

Meeting Date: August 6, 2024
Department: Building, By-law & Planning
Report No.: BBP-2024-93
Submitted by: Jennifer Huff, Director of Building & Planning
Approved by: Trisha McKibbin, Chief Administrative Officer

SUBJECT: Housing Accelerator Fund – Second Round 2024

RECOMMENDATION: THAT: Council receive Report BBP-2024-93 on the Second Round of Housing Accelerator Funds for information, and further;

THAT: Council provide direction on whether or not to submit a HAF2 funding application.

BACKGROUND:

The 2022 Federal Budget announced \$4 billion in funding, until 2026-27, to launch the Housing Accelerator Fund (HAF). This fund is an application based program which had an application window in 2023 and CMHC has recently advised that a second round of HAF funding (HAF2) is being made available as of July 15 2024 and will close on September 13 2024.

CMHC has advised that the second round of HAF funding is available ONLY to previous applicants who were not approved in the 2023 window.

Staff have received indications that CMHC hopes to target more of the mid-sized municipalities in HAF2, given how much of the original funding went to large urban centers.

This grant program is intended to drive transformational change within the sphere of control of local government regarding land use planning and development approvals. The Fund's objective is to accelerate the supply of housing across Canada, resulting in at least 100,000 more housing units permitted than what would have occurred without the program. This grant program aims to support lasting changes that will improve housing supply for years to come.

Eligible uses of any funding is as follows:

1. Investments in Housing Accelerator Fund actions plans;
2. Investments in affordable housing;

3. Investments in housing-related infrastructure; and
4. Investments in community-related infrastructure that supports housing.

As the population of Strathroy-Caradoc is more than 10,000, it is eligible under the “large/urban” stream of the HAF2.

In the first round of HAF funding (2023), \$4 billion dollars was available in funding. In the second round of funding (2024) \$400 million dollars is available in funding.

In 2023, Strathroy-Caradoc completed an application for the first round of funding, which proposed the creation of 500 residential units attributed to HAF funding in order to access \$18.2 million of infrastructure funds through the HAF program. Unfortunately, CMHC advised Strathroy-Caradoc that while the funding application was strong, it was unsuccessful and noted that the majority of funds in Ontario went to larger, more urban municipalities. A copy of the 2023 application is also attached to this report.

With the HAF2 funding program, there are a number of new or revised minimum application requirements. CMHC has created a document that explains the difference between the two rounds of funding and this is included as an attachment to this report.

Below is a summary of the HAF2 minimum application criteria:

- Develop an action plan as part of their HAF application, including satisfying the prescribed minimum number of initiatives as outlined in section seven (7).
 - Under HAF2, all action plan initiatives should align to the 10 HAF Best Practices published on the CMHC website.
 - The purpose of the action plan is to outline a housing supply growth target and the specific initiatives that the applicant will undertake to grow housing supply and speed up housing approvals.

The Municipality completed an Action Plan as part of the first round of HAF funding, which would require updating. The Action Plan initiatives are now required to be taken from the CMHC list of 10 best practices and only 3 of these can be initiatives that have already started. The '10 best practices' document is attached to the report below.

- **NEW:** Commit to implementing 4 units as-of-right bylaws (for applicants from the Large/Urban stream*) as part of the action plan, or have already implemented 4 units as-of-right prior to application submission. More guidance is available on the CMHC website. **Currently, the zoning by-law update is intended to harmonize local zoning regulations with the updated Planning Act, to allow 3 units as-of-right. The Municipality could either seek an exemption to this requirement or consider increasing the number of units permitted as-of-right from 3 to 4. The Municipality would be able to regulate in the zoning by-law**

specific conditions that would allow 4 units as-of-right (parking, coverage, driveway width etc), which the Municipality is unable to do for the Planning Act 3 unit rule.

- 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%** . **The Residential Lands Needs Assessment projects an annual growth rate 1.4%. It is noted that housing grants have been refused when Municipalities fail to meet their projected growth targets.**
- Complete or update a housing needs assessment report*** and include a reoccurring scheduled review date within the report to ensure that the needs assessment is kept current. **(The County completed a housing needs assessment report for the Municipality as required with round one HAF funding application, although it will need to be updated to include a recurring review date)**
 - The requirement to complete or update a housing needs assessment report may be waived if the applicant recently completed or updated their housing needs assessment. Applicants that have completed or updated their housing needs assessment within two years of the 2024 federal budget announcement (April 16, 2024) can request that this requirement be waived. If there is no reoccurring scheduled review date on this existing housing needs assessment report, there remains a requirement to add a reoccurring scheduled review date.
- Submit periodic reports to CMHC in the form and timelines prescribed. See section 12 for additional details. This includes:
 - Progress reporting on the initiatives and commitments within the action plan.
 - Micro-level permit data for residential buildings for all permitted units.
 - Details that support that HAF funding was used for a permitted purpose.

