
TO: GENERAL COMMITTEE

SUBJECT: FEDERAL HOUSING ACCELERATOR FUND UPDATE

WARD: ALL

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SUBMITTED BY: M. BANFIELD, RPP, DIRECTOR OF DEVELOPMENT SERVICES

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CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That staff in Development Services, in collaboration with other departments, submit a Housing Accelerator Fund Action Plan that includes the initiatives as generally outlined in Appendix "A" to Staff Report DEV041-23, along with all additional required documentation to the Canadian Mortgage and Housing Corporation (CMHC) as the municipality's application under the Housing Accelerator Fund (HAF) program.
2. That the Mayor and Clerk be authorized to execute an agreement with CMHC should the municipality be approved for funding under the program.
3. That staff in Development Services report back to Council on a status update on the funding application.

PURPOSE & BACKGROUND

Report Overview

4. The 2022 federal budget announced \$4 billion in new funding to create the Housing Accelerator Fund (HAF), with municipalities being the primary target recipients. The HAF is expected to result in permits being issued for 100,000 housing units across Canada.
5. The HAF provides incentive funding to local governments. The funding is meant to incentivize the implementation of local actions that remove barriers and support the development of affordable, inclusive, equitable and climate-resilient communities.
6. Applications for funding are due August 18, 2023. Applications require municipalities to set a housing supply growth target and to develop a HAF Action Plan which must include seven specific initiatives that will be undertaken to meet the growth target by growing the housing supply and speed up housing approvals. Growth is measured by the number of permits issued for new units. All initiatives must be implemented and completed within the three-year funding window (2023-2026). The action plan items must support enhancements achievable within the program's timeframe, but the intent is for changes to outlive the HAF.

7. To be eligible for the funding municipalities must:
- a) Commit to a housing supply growth target within their action plan that increases their average annual rate of growth by at least 10%. The growth rate must also exceed 1.1%.
 - b) Complete or update a housing needs assessment within two years of the 2022 federal budget announcement (April 7, 2022).

Note: The City of Barrie completed an update to the Housing Needs Assessment in June 2023 as part of the Affordable Housing Strategy update project.

INCENTIVE FUNDING AND PERMITTED USES

8. The HAF program is about driving transformational change and creating the conditions for more housing supply over the short and longer term. The HAF is intended to incent applicants to commit to change, show progress and be provided with funding in return.
9. The amount of HAF funding an applicant will receive is based on a formula which prescribes a dollar value for each net-new permit set out in the housing supply growth target. All units created from HAF initiatives will receive the base funding of \$20,000 per unit. To incent certain types of units, some developments will receive additional top up funding. In addition to the base funding and top up funding, units that are considered affordable will receive an additional bonus. The following provides an overview of the HAF funding formula – Baseline + Top Up + Affordable. This formula seeks to incentivize permits for affordable multi-unit developments, providing less of an incentive for single detached homes, etc. The amount of funding is thus determined by the growth targets put forward in the Action Plan.

Base Funding		Top Up Funding		Affordable	
\$20,000/ unit	+	Single Detached Homes	\$0	+	\$19,000/ unit
		Close to Transit	\$15,000/ unit		
		Missing Middle*	\$12,000/ unit		
		Multi-Unit (Other)	\$7,000/ unit		

*Missing middle refers to ground-oriented housing types This includes garden suites, secondary suites, duplexes, triplexes, fourplexes, row houses, courtyard housing, low-rise apartments (4 storeys or less)

10. While the funding envelope is determined on the basis of per unit amounts, the HAF incentive funding is designed to support the costs associated with the initiatives within the action plan, as well as any other permitted use of funds in order to accelerate the supply of housing in Canada. The proponent will have flexibility in how HAF funding is used provided it is for a permitted use.
11. Permitted Uses:
- a) Investments in Housing Accelerator Fund Action Plans (any initiative included in the proponent’s action plan and approved by CMHC)
 - b) Investments in Affordable Housing
 - Construction of affordable housing
 - Repair or modernization of affordable housing

