





CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division
and
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	December 6, 2023
SUBJECT/REPORT NO:	Canada Mortgage and Housing Corporation Housing Accelerator Fund Incentive Programs (PED23143(b)/HSC23017(b) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Phil Caldwell (905) 546-2424 Ext. 2359 Kamba Ankunda (905) 546-2424 Ext. 4557 Al Fletcher (905) 546-2424 Ext. 4711
SUBMITTED BY: SIGNATURE:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department 
SUBMITTED BY: SIGNATURE:	Michelle Baird Director, Housing Services Division Healthy and Safe Communities Department 

RECOMMENDATION

- (a) That staff be directed to bring forward to the Planning Committee for a statutory public meeting, in accordance with Section 17(15)(d) of the *Planning Act*, Appendix "A" to Report PED23143(b)/HSC23017(b) respecting a proposed amended Housing for Hamilton Community Improvement Plan for the purposes of authorizing new Housing Accelerator Fund incentive programs;
- (b) That staff be directed to bring forward to the Planning Committee the following for consideration in conjunction with the proposed amended Housing for Hamilton Community Improvement Plan By-law to affect its implementation:

- (i) Appendix “B” to Report PED23143(b)/HSC23017(b) respecting a proposed Housing for Hamilton Community Improvement Project Area;
 - (ii) Appendix “C” to Report PED23143(b)/HSC23017(b) respecting program terms for a new Accessory Dwelling Unit and Multi-Plex Housing Incentive Program;
 - (iii) Appendix “D” to Report PED23143(b)/HSC23017(b) respecting program terms for a new Rapid Transit Multi-Residential Rental Housing Incentive Program;
 - (iv) Appendix “E” to Report PED23143(b)/HSC23017(b) respecting program terms for a new Housing Acceleration Incentive Program;
- (c) That staff be directed to prepare a delegated authority by-law to be brought forward to Planning Committee in conjunction with the proposed amended Housing for Hamilton Community Improvement Plan authorizing the General Manager of Healthy and Safe Communities to approve applications under the Accessory Dwelling Unit and Multi-Plex Housing Incentive Program, Rapid Transit Multi-Residential Rental Housing Incentive Program and Housing Acceleration Incentive Program up to an amount equal to the stated program maximums for grants and forgivable loans provided the grant/forgivable loans are being funded solely from funds provided to the City through the Canadian Mortgage and Housing Corporation’s Housing Accelerator Fund.

EXECUTIVE SUMMARY

On October 25, 2023, Council approved Report HSC23017(a)/FCS23062(a)/PED23143(a) which directed staff to execute the City’s Housing Action Plan initiatives in support of the Canadian Mortgage and Housing Corporation’s allocation of \$93.5 Million to the city through the Housing Accelerator Fund. This funding is intended to facilitate the incentivization of 2,675 net new residential units above the city’s five-year historical Building Permit average for housing units by December 2026. Staff were further directed to bring forward for Council’s consideration any new incentive programs required to implement the Housing Action Plan.

Staff are proposing the creation of three new Housing Accelerator Fund supported incentive programs: the Accessory Dwelling Unit and Multi-Plex Housing Incentive Program, the Rapid Transit Multi-Residential Rental Housing Incentive Program, and the Housing Acceleration Incentive Program. Collectively, these programs are intended to incentivize new housing through:

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- The creation of new accessory dwelling units in new and existing homes;
- The development of 'missing middle' multi-plex's containing six or less units;
- Multi-residential rental units developed on, or in close proximity to, rapid transit corridors containing seven or more units; and,
- Development on sites which have been the subject of a city-led planning exercise to remove barriers to new housing creation containing seven or more units.

Staff's proposed programs are intended to respond to the Housing Action Plan's initiatives one, two and three respectively and fulfill city commitments to the Canadian Mortgage and Housing Corporation per the Housing Accelerator Fund contribution agreement signed between the two parties on October 5, 2023.

While the Housing Accelerator Fund is not specifically geared toward the development of affordable housing, all three programs proposed by staff provide opportunities to support the development of both market and affordable net new housing units. Where utilized to assist with the creation of new affordable housing units, forgivable loans will be provided for units with rents not exceeding 100% of the Average Market Rent for the City of Hamilton, as stated by the Canada Mortgage and Housing Corporation. Each program will require that the above affordability threshold be maintained for a period of 15 years in order to receive loan forgiveness.

Implementation of staff's proposed programs will require the use of, and amendments to, the city's existing Housing for Hamilton Community Improvement Plan in accordance with Section 28 of the *Planning Act*.

