



SUBJECT: Housing Accelerator Fund Implementation Budget and Update

TO: **Committee of the Whole**

FROM: **Community Planning Department**

Report Number: PL-82-24

Wards Affected: All

Date to Committee: November 4, 2024

Date to Council: November 19, 2024

Recommendation:

Direct the Commissioner, Development and Growth Management, in consultation with the Chief Financial Officer, to implement the proposed Housing Accelerator Fund budget attached in Appendix A to this report and, as described in PL-82-24, and report back to council with any material changes or updates; and

Direct the Commissioner, Development and Growth Management to explore and engage with potential partnership(s), including with Halton Region and non-profit community agencies, to create net-new, affordable rental housing units in support of the Canadian Mortgage and Housing Corporation's (CMHC) affordable housing target of 228 permitted units by December 31, 2026. Staff will report back to Council with partnership or project updates; and

Authorize the Commissioner, Development and Growth Management to execute on behalf of The Corporation of the City of Burlington, agreements related to the implementation of the Council approved Action Plan Initiatives and Milestones, as required, with content satisfactory to the Director of Community Planning and form satisfactory to the City Solicitor.

PURPOSE:

As follow-up to Report [CS-04-24](#), Report PL-82-24 provides Council with the following:

- Proposed Housing Accelerator Fund implementation budget, based on the Council approved Action Plan, to allocate the full CMHC approved \$21,156,284.60 funding; (attached in Appendix A to this report).

- Proposed strategy and approach to implement and achieve the Council approved [Action Plan](#) (seven initiatives, 18 milestones), housing targets and deadlines; and,
- Status updates on the Council approved Action Plan.

Vision to Focus Alignment:

- Designing and delivering complete communities
 - Providing the best services and experiences
 - Protecting and improving the natural environment and taking action on climate change
 - Driving organizational performance
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Executive Summary:

Report PL-82-24 provides Council with an update on the progress achieved to-date on the Council approved Housing Accelerator Fund (HAF) Action Plan and proposed implementation budget recommendations.

To-date, four of the 18 HAF milestones have been met. While progress has been made on the total growth and multi-unit targets, an aggressive approach is required to prioritize the missing middle and affordable housing targets (See Appendix C). The report recommendations will facilitate an approach to achieve these ambitious targets and imminent HAF deadlines.

There are key aspects of the implementation budget (Appendix A) that are proposed to meet the immediate HAF December 31, 2024, and January 31, 2025, deadlines, including:

1. Cost recovery on all permit fees related to new Additional Residential Units to support of “missing middle” target, for the period of December 2024 to December 2026, with an upset limit of \$172,000;
2. An upset limit of \$500,000 cost-recovery on municipal fees for non-profit community partners to create net new rental units to support the affordable housing target for the period December 2024 – December 2026, with an upset limit of \$500,000; and,
3. A preliminary capital budget allocation of \$6M to explore non-profit community partnership to create net-new, rental housing units in support of the affordable housing target of 228 permitted units by December 31, 2026.

Additionally, the budget proposes almost fifty (50) percent of the \$21M funding be dedicated towards housing-focused [Community Improvement Plan](#) (CIP) program incentives. This funding will serve to provide incentives to achieve the priority HAF missing middle and affordable housing targets. Public engagement related to the CIP

Project will begin the end of November and recommendations on the nature of incentive programs are anticipated to come forward to Council at the end of Q1 or early Q2 2025.

Background and Discussion:

Council approved the City's Housing Accelerator Fund (HAF) application, in principle, on July 11, 2023 ([CS-13-23](#)) and received an update on implementation progress March 19, 2024 ([CS-04-24](#)). The HAF [Action Plan](#) includes seven initiatives that accelerate housing supply by facilitating additional building-permit approvals as well as implementing policy and other changes that will support longer term housing objectives to deliver on the City's [Housing Strategy](#).

The HAF Contribution Agreement was approved on January 11, 2024. Schedule A of the agreement (Attached as Appendix B to this report) requires that the City of Burlington achieve a Housing Supply Growth Target of 2,724 permitted housing units including additional multi-unit, missing middle and affordable housing targets which must be achieved by the end of 2026. More information concerning the targets, definitions, and protocol for measuring progress is attached as Appendix C to this report.

[CS-04-24](#) identified that a larger portion of the funding available would be needed for investments in affordable housing. It was noted that early spending prioritization must be focused on creative and expansive options such as working with the community and agency partners in delivering net new affordable units, which is a critical target set out in the agreement.

Updates, Actions and Strategy

A careful and strategic approach has been employed to allocate the \$21M in funding to its full extent. Implementation and budgeting have focused on the following critical objectives when considering use of HAF funds:

1. Completing the Initiative Milestones by the agreement respective due dates December 2023 - September 15, 2025;
2. Achieving all the housing targets set out in the agreement by the due date of December 31, 2026; and,
3. Utilizing all funds on eligible projects that can be paid for by December 31, 2027, prioritized by their likelihood to unlock housing.

