



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division
and
CORPORATE SERVICES DEPARTMENT
Financial Planning Administration and Policy Division
and
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
General Manager's Office

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	October 18, 2023
SUBJECT/REPORT NO:	Canadian Mortgage and Housing Corporation Housing Accelerator Fund (HSC23017(a)/FCS23062(a)/PED23143(a))
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Al Fletcher (905) 546-2424 Ext. 4711 Kamba Ankunda (905) 546-2424 Ext. 4557
SUBMITTED BY:	Chris Herstek Acting General Manager, Healthy and Safe Communities Department
SIGNATURE:	
SUBMITTED BY:	Mike Zegarac General Manager, Corporate Services Department
SIGNATURE:	
SUBMITTED BY:	Steve Robichaud Acting General Manager, Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That staff be directed to execute the Housing Action Plan initiatives as outlined in Report HSC23017(a)/FCS23062(a)/PED23143(a), and that staff be directed to bring forward for Council's consideration the necessary policy process, program and required authorities and proposed delegations and regulatory adjustments required to implement the Housing Action Plan initiatives including, as appropriate financial and staffing implications and affordability requirements;

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

- (b) That the General Manager of the Healthy and Safe Communities Department be authorized to make any necessary revisions or adjustments to the Housing Action Plan initiatives, and to provide any required reporting, as necessary, to deliver and administer the Housing Accelerator Fund in accordance with all Canadian Mortgage and Housing Corporation requirements; and;
- (c) That the General Manager, Healthy and Safe Communities Department be authorized and directed to enter into and execute all ancillary agreements and documents as may be required to deliver and administer Housing Accelerator Fund initiatives four and six as outlined in this report with terms and content satisfactory to the General Manager, Healthy and Safe Communities Department and in form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

On June 7, 2023, through Report HSC23017/FCS23062/PED23143 Council authorised the City Manager to submit a Housing Accelerator Fund application to the Canada Mortgage and Housing Corporation. The primary objective of the Housing Accelerator Fund is to create housing at an accelerated pace and enhance certainty in the approvals and building process.

The City of Hamilton submitted its Housing Accelerator Fund application on June 14, 2023, which included the required Housing Action Plan outlining seven initiatives that the City would undertake to accelerate housing development in the City. Through Report HSC23017/FCS23062/PED23143, Council also approved an investment strategy for the Housing Accelerator Fund funds.

On October 10, 2023, the Federal government announced a Housing Accelerator Fund Agreement with the City of Hamilton. The approval included some refinements and revisions to the City's submitted Housing Action Plan, as summarized in this report. Overall, the Federal government will provide \$93.5 million in funding to the City.

With the support of the Federal Government through the Housing Accelerator Fund investment, the City of Hamilton has set a target of increasing its historical average of newly constructed residential units by 2,675 net new units over the next three years.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Canadian Mortgage and Housing Corporation has allocated \$93.54 M to Hamilton to produce 2,675 net new residential units. Corporate Services staff will set up appropriate financial tracking within the City's financial systems including a new Dept ID for this funding. A Reserve Fund Account #112259 has also been set up for the Housing Accelerator Fund Surplus.

Funding will be provided to the City in four payments of 25% of the allocated funding over the term of the program subject to compliance with the terms and conditions of the Contribution Agreement. The Housing Accelerator Fund Funding will be disbursed in four separate advances as follows:

Advances	Canadian Mortgage and Housing Corporation Fiscal Year	Amount
First	2023/24 (Effective Date – March 31, 2024)	\$23,385,000
Second	2024/25 (April 1, 2024 – March 31, 2025)	\$23,385,000
Third	2025/26 (April 1, 2025 – March 31, 2026)	\$23,385,000
Fourth	2026/27 (April 1, 2026 – March 31, 2027)	\$23,385,000

The utilization of Housing Accelerator Fund program funds was approved by Council through Report HSC23017/FCS23062/PED23143. A portion of the Housing Accelerator Fund funds will be invested directly in the seven initiatives outlined in the Housing Action Plan. This includes staffing and administrative costs, as well as the funding of the various incentive and grant programs.