- Land or building acquisition for affordable housing
 - c) Investments in Housing-related Infrastructure
 - Drinking water infrastructure that supports housing
 - Wastewater infrastructure that supports housing
 - Solid waste management that supports housing
 - Public transit that supports housing
 - Community energy systems that support housing
 - Disaster mitigation that supports housing
 - Brownfield redevelopment that supports housing
 - Broadband and connectivity that supports housing
 - Capacity building that supports housing
 - Site preparation for housing developments
 - d) Investments in Community-related infrastructure that supports housing
 - Local roads and bridges
 - Sidewalks, lighting, bicycle lanes
 - Firehalls
 - Landscaping and green space
12. Staff note that built into the budget for each initiative is a resourcing component, requiring the hiring of additional resources, prioritization of staff time and resources to complete HAF initiatives will be imperative to the success of the program.

DISBURSEMENT AND CONDITION OF FUNDING

13. There are three main reporting requirements under the HAF. Municipalities will be required to adhere to specific reporting requirements which include:
- a) Progress on initiatives and action plans. (Start and completion dates of each initiative, percentage complete, milestones, number of net-new permitted residential units during the reporting period.)
 - b) Permit data for all housing units permitted during the reporting period.
 - c) Details on how the HAF funding was used during the reporting period. (Annual dollars spent to fund each initiative, details on capital projects facilitated with HAF funding.)
14. Should the application be approved, funding will be released to the municipality in four equal payments. The first payment will be provided shortly after signing the HAF agreement with CMHC in fall 2023. The second and third payment being provided in 2024 and 2025. The release of the final payment is contingent on CMHC assessing whether the municipality has implemented and completed the initiatives in the Action Plan. It is only the final payment in 2026 where the release of the funding is contingent on meeting the housing supply growth target set by the municipality.

ANALYSIS

15. Action Plans must include the calculation of permitted units without HAF support. Baseline units (units expected without HAF funding) were calculated using historic building permit data within the last 5 years (2018-2022). Staff have calculated an average of 2000 units are projected to be permitted each year over the next three years.
16. Because the HAF funding formula differentiates funding amounts based on unit type, the permitting baseline must also differentiate based on unit type. Therefore, proportional breakdowns for missing middle, affordable, multi-unit other and proximate to transit were calculated.

Baseline Units	Single Detached	Missing Middle	Multi-Unit Other	Close to Transit*	Total
Proportion	15%	38%	45%	3%	100%
Unit Count	900	2250	2700	150	6000

*Close to transit has been defined as those units within the defined Major Transit Station Areas as delineated within the Official Plan.

17. Action Plans must also include the calculation of permitted housing units projected to occur with HAF support, referred to as "Housing supply growth target".
18. The difference between permitted units with HAF (growth target) and permitted units without HAF (baseline) is referred to as HAF incented units. The net-new units would be created only by way of receiving the funding.
19. HAF incented units have been projected by staff on the merits of each initiative. These projections are staff's best estimate of the potential impacts of the HAF initiatives. Staff note that many of the factors of constructing housing units are complex and related to external factors beyond municipal control. (i.e., Increasing interest rates and inflation, market fluctuations, rising costs of construction material, labour shortages)
20. Assuming the initiatives below are endorsed by Council, it is estimated that the increase to the housing supply is projected to be 900 units above the currently forecasted 6000 units.

Housing supply growth target	Single Detached	Missing Middle	Multi-Unit Other	Close to Transit*	Total
Proportion	10%	43%	45%	3%	100%
Units	690	2967	2760	483	6900

HOUSING ACCELERATOR FUND INITIATIVE SUMMARY

21. The following is a summary of each of the recommended initiatives. Details for each initiative are found in Appendix "A".