Furthermore, this work is guided by the following key principles:

- Clearly demonstrate progress to CMHC that we are on track with the agreement initiatives, timelines and targets.
- Prioritize HAF funds towards achieving the missing middle and affordable housing targets (attached as Appendix C to this report).
- Leverage partnerships (e.g. non-profit, Halton Region and community agencies) which are essential to creating new affordable and missing middle rental housing units by December 2026.

- Accelerate and scale up innovative land use options such as Additional Residential Units on private lands through simplified processes, capacity building, incentivization, and communications and outreach, as needed.
- Employ a flexible approach to remain agile in meeting the ambitious targets and Milestones, while creating actual units that address the housing crisis in Burlington.
- Provide regular reporting to Council to ensure transparency, accountability in how funds are being applied to achieve the HAF, and the progress being made.

The preliminary budget allocation identified in Report CS-04-24 was based on an early assessment of the resources required to achieve the Milestones. Appendix A implementation budget now considers a refined and strategic approach for use of funds to achieve both the initiatives and the housing targets. Achievement of the targets by December 31, 2026, is a requirement for CMHC funding continuance.

The implementation budget reflects the critical objectives and key principles noted above, by recommending allocation of the \$21M as follows:

Affordable housing

Forty-three (43) percent or \$9M on accelerated capital investments towards achieving the affordable housing target:

- \$6M to explore potential capital construction project(s) to create up to 120 units of new, supportive rental housing towards the affordable housing and missing middle targets, in partnership with community or agency partners; and,
- \$2.5M in incentives for affordable housing to be informed by the Community Improvement Plan for Council's consideration in Q2 2025; and
- An upset limit of \$500K for City of Burlington cost recovery on all municipal fees associated with new, eligible, affordable rental housing for non-profits that can demonstrate the ability to obtain a building permit by December 31, 2026.

Aligned Milestones:

- Initiative 4, Milestone 2: Incentives including waiving fees on housing that supports low to moderate income households (December 31, 2024); and
- Initiative 6, Milestone 2: Public-Private Partnerships, including buying lands or reimagining existing City owned lands to deliver new housing (January 31, 2025)

Additional Residential Units (ARUs)

Forty-five (45) percent or \$9.5M towards the development of ARUs that would contribute to both the missing middle and affordable housing targets:

- \$1.1M for piloting and promoting the City's approach to creating standardized Accessory Residential Units (ARUs). This includes development of a fast-track process with adequate resource support for homeowners and a new ARU program launch for Q2 2025; and,
- \$8.25M to incentivize the development of ARUs to be informed by the Community Improvement Plan for Council's consideration in Q2 2025; and

- An upset limit of \$172k for City of Burlington cost recovery on all municipal fees associated with new, eligible, ARU permits (December 1, 2024 – December 31, 2026) for non-profits or residential homeowners.

Aligned Milestones:

- Initiative 3, Milestone 2: Develop opportunities to encourage and incentivize the creation of additional residential units (December 31, 2024);
- Initiative 4, Milestone 2: Incentives including waiving fees on housing that supports low to moderate income households (December 31, 2024); and,
- Initiative 5 Milestone 1: Develop standard units to streamline development and building permit approvals (December 31, 2024).

Missing Middle

In addition to the budget allocation towards ARUs contributing to the missing middle target, an additional five (5) percent or \$1M has been allocated towards incentives for missing middle units:

- \$1M for new, housing focused Community Improvement Plan incentives with a recommendation report to Council (Q2 2025)

Aligned Milestones:

- Initiative 4, Milestone 1 which involves a review of planning application fees, will consider how the fee schedule could encourage rental and non-market housing supply (CMHC criteria complete, implementation in progress); and,
- Initiative 4, Milestone 2: Incentives including waiving fees on housing that supports low to moderate income households (December 31, 2024).

Other expenses related to facilitating new housing opportunities

Seven (7) percent or \$1.5M is further allocated to other expenses to complete Milestones, such as consulting fees, temporary staffing, and implementation studies.

Aligned Milestones include:

- Initiative 1, Milestone 1: Process review improvements and implementation (September 8, 2025);
- Initiative 2, Milestone 1: Creation of the Community Planning Permit System, reducing exclusionary zoning by allowing six plus stories in proximity to MTSAs (December 31, 2024);
- Initiative 4, Milestone 2: Incentives including waiving fees on housing that supports low to moderate income households (December 31, 2024);
- Initiative 7, Milestone 1: Infrastructure Analysis (December 31, 2024); and,
- Initiative 7, Milestone 2: Working in partnership with infrastructure providers (June 28, 2025)

Additional opportunities for HAF funding consideration

The Council approved Action Plan did not originally include any capital infrastructure projects, and this is not a requirement for CMHC funding. Additional initiatives or

changes to HAF approved Initiatives and/or new capital projects require CMHC approval.

Where it can be demonstrated that all agreement Initiatives and housing targets have or will be met, and funds are available, potential new capital projects could be explored. To be eligible for use of HAF funds, capital infrastructure projects must be for investments in housing- or community- related infrastructure that can be fully paid for by December 31, 2027. Capital projects would be assessed based on their potential to unlock new HAF aligned housing supply opportunities. Initiative 7, Milestone 1 includes analysis and studies on capital infrastructure project opportunities inclusive for all of Burlington. Staff will monitor progress on our required HAF commitments and report back to Council with any potential new capital infrastructure projects and/or new initiatives in Q3/Q4 2025.