All financial incentives to be provided through the proposed programs, as well all new staffing required to administer the proposed programs, will be funded directly from the Canadian Mortgage and Housing Corporation's Housing Accelerator Fund allocation to the city with no impact to the city levy. As per the program details, staff are required to report to Canadian Mortgage and Housing Corporation on utilization of the Housing Accelerator Fund at six-months and then annually from the date of execution of the Contribution Agreement.

Alternatives for Consideration – See Page 12

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The grants/forgivable loans to be provided under the programs proposed through this Report will be funded directly from the Canadian Mortgage and Housing Corporation's Housing Accelerator Fund with no impact to the city levy.

Staffing: As approved by City Council on June 7, 2023 through Report HSC23017/FSC23062/PED23143, additional staff in the Healthy and Safe Communities, Corporate Services (Legal) and Planning and Economic Development Departments will be required to administer the proposed Housing Accelerator Fund incentive programs. All new staff required in this respect will be funded directly from the Canadian Mortgage and Housing Corporation's Housing Accelerator Fund with no impact to the city levy.

Through Council's approval of HSC23017/FSC23062/PED23143 the City Manager, or their designate, have been authorized to hire the required staff deemed necessary to support and administer the Housing Accelerator Fund initiatives, including the programs proposed through this Report.

The Housing for Hamilton Community Improvement Plan and associated Housing Accelerator Fund incentive programs will be administered by the Healthy and Safe Communities Department with the support of staff from the Planning and Economic Development Department, and Corporate Services Department.

Legal: The proposed amended Housing for Hamilton Community Improvement Plan, proposed Housing for Hamilton Community Improvement Project Area and new program descriptions contained in Appendices "A" to Report PED23143(b)/HSC23017(b) through Appendix "E" to Report PED23143(b)/HSC23017(b), of this Report have been reviewed by the Legal Services and Risk Management Division, with comments and feedback incorporated therein.

Subject to City Council's endorsement of this Report's recommendations, Legal Services Division will be involved in developing agreements/letters of understanding and additional legal mechanisms required to implement the proposed incentive programs.

HISTORICAL BACKGROUND

Housing Accelerator Fund:

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 in a new program called the Housing Accelerator Fund. On March 20, 2023, Canadian Mortgage Housing Corporation released the Pre-Application Reference Material outlining the Housing Accelerator Fund program. The primary objectives of the program are to create an additional supply of housing at an accelerated pace and enhance certainty in the approvals and building process.

The City of Hamilton was considered a “Growth Leader” under the Housing Accelerator Fund, with the ability for early submission of an application and on June 14, 2023, the city submitted its Housing Accelerator Fund application to the federal government. City of Hamilton was allocated \$93.5 M for the incentivization of 2,675 net new residential units.

Funding through the Housing Accelerator Fund is based on initiatives that create net new residential units beyond those units anticipated to be constructed without the Housing Accelerator Fund. City of Hamilton’s initiatives as contained in the Housing Action Plan were approved by Council on October 25, 2023, through Report HSC23017(a)/FCS23062(a)/PED23143(a). Housing Accelerator funding is calculated based on the type and location of new units which can range from \$27,000 up to \$54,000 per net new unit projected to secure a building permit.

Of note, the Housing Accelerator Fund is not specifically geared towards the development of affordable housing, although some incremental benefit is provided to municipalities for any Housing Accelerator Fund units that are affordable, and the program also permits the use of surplus funding to fund new affordable housing projects.

Housing Action Plan:

A key requirement of the Housing Accelerator Fund is that the city have a Council approved Housing Action Plan that identifies seven initiatives to accelerate the development of housing. The Housing Action Plan was approved by Council through Report HSC23017(a)/FCS230629(a)/PED23143(a) and contained initiatives and targets intended to incentivize the development of 2,675 housing units (891 annually) above the City’s five-year historical Building Permit average. These initiatives consist of the following:

Initiative 1: Acceleration Program for Accessory Dwelling Units and Multi-Plex Conversions;

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

Initiative 3: Housing Acceleration Zoning Reform Program;

Initiative 4: Land and Property Disposition Program for Housing;

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

Initiative 6: Planning Review and Studies for Rapid Transit Corridors; and,

Initiative 7: Support Housing Development on Remediated Brownfield Sites.

The details of each of the seven initiatives were provided in Report HSC23017(a)/FSC23062(a)/PED23143(a) and approved by City Council on October 25, 2023.

This Report is in respect to the creation of new incentive programs required to fulfil initiatives one through three and which require the utilization of the city's existing Housing for Hamilton Community Improvement Plan to implement in accordance with Section 28 of the *Planning Act*. Initiatives four, five and six do not require the utilization of Community Improvement Plan to implement.

