing Accelerator Fund – Action Plan

TO: Mayor and Members of Council

FROM: Corporate Strategy

Report Number: CS-13-23

Wards Affected: all

Date to Committee: N/A

Date to Council: July 11, 2023

Recommendation:

Direct staff to submit a Housing Accelerator Fund application to the Canada Mortgage and Housing Corporation on behalf of the City of Burlington;

That the Action Plan in support of the City of Burlington’s application to the Canada Mortgage and Housing Corporation’s (CMHC) Housing Accelerator Fund program (HAF), outlined in Appendix A of report CS-13-23 Housing Accelerator Fund – Action Plan, be approved in principle;

Authorize the City Manager, to approve the Action Plan, including the refinement of the proposed initiatives, in support of the City’s application for the HAF prior to finalizing the application to the CMHC; and

Authorize the Chief Financial Officer to sign the integrity declaration and attestation letter in support of the City’s submission to the HAF.

PURPOSE:

To present a high-level overview of the funding opportunity and a recommended Action Plan including the seven initiatives based on work completed to date by the City.

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
- Improve integrated city mobility
- Support sustainable infrastructure and a resilient environment
- Building more citizen engagement, community health and culture

- Deliver customer centric services with a focus on efficiency and technology transformation
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Background and Discussion:

The Housing Accelerator Fund (HAF) is a \$4 billion federal initiative administered by the Canadian Mortgage and Housing Corporation (CMHC), that was announced in the 2022 Budget. This application-based program will provide funding directly to municipalities across the country to incentivize and support initiatives that will accelerate the supply of housing. The program will have one intake window in 2023. The application portal opened on July 4, 2023. The deadline for applications is August 18, 2023. The program will run from 2023 until 2026 and is expected to create 100,000 net-new housing permits across Canada.

This report is going directly to Council for approval to ensure that the City can meet the application deadlines and requirements. Action plans must have council approval prior to application submission.

As part of the application municipalities are required to develop and submit an action plan, commit to a housing supply growth target, complete, or update a housing needs assessment report and submit periodic progress reports to CMHC.

The action plan will:

- detail our commitment to a housing supply growth target,
- outline the specific initiatives we will undertake to increase housing supply and speed up approvals, and
- will demonstrate alignment with the federal government's priorities of creating dense, affordable, inclusive, and diverse communities.

Growth is measured by the number of building permits issued for new units. In setting a growth target, municipalities are required to calculate their baseline growth for new permits projected to be achieved without the HAF funding based on historical data and then commit to accelerating this baseline growth by a minimum of 10 percent over the next three years. This target is distinct and separate from both the target committed to

in the City's Housing Pledge Letter, and from the City's population and housing forecasts established in the Regional Official Plan.

The Action Plan must demonstrate how each initiative will create more housing at an accelerated pace and enhanced clarity in the approvals and building process and to describe and explain how each proposed initiative will support at least one of the following program objectives:

- Supporting the development of complete communities that are walkable, consisting of appropriate residential density and a diverse mix of land uses, providing access to a wide variety of amenities and services through public and active transportation.
- Supporting the development of affordable, inclusive, equitable and diverse communities that encourage clear pathways to achieving greater socio-economic inclusion largely achieved through the equitable provision of housing across the entire housing spectrum.
- Supporting the development of low-carbon and climate resilient communities.

As a large/urban municipality, population equal to or greater than 10,000, the City of Burlington's application must include a minimum of seven initiatives. The initiatives included in the Action Plan must be implemented and completed by 2026. While the initiatives must be completed by 2026 some initiatives may be designed to support "systemic changes" that may not translate to new units in the near term but will have stabilizing long term effects and benefits.

The HAF is not directly underwriting specific housing projects or reimbursing proponents for specific costs incurred. Instead, the funding can be used to implement the initiatives within the action plan and/or for broader capital investments that will support housing in one of the following categories:

- Investments in Affordable Housing – including land or building acquisition for affordable housing
- Investments in housing-related infrastructure – public transit that supports housing, site preparation for housing development
- Investments in community-related infrastructure that supports housing – local roads and bridges, sidewalks, lighting, bike lanes, fire halls, landscaping, and green spaces

Funding will be provided both upfront to support implementation as well as upon the delivery of results. There are three components to the funding:

1. Base funding – designed to incent all types of supply across the housing spectrum. Base funding is estimated at \$20,000/incented unit
2. Top up funding- this will depend on the type of housing and the associated projected increase in the number permitted units. There will be no top up funding for single detached homes
3. Affordable housing bonus – rewards applicants that can increase their share of affordable units.

Burlington’s Housing Accelerator Fund Application

There are two key elements required for a complete application.

1. Housing Needs Assessment

The City through the preparation of the Housing Strategy prepared a [Housing Needs and Opportunities Report](#) that, for the purpose of the HAF application constitutes a recent Housing Needs Assessment. The findings of the Housing Needs and Opportunities Report drove the creation of the Housing Strategy and has been carried forward into elements of the Action Plan.

2. Action Plan

While the City’s Housing Strategy sets out a series of actions, a distinct Action Plan is required to be prepared and submitted as key requirement of the City’s application. The Action Plan, Appendix A of this report is provided for Council approval in principle. Opportunities to refine and strengthen the City’s proposal will be pursued after this discussion with Council. To facilitate the development of those refinements staff request that the City Manager be authorized to adjust elements of the Action Plan based on feedback from Council, City Departments and through discussions with Development partners.