	Initiative
1	System Improvements/ Enhancements to the current E-Permitting System for all APLI applications to better manage documents and allow for mobile inspections
2	Enable Electronic Payments for Development Applications and associated Fees
3	Incentivize the creation of new affordable housing units building on the concept plans from New Foundations as well as initiatives coming out of the updated Affordable Housing Strategy and an updated Community Improvement Plan

4	Incentives to move units from Development Approval to Built and Occupied Units through any available financial incentives and outreach to the existing development community with approved but unbuilt projects
5	Policy reform to Facilitate Growth through a proposed Community Planning Permit System and zoning reform through the new Zoning By-law
6	Evaluate Land opportunities for Affordable Housing through public and private partnerships
7	Encourage and Incentivise Additional Dwelling Units/ Enhance the certified model program for second suites and detached dwelling units
8	Infrastructure Modelling and Growth forecasting to better assess available capacity and potentially reduce engineering requirements for each development application
9	Service Enhancements – Streamline permitting process and enhanced customer service

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

22. There are no environmental and/or climate change impact matters related to the recommendation.

ALTERNATIVES

23. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could choose to not authorize staff to apply for funding under the Housing Accelerator Fund.

This alternative is not recommended as the funding opportunity would provide an increase in housing stock targeted at affordable and missing middle units and any excess funds could be used to fund eligible capital projects. In addition, process improvements and service enhancements supported by the fund could further expedite development and building permit approvals and will assist in moving all development applications forward.

FINANCIAL

24. Should the City of Barrie be successful in acquiring HAF funding, it could potentially provide a total of \$43,818,000, including \$11,799,000 if we met our target of 10% affordable units in funding. Approximately \$10,000,000 of the funds received will be used to pay for completing the initiatives within the Action Plan including staffing enhancement and financial incentives contemplated in the initiatives.

25. The remaining funding can be used for eligible projects; Investments in Affordable Housing; Investments in Housing-related Infrastructure and Investments in Community-related infrastructure that supports housing. Further information on potential projects that fit the funding parameters will be brought forward as part of the annual budget and business planning process in the coming years once the funding has been secured.

LINKAGE TO 2022-2026 STRATEGIC PLAN

26. The recommendation(s) included in this Staff Report support the following goals identified in the 2022-2026 Strategic Plan:

Affordable Place to Live

The initiatives of the funding can be used to encourage a rapid response to additional units in the city as well as focus on making a portion of the new units affordable in accordance with the grant funding.

Infrastructure Investments

Any excess funding from the grant can be used to update and improve infrastructure to support more dwelling units.

Responsible Governance

The funding can help support our services while keeping tax increases low and also support advocating to other levels of government for support.

APPENDIX "A"

Housing Accelerator Fund Initiative Summary

	Initiative	Incentivized Units ¹	Budget ²	Estimated HAF Revenue ³
1	System Improvements/ Enhancements to the current E-Permitting System for all APLI applications to better manage documents and allow for mobile inspections	0	\$1,100,000	\$0
2	Enable Electronic Payments for Development Applications and associated Fees	0	\$1,000,000	\$0
3	Incentivize the creation of new affordable housing units building on the concept plans from New Foundations as well as initiatives coming out of the updated Affordable Housing Strategy and an updated Community Improvement Plan	100	\$3,000,000	\$4,868,667
4	Incentives to move units from Development Approval to Built and Occupied Units through any available financial incentives and outreach to the existing development community with approved but unbuilt projects	150	\$1,000,000	\$4,868,667
5	Policy reform to Facilitate Growth through a proposed Community Planning Permit System and zoning reform through the new Zoning By-law	225	\$1,000,000	\$10,954,500
6	Evaluate Land opportunities for Affordable Housing through public and private partnerships	50	\$500,000	\$2,434,333
7	Encourage and Incentives Additional Dwelling Units/ Enhance the certified model program for second suites and detached dwelling units	275	\$1,000,000	\$13,388,833
8	Infrastructure Modelling and Growth forecasting to better assess available capacity and potentially reduce engineering requirements for each development application	0	\$1,500,000	\$0
9	Service Enhancements – Streamline permitting process and enhanced customer service	100	\$1,000,000	\$7,303,000
	Total:	900	\$11,100,000	\$43,818,000*

¹ Projected net-new permitted units created by the initiative.

² Project budgets and funding revenue estimates are considered high-level and the value is subject to change. Budgets include the hiring of new staff to support the initiatives.

³ Projected HAF funding means the total amount of funding each initiative generates.