

Directed to: Mayor Joe Preston and Members of City Council

Meeting Date:
March 17, 2025

Department: City Manager's Office

Prepared By: Taylor Mooney, Strategic Initiatives Manager

Attachment

Subject: Housing Accelerator Fund Update

Recommendation:

THAT: Report CMO-01-25 relating to Housing Accelerator Fund Update be received for information.

Background:

The Housing Accelerator Fund (HAF) is a \$4-billion-dollar federal fund 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 would not have occurred without the program.

Following the announcement by the Canadian Mortgage and Housing Corporation (CMHC) regarding the second round of applications for the program, Council received Report CMO-12-24 in September 2024, providing an overview and request for approval of the City's second round application. Staff received notice in November 2024 that the submission was approved and entered into a contribution agreement with CMHC in December 2024. The agreement outlines the terms and conditions for the approved Action Plan and housing targets that are required to obtain the approximately \$6.6 million in funding. The funding is provided in four equal advances, with the second and third advances conditional on demonstrating Action Plan progress, and the fourth advance conditional on achieving the housing targets (1,183 permitted housing units during the program period).

Discussion:

The seven (7) initiatives included in the City's approved HAF Action Plan include:

1. Community Affordable Housing Strategy
 - Completed as of February 2025: "Housing Needs Study and Action Plan"
2. ADU Program and Enhancements
 - This initiative focuses on maximizing the potential of existing properties by encouraging homeowners to add ADUs through targeted CIP enhancements. The proposed enhancements of this initiative will expand the CIP to include a larger majority of residential neighbourhoods in the City to allow for more ADU construction across the City. The enhancements will also include increasing the financial incentive currently provided by the City to incentivize uptake of ADU construction via increased financial viability. The current CIP grant is \$7,500 and the new enhancement will look to add up to \$5,000 to this amount.
3. Sustainable Urban Intensification and Infill Development
 - This initiative aims to promote sustainable growth within city areas by incentivizing infill development and urban intensification projects that align with community goals, environmental considerations, and smart urban planning principles. Through this initiative, the City will develop an Incentive Framework that will include designing a comprehensive set of incentives that encourage developers to prioritize infill and urban intensification projects. Incentives could include expedited permitting, tax incentives, and grants. The City will also update its OP and zoning regulations and land use policies to accommodate infill development and higher-density projects. Specifically, this initiative would also allow 4 units as-of-right per residential lot in urban, municipally serviced settlement. This process will prioritize mixed-use developments, walkability, and access to public transportation.
4. Acquisition and Disposal of City-owned Lands for Housing
 - A new process and/or policy by which the City acquires and disposes of land will play a vital role in the development of affordable housing by strategically managing public land for this purpose. Through land acquisition, the City can purchase or reserve land for affordable housing; this is particularly important in high-demand areas like St. Thomas where land is expensive or limited. While not a formal policy, the City has previously prioritized the sale or transfer of public land for affordable housing at

reduced prices, sometimes even transferring land for free to non-profits. This lowers development costs, making it easier for affordable housing projects to move forward. A formalized strategy for this purpose would see even greater results.

5. Development Charge Review and Disincentives Program

- The primary goal of this initiative is for the City to conduct a development charge (DC) review. A DC review would assist in increasing housing stock by adjusting the fees developers pay to fund infrastructure needed for new developments. Through this review, the City can ensure these fees are aligned with community housing goals and market conditions. Reducing development charges for certain types of housing, such as affordable units, would make it more financially viable for our local developers to build these types of homes, directly encouraging their creation. An additional piece of the Development Charge Review process will be exploring vacancy taxes or increased property taxes on empty units. By raising the financial cost of keeping units vacant, these measures can encourage property owners to keep homes occupied and available in the market.

6. Community Planning Permit System

- This initiative will involve the City implementing a Community Planning Permit System to specific new development areas in the City. The community planning permit system (CPPS) is a land use planning tool that municipalities can use when planning for the future of their communities. While the City currently has reasonable turnaround times on development approvals and permitting, as well as E-Permitting capacity, this new tool will help the City make development approval processes more streamlined and efficient, get housing to market quicker, support local priorities (for example, community building, developments close to urban core and public transit, and infill/greenspace protection), and will create certainty and transparency for the City, landowners and developers.

7. Partnership Grants for Affordable Housing Projects

- This initiative would help establish a dedicated program/funding pool to be used to provide loans, grants, and equity investments to housing projects that prioritize inclusivity and support vulnerable populations. This initiative will focus on addressing the number of non-profit housing developments prepared to proceed, but for capital funding availability, and will help reduce the backlog of supportive and affordable housing developments. Grant funding from the program could be used to support specific projects that local non-profits are developing, such as building new affordable rental units, converting existing properties into affordable housing, or expanding housing options for vulnerable populations like seniors, low-income families, or people with disabilities.

These Council supported Action Plan initiatives comprise the goal of accelerating housing supply by facilitating additional building-permit approvals in the short-term, while implementing long-term policy and other changes that will support the City's future housing objectives. As noted, many of the initiatives are policy and process driven, specifically surrounding planning policy, which will aid in new housing.

Strategic Priority:

Strategic Pillar: Excellence in All We Do - Priority #5: Housing for Everyone

Financial Impact:

An internal team of staff, including the City Manager, will provide oversight and recommended direction on use of HAF funds and as approved by Council via regular reporting throughout the program period. A portion of the total funding package will be used to fulfill the requirements of the seven Action Plan initiatives. Beyond this, the funding can be used for any of the following permitted uses:

- a. Investments in affordable housing
- b. Investments in housing-related infrastructure
- c. Investments in community-related infrastructure that supports housing

Completing the initiatives within the program period will require significant staff time and resources. As part of the funding agreement, the City is permitted to use a portion of the HAF funds to attain outside assistance. Administration has discussed this possibility and intends on proceeding with posting a temporary full-time contract position, to be supervised by the City Manager, for the role of supporting and fulfilling the HAF agreement and initiatives, as well as general housing development processes in the City. The role will be fully financed by the HAF program. This dynamic individual will contribute to the vision of a brighter future for the community.

Respectfully,

Taylor Mooney, Strategic Initiatives Manager

Approved by: L. Higgs, City Manager