Report HSC23017/FCS23062/PED23143 also approved that any Housing Accelerator Fund surplus funding, beyond what is needed to create and deliver the various policy and incentive programs, be allocated as follows:

- (i) 15% contingency held to support Housing Accelerator Fund initiatives to extend beyond 2026 as required by Canadian Mortgage and Housing Corporation
- (ii) 45% to Affordable Housing Funding Program Dept ID to support capital investment in the development of new not-for-profit led affordable housing developments
- (iii) 40% to be allocated to eligible Growth-Related Infrastructure and Growth Planning projects to support new housing, with specific infrastructure projects to be determined through the annual Budget process

Staff have not yet confirmed the full costing of the various Housing Action Plan initiatives; however, as an initial estimate, staff anticipate the following utilization:

Advance	Program Costs	Contingency 15% of Housing Accelerator Fund Surplus	Affordable Housing Funding Program 45% of Housing Accelerator Fund Surplus	Growth and infrastructure 40% of Housing Accelerator Fund Surplus
First	\$8,227,500	\$2,273,625	\$6,820,875	\$6,063,300
Second	\$8,227,500	\$2,273,625	\$6,820,875	\$6,063,300
Third	\$8,227,500	\$2,273,625	\$6,820,875	\$6,063,300
Fourth	\$8,227,500	\$2,273,625	\$6,820,875	\$6,063,300
Total	\$32,910,000	\$9,094,500	\$27,283,500	\$24,252,000

The estimates above present a projected utilization of funding dependent upon the uptake of the Housing Accelerator Fund initiatives. As provided in Report HSC23017/FCS23062/PED23143, the calculation of the annual surplus will be done at the time of the receipt of the annual advance. This ensures that the incentives within the Housing Accelerator Fund and Housing Action Plan can be funded up to that date. Housing Accelerator Fund does not provide an opportunity to pre-spend the anticipated surplus at the expense of the building permit generating initiatives.

Staffing: Through Report HSC23017/FCS23062/PED23143, Council provided the City Manager with the delegated authority to hire staff as necessary to support and administer the Housing Accelerator Fund initiatives provided that the staff will be fully funded through the Housing Accelerator Fund revenues. The report estimated that approximately 14 staff would be required, at an annual expense of \$1.85 (approximately \$7.4 M for the program period), with no impact on the tax operating budget. The additional staff are needed in the Planning and Economic Development Department, Healthy and Safe Communities Department - Housing Services Division, Corporate Services - Finance Planning Administration and Policy Division, and Legal Services Division to implement the Housing Action Plan.

Legal: Legal Services staff reviewed the Contribution Agreement prior to execution by the City. Legal staff will be involved in the review of Housing Action Plan programs as well as the development of agreement with residents utilizing the Housing Accelerator Fund incentives.

HISTORICAL BACKGROUND

On April 7, 2022, the Federal Government proposed a budget which included a plan to support municipalities nation-wide in creating 100,000 new residential units using an investment of \$4 billion. On March 20, 2023, Canadian Mortgage Housing Corporation released the Pre-Application Reference Material outlining the Housing Accelerator Fund.

At the May 31, 2023, General Issues Committee meeting, City staff presented Report HSC23017/FCS23062/PED23143 to Council that included a recommended Housing Action Plan and Housing Accelerator Fund application. As required by Canadian Mortgage and Housing Corporation, the City's report was presented to Council in camera. The report was approved by Council on June 7, 2023.

On June 14, 2023, staff submitted a Housing Accelerator Fund application to Canadian Mortgage and Housing Corporation.

On October 5, 2023, Canadian Mortgage and Housing Corporation and the City executed a Contribution Agreement in which the City will receive an allocation of \$93,450,000 to support the creation of 2,675 net new residential units.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The City of Hamilton's population is projected to grow by approximately 40 percent to 820,000 by the year 2051. Through recent work completed by the City as part of the Growth-Related Integrated Development Strategy in accordance with *A Place to Grow – Growth Plan for the Greater Golden Horseshoe, 2019* (as amended), approximately 35,000 new residential dwellings are required to meet Hamilton's growing population by the year 2031 and 77,500 new residential dwellings to 2051.

As part of a long-term strategy to facilitate the construction of 1.5 Million Homes over the next 10 years the Province developed the *More Homes Built Faster Act, 2022* (Bill 23), which assigned the City a housing target of 47,000 additional dwellings which is also known as the Housing Pledge.

The Housing Accelerator Fund presents an opportunity to help meet the City's housing targets through the proposed Housing Action Plan initiatives including supporting Zoning By-Law reforms that provide additional as-of-right housing permissions, supporting rental housing development along rapid transit lines, and leveraging City-owned lands.

In August 2020 Council endorsed a 10-Year Housing and Homelessness Action Plan with the first outcome area to increase the supply of affordable housing with a stretch target of developing 350 new units per year. The Housing Sustainability Investment

Roadmap approved by Council further provides a path forward in addressing the housing crisis in Hamilton and addressing a healthy housing continuum. The City's Housing Accelerator Fund submission included specific programs and initiatives targeted at building affordable housing and incentivizing new affordable housing, as part of achieving the overall housing target.