(Anticipated that this could be provided given that staff are tracking performance measures currently).

*CMHC may consider an exception for applicants from the Large/ Urban stream who are predominantly rural in nature.

**CMHC may consider growth targets that fall outside these program guidelines on a case-by-case basis considering actual applications received. Applicants are encouraged to put forward the strongest application possible. Refer to section nine (9) for details on the evaluation criteria.

***For those that need to complete or update their housing needs assessment, resources are available on CMHC's website. Municipalities with populations of 30,000 or greater who are completing a new housing needs assessment must use the federal template published on the Infrastructure Canada website. The report is not required to be completed at the time of

application submission, but it must be completed within the prescribed timeframe (i.e., the third reporting period).

Staff have included as attachments to this report both the HAF2 pre-application reference material, as well as 10 HAF best practices in order that Council may have a fulsome picture of the application expectations.

COMMENTS:

The completion of the 2023 HAF application required extensive staff time and resources.

The second round of HAF funding would require the municipality to commit to updating its zoning by-law to permit 4 as-of-right units per residential property (unless CMHC would grant an exception). The likelihood of securing an extension is unknown at this time, but the sense is that an extension would be unlikely.

Recently, the Ontario Planning Act introduced legislation that allows 3 units as-of-right and the Municipality is in process of updating its zoning by-law to harmonize local zoning regulations with Provincial legislation. Importantly, the Planning Act specifically prohibits the municipality from limiting the 3-unit rule through zoning, by way of parking or any other zoning regulations.

The 3-unit rule can be a challenge to accommodate within existing built up areas for reasons related to parking, traffic, and capacity and condition of linear infrastructure services. It also can be problematic when calculating capacity / capacity needs for treatment facilities. That being said, since the change, there has been little up-take to utilize the 3-unit rule (although there has been more interest in the creation of secondary suites). In fact, the most significant impact to date on the Municipality by the 3-unit rule has been the need for new development applications to address adequacy of services given the potential for conversion.

However, with respect to the potential to introduce a 4-unit rule, the Municipality would have an ability to regulate 4-unit conversions through its zoning by-law (i.e. parking, lot coverage, driveway width requirements).

In regards to other matters related to the decision on whether to apply for HAF2 funding:

- Federal infrastructure funds are contingent on meeting housing targets and it may be wise to revise the application to anticipate more modest growth, which would likely result in the Municipality qualifying for less infrastructure money than the original HAF application.
- There are fewer initiatives to choose from to include in the Action Plan – this will result in revisions to the original Action Plan.
- Deadline for submission in September 13, 2024
- The County of Middlesex has again offered to assist the Municipality in making the application. A meeting with CMHC, SC and County staff on a prospective SC HAF2 application is being scheduled, in the event Council directs staff to apply.

- The current Zoning By-law update could include some of the necessary changes.

If Council directs staff to make a HAF2 application, staff would present the application to Council on September 3, 2024 for endorsement, prior to the September 13, 2024 application deadline.

CONSULTATION:

Director of IT/Treasurer

Policy Planner, County of Middlesex

General Manager of Strategic Initiatives & Innovation, County of Middlesex

FINANCIAL IMPLICATIONS:

HAF2 funding may provide the Municipality access to infrastructure money that could be used towards key capital projects related to development, and potentially offset taxation contributions that would otherwise be required. It also commits the Municipality to make significant changes to its zoning by-law that could add pressures on existing infrastructure.

ALTERNATIVE(S) TO THE RECOMMENDATION:

1. Council to provide alternate direction.

STRATEGIC PLAN ALIGNMENT:

This matter is in accord with the following strategic priorities:

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- 1) *Economic Development, Industry, and Jobs:* Strathroy-Caradoc will have a diverse tax base and be a place that offers a variety of economic opportunities to current and prospective residents and businesses.
- 2) *Community Well-being and Quality of Life:* Residents of all ages in Strathroy-Caradoc will have access to community amenities and activities that are accessible and support active lifestyles and wellbeing.
- 3) *Managing the Challenges of Growth for the Municipal Organization:* Strathroy-Caradoc will be an inclusive community where growth is managed to accommodate a range of needs and optimize municipal resources. We are committed to maintaining operational efficiency and economies of scale through these times of change.

ATTACHMENTS:

2023 HAF Application

2023 – 2024 HAF Application Comparison Table

2024 HAF2 Pre-Application Reference Document

10 Best Practices – HAF Funding Applications