Next steps

Staff will report back to Council with updates and further recommendations for approval including potential affordable housing capital project opportunities or partnerships (Q1 2025); CIP recommendations (Q1/Q2, 2025), and an update on HAF progress and budget utilization in Q3/Q4 along with potential capital infrastructure projects if applicable.

Financial Matters:

Total Financial Impact

Report [CS-04-24](#) identified that a significant amount of HAF funding would be required to meet the affordable housing targets. The proposed HAF implementation budget (See Appendix A to this report) was developed in consultation with HAF Initiative and Milestone staff leads. The approved funding recommendations include both immediate financial incentives and budget placeholders to meet the Council approved Initiatives by the Action Plan deadlines (See Appendix B to this report). Public consultation will inform further 2025 recommendations for Council's consideration.

The first HAF funding advance of \$5,289,071 was received on January 23, 2024. The second (Q1 2025) and third (Q1 2026) advances are conditional on demonstrating sufficient progress to CMHC on implementation of the Action Plan. The fourth advance (Q1 2027) is conditional on achieving all the committed housing targets. (attached as Appendix B to this report)

Expenses required to achieve the HAF Initiatives and targets will be monitored for cash flow to ensure, where possible, HAF funding advances are received. Consideration of expenses incurred prior to receipt of HAF advances will only be made in consultation with the CFO, where it can be demonstrated that receipt of the HAF funding is not at risk.

Source of Funding

The City of Burlington was approved for \$21,156,284.60 through the CMHC HAF program. On July 25, 2024, CMHC approved deadline extensions for three Milestones (2.2, 5.1 and 5.2) and the new deadlines are reflected in amended Schedule A – HAF Action Plan (attached as Appendix B to this report).

The contribution agreement outlines the terms and conditions for the implementation of the Council approved Action Plan and housing targets.

Other Resource Impacts

Many of the Council approved HAF Milestones can be completed through existing resources. However, the implementation budget includes a request for three temporary staff positions to address areas where significant additional effort will be required (e.g. services to homeowners looking to build Additional Residential Units on their properties). The three temporary staff positions include:

- A three-month position (2025) in Building Services to support Initiative 5, Milestone 2: Develop standard units to streamline development and building permit approvals.
- A two-year position (2025-2026) in Building Services to support Initiative #3: Support and encourage the creation of additional residential units (ARUs)
- An eight-month position (2024-2025) in Engineering Services to support Initiative 7: Municipal Infrastructure Needs, to conduct an analysis of stormwater services and develop recommendations.

Consideration for cost recovery towards offsetting eligible existing resources expenses will be considered once all HAF targets and initiatives have been met and there is available funding. An update on this will be provided to Council Q3 2025.

Climate Implications:

Energy efficiency will be considered in the development of the proposed housing focused Community Improvement Plan incentives (Q2 2205).

Any capital funding to create new affordable housing ARUs, units and/or project(s) may be tied to energy efficiency, accessibility and aligned to CMHC programs through a contribution agreement or capital facility bylaw. Further details will be provided to Council Q2 2025.

Engagement Matters:

The approved Housing Accelerator Fund Action Plan was developed through extensive public engagement. Each of the Initiatives includes opportunities to engage the voice of the customer through various channels. While some of the engagement tactics are being developed, several activities have been completed or are underway, including:

- Opportunities for verbal and written submissions and a Statutory Public Meeting in June to inform the Official Plan Amendment No. 2;
- Early engagement activities discussed in [PL-66-24](#) and included in the [engagement plan](#) available on [Getinvolvedburlington.ca](#), surveys were opened in May and October to provide the public with opportunities to share their housing priorities, interests, and concerns to inform the Official Plan Amendment to increase housing options;
- Virtual and in-person open houses, booths at festivals, and other engagement events in October 2024 to engage with the community to implement four units as-of-right and other actions identified in the Housing Strategy including implementing opportunities to increase the range of housing options available;
- Workshops with the Housing Development Liaison Committee, to gain early input into the CIP process and then on draft incentive options;
- Public and stakeholder consultation on the draft CIP end of November, followed by a public open house and statutory public meeting in the new year.
- November 1, 2024, stakeholder meeting to identify opportunities to create affordable units through a potential capital project in partnership with Halton Region and non-profit community agency(ies).

As engagement plans are finalized, opportunities for the public to get involved and inform changes will be included in the [calendar of events](#).

Conclusion:

The City continues to make strong progress in implementing the Council approved HAF Action Plan. The proposed implementation budget will support achievement of the CMHC Milestones and targets, while delivering on the goals of the Housing Strategy. The HAF project team will continue to monitor progress and report back to Council with further updates.

Respectfully submitted,

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Appendices:

- A. HAF Action Plan implementation budget and status update
- B. HAF Contribution Agreement, Amended Schedule A – “Approved Action Plan”
- C. Progress towards HAF targets

Notifications:

Halton Region

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Commissioner Legal and Legislative Services/City Solicitor.