The implementation of the initiatives outlined in the City's Housing Accelerator Fund application will require various changes in existing City polices and regulations, such as City zoning by-laws, as well as the creation of new funding and incentive programs. These initiatives will be the subject of future staff reports and subject to future Council approvals.

RELEVANT CONSULTATION

Staff in Planning and Economic Development Department, Healthy and Safe Communities Department, Housing Services Division, Financial Planning, Administration and Policy, Communications and Legal Services were involved in the development of Housing Accelerator Fund initiatives. Housing Services Division staff continue to meet with Canadian Mortgage and Housing Corporation on regular basis to review additional Housing Accelerator Fund requirements.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Housing Action Plan

The Housing Action Plan approved by Council through Report HSC23017/FCS23062/PED23143 and submitted to Canadian Mortgage and Housing Corporation recommended applying for \$123 M with an objective of incenting a total 2,700 net new units (900 annually) above the City's historical average level of housing production. The Housing Action Plan included seven City initiatives to accelerate housing development. Through the review process, Canadian Mortgage and Housing Corporation required some program changes to the City's submission. Ultimately Canadian Mortgage and Housing Corporation approved an allocation to the City of Hamilton of \$93.5 million with a commitment to creating 2,675 net new residential units, based on the seven Housing Action Plan initiatives outlined below.

Initiative #1: Acceleration Program for Accessory Dwelling Units and Multi-plex Conversions

The City will create a new "Acceleration Team" to expedite the review and approval of applications for accessory dwelling units such as basement apartments and laneway homes, and for the conversion of existing dwellings into multi-unit dwellings. The City will also create new information materials, supports and financial incentives such as fee

waivers for homeowners who wish to create these units. An additional incentive program will be created for the building of new affordable accessory dwelling units.

- This initiative targets 350 net new residential units per year including a target of at least 50 affordable housing units

Initiative #2: Rapid Transit Multi-Residential Rental Housing Grant Program

The City will create a new incentive program to support the creation of purpose-built market rental housing units and affordable housing units along the City's Rapid Transit Network including the City's proposed BLAST (City of Hamilton's Rapid Transit Lines) - E Re- envision Rapid Transit Network, specifically A-Line and B-Line higher order transit lines. This initiative presents the potential to increase transit ridership, grow communities with easy access across the City of Hamilton and encourage development near higher order transit.

- This initiative targets 325 net new residential units per year including a target of at least 50 affordable housing units

Initiative #3: Housing Acceleration Zoning Reform Program

The City will continue its ongoing work to update the City's zoning and land use policies to provide as-of-right permissions for new housing development. This includes continuing to extend as-of-right zoning permissions for conversions and new construction of missing middle housing (e.g. duplexes, triplexes, fourplexes), reducing or eliminating minimum parking requirements, and pre-zoning transit corridors and urban nodes.

- This initiative targets 150 net new residential units per year including a target of at least 45 affordable housing units

Initiative #4: Land and Property Disposition Program for Housing

The City will create a dedicated team within the City's Real Estate Section to identify and implement opportunities for disposition of City-owned lands for the purpose of developing affordable housing. The team will also identify opportunities for the integration of new housing as part of future municipal building projects.

- No specific number of targeted units attached to this initiative.

Initiative #5: New and Enhanced Incentive Programs for Housing Development

This initiative will include a review and creation or expansion of programs and incentives that promote the development of housing across the City. This will include implementing

the necessary programs, changes to City policy frameworks, and enhancements to existing incentive programs with a view to meeting the current challenges facing proponents of market housing, rental housing and affordable housing.

- This initiative targets 50 net new residential units per year

Initiative #6: Planning Review and Studies for Rapid Transit Corridors

The City will expedite the completion of planning studies and updated zoning standards along the City's rapid transit corridors to support higher density and mixed-use development, and to identify the infrastructure needed to support new residential development.

- No new units are attached to this initiative

Initiative #7: Support Housing Development on Remediated Brownfield Sites

The City will expand its existing Environmental Remediation and Site Enhancement (ERASE) program to provide enhanced financial assistance for the remediation of brownfield lands to support new housing development, with a particular focus on non-profit affordable housing developments.

- This initiative targets 50 units throughout the program period.

Reporting Requirements

Staff will be required to maintain reporting to Canadian Mortgage and Housing Corporation at an interval of six months from first payment, then annually until program completion. The reporting must align with the Housing Action Plan and shall demonstrate ongoing commitment to attaining the approved unit target. To date, Canadian Mortgage and Housing Corporation has not released reporting templates. However, it is understood by staff that the building permit numbers for units resulting from initiatives in the Housing Action Plan will be required as a key reporting requirement.

ALTERNATIVES FOR CONSIDERATION

None

APPENDICES AND SCHEDULES ATTACHED

N/A