Strategy/process/risk

Staff note that the HAF is a federal program with eligibility across the entire country. The funding program is expected to be extremely competitive. The Action Plan highlights important work being undertaken by the City and identifies opportunities to move forward on elements of the City’s Housing Strategy that without this funding opportunity will take longer to fund and resource. At a minimum, preparing this Action Plan with its focus on driving to the approval of new building permits issued, offers an important lens

on the actions that are expected to have the most immediate effect on creating new housing units in the City.

Options Considered

Not applicable.

Financial Matters:

Total Financial Impact

There is no financial impact from this report. The City is not required to provide any matching funds for this program. A successful HAF application will allow the City to implement the initiatives outlined within the Action Plan as well as fund other projects that support and encourage housing growth and create complete communities.

Funding for approved HAF applications is determined using a funding framework that consists of the following three components:

1. Base Funding is designed to incent all types of supply across the housing spectrum. Base funding is estimated at \$20,000 per HAF incented unit. The per unit amount will be multiplied by the number of HAF incented units to determine a municipalities base funding.
2. Top up funding is designed to incent certain types of housing supply. Top up funding will depend on the type of housing and the associated projected increase in the number of permitted units. There is no to up funding for single detached houses.

Multi-unit housing (in close proximity to rapid transit) *	\$15,000**
Multi-unit housing (missing middle)	\$12,000**
Multi-unit housing (other)	\$ 7,000**

3. Affordable housing bonus is designed to reward an applicant that can increase its share of affordable housing units relative to the total projected permitted units with the support provided by the HAF. The percentage growth will be multiplied by the ascribed value and then by the total projected permitted units with the support provide by HAF.

Affordable housing units	\$19,000**
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	Total projected affordable units permitted without HAF (%)	Total projected affordable units permitted with HAF (%)	Increase in the share of affordable housing units (%)	Per unit amount	Affordable housing bonus amount
Affordable housing bonus	2.00%	3.50%	1.50%	\$19,000*	\$1,710,000

*Rapid transit is defined by the high volume and the service frequency: 2–6 minutes combined headways, 10–30 buses per hour and 500–2,000 passengers per hour. In general, rapid transit has an exclusive right of way, high service frequency and priority over general traffic. GO Transit does not qualify as rapid transit.

** All per unit amounts for the base funding, top up funding and affordable housing bonus are estimated amounts. CMHC may adjust these amounts. This ability is to help ensure that CMHC can support higher than anticipated housing supply growth targets and outcomes across Canada with the overall program funding.

As outlined earlier in the report the Action Plan must include a commitment to a housing supply growth target. Growth is measured by the number of building permits issued for new units. In setting a growth target, municipalities are required to calculate their baseline growth for new permits projected to be achieved without the HAF funding based on historical data and then commit to accelerating this baseline growth by a minimum of 10 percent over the next three years.

Using the CMHC calculator tool a model for the calculator was developed to help determine our baseline number of units permitted per year. Based on a preliminary analysis, an assumption of 550 units/year has been established for the City’s baseline. This is derived from the five-year historical average of units created from 2017-2022.

In order to meet the eligibility criteria for the HAF, a minimum total housing supply growth target for the City is 2,475 units over three years. At a minimum the City would need to commit to achieving an additional 825 "HAF incented" over the three-year period above and beyond the baseline projection, for a total of 825 units per year (550 units per year baseline + 275 HAF incented units.)

Using these inputs, the total preliminary estimated HAF funding the City could request in its application is approximately \$16 million. This amount does not include any top-up funding as discussed above.

Source of Funding

Not applicable

Other Resource Impacts

Not applicable

Climate Implications:

Burlington's Urban Structure and focus on intensification will play a key role in the sustainable growth and development to support climate change adaptation and mitigation. The City of Burlington's approach embeds in almost all of its initiatives the objective of supporting the development of low-carbon and climate resilient communities.

Engagement Matters:

In order to develop the high-level Action Plan in Appendix A, staff convened a workshop on June 5, 2023. Please see Appendix B: HAF Workshop Notes for more details. The workshop shared details of the program and set out to collect feedback from a wide range of departments on four key questions:

- Are there any significant projects being undertaken by your department that could help accelerate housing growth and would be eligible under the HAF?
- What types of incentives would have the most impact over the short term for accelerating housing in the City?
- Is there anything missing or new that should be considered? Do you have any suggestions for the Incentive Funding section of the application?
- What would your top seven initiatives be?

Reflecting on the feedback received on the day Dillon Consulting staff identified four key themes:

- Streamlining the planning and building permit approvals process;
- Implementing the MTSA work program;
- Updating the Zoning By-law; and,
- Considering incentives for certain types of development.

These themes form the basis for the initiatives outlined in the Action Plan which are also based on the findings of the Housing Strategy, and the directions set out in the Strategic Plan and Vision to Focus.

In addition to the workshop staff have connected with the Deputy Mayor for Housing on the general approach and have reached out to development partners for feedback and guidance on refinements to the Action Plan, Appendix A of this report.

Conclusion:

The HAF program is a tremendous opportunity for the City to begin to implement key actions identified in the City's Housing Strategy as well as to continue to build on the work that was done through the Streamlining Development Approval Fund and the Land Management Technology Review, funded through the Audit and Accountability Fund.

The HAF program is intended to drive systemic change and create the conditions necessary to increase housing supply over the short and longer term. The City's Action Plan includes a mix of initiatives. Some will result in immediate increases in housing supply while others will support improvements to the broader housing system and may take more time for their full potential to be realized.

Respectfully submitted,

Alison Enns
Manager of Policy and Community
905-335-7600, ext. 7787

Helen Walihura
Government Relations Manager
905-335-7600, ext. 7895

Appendices:

- A. Action Plan
- B. Appendix B: HAF Workshop Notes

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.