With respect to initiative seven, through City Council's approval of staff's recommendations in Report PED23076(a) respecting the five-year comprehensive review of the Environmental Remediation and Site Enhancement Community Improvement Plan completed in July 2023, by the Economic Development Department, City Council has already approved a new program which fulfils this initiative. This new program, the Environmental Remediation and Site Enhancement Affordable Housing Grant Program, came into effect on July 13, 2023, and provides grants of up to \$200,000 towards environmental remediation costs on environmentally contaminated properties being developed for not-for-profit housing.

Housing for Hamilton Community Improvement Plan:

The Housing for Hamilton Community Improvement Plan was adopted by City Council in 2019 as a vehicle for the implementation of financial incentive and assistance programs which could minimize financial barriers to, and stimulate development of, a wide range and choice of affordable and market housing required to meet the needs of Hamilton's residents. Incentive programs created under the Housing for Hamilton Community Improvement Plan are generally intended to support the integration of people from a variety of income groups into healthy, socially cohesive and financially sustainable communities by incentivizing:

- New housing opportunities for persons with higher social and economic vulnerability;

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.

- The creation of new housing on under-utilized properties; and,
- New and/or revitalized stock of affordable housing.

The Housing for Hamilton Community Improvement Plan currently contains two active incentive programs: The Roxborough Access to Homeownership Grant Program and the Roxborough Rental Housing Loan Program. These programs were developed and implemented in 2019 to support the development of the Roxborough Demonstration Project; a joint public-private housing redevelopment in the East Hamilton neighbourhood of McQueston.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Under Section 28 of the *Planning Act*, municipalities with enabling policies in their Official Plans may adopt a Community Improvement Plan for the purposes of providing grants and/or loans to property owners or tenants to support physical improvements within specific geographic areas (areas referred to as Community Improvement Project Areas) that have been approved by City Council.

The adoption of a Community Improvement Plan and Community Improvement Project Area allows a municipality to provide financial incentives/assistance within those areas that would otherwise be prohibited under Subsection 106(2) of the *Municipal Act*.

Municipal authorization for the establishment of Community Improvement Plans are contained in Chapter F, Section 1.15 of the Urban Hamilton Official Plan and Rural Hamilton Official Plan.

The adoption or update to a Community Improvement Plan by a municipality must be conducted in accordance with the applicable policies under Sections 17 and 28 of the *Planning Act* as well as the City's Public Participation and Notification Policies contained in Chapter F, Section 1.17 of the Urban Hamilton Official Plan and Rural Hamilton Official Plan. These policies include requirements for stakeholder engagement, public notice and a statutory public meeting.

Should City Council support the proposed modifications contained in this Report, staff will prepare and bring forward, for City Council consideration, the appropriate by-laws required to implement the amended Housing for Hamilton Community Improvement Plan and Community Improvement Project Area contained in Appendix "A" to Report PED23143(b)/HSC23017(b) and Appendix "B" to Report PED23143(b)/HSC23017(b), of this Report respectively. In accordance with the *Planning Act*, these by-laws will be subject to public notice requirements and will be required to be brought to Planning Committee for a statutory public meeting. At this time, staff would also bring forward the proposed implementing program descriptions for final consideration which contain the

specific terms, eligibility criteria and administrative processes required to implement the Housing Accelerator Fund programs. The draft versions of these program descriptions are contained in Appendices “C” to Report PED23143(b)/HSC23017(b) through Appendix “E” to Report PED23143(b)/HSC23017(b), of this Report.

Public notice regarding the statutory meeting for the recommended amendments to the Housing for Hamilton Community Improvement Plan and Community Improvement Project Area By-laws will be undertaken in accordance with the requirements of the *Planning Act* and Chapter F, Section 1.17 of the Urban Hamilton Official Plan and Rural Hamilton Official Plan.

Should Council ultimately adopt the amended Housing for Hamilton Community Improvement Plan and associated program descriptions, the programs will come in to effect after the expiration of the required 20-day appeal period under the *Planning Act*.

RELEVANT CONSULTATION

The development of the Housing Action Plan for the purposes of applying for the Housing Accelerator Fund was based on staff’s ongoing discussions with the housing development industry and affordable housing proponents on the continuous challenges they face in their attempt to meet the growing demand for housing along the housing continuum in the City of Hamilton.

Due to requirements by the Canadian Mortgage and Housing Corporation to keep the City’s Housing Accelerator Fund application confidential until the time of announcing the funding allocation, members of the public at large were not consulted on the final submission. Notwithstanding this, the use of a Community Improvement Plan to implement initiatives one through three provides an opportunity for the public to review and provide comments on the proposed programs as part of Council’s consideration of the programs. Specifically, under Section 28 of the *Planning Act*, new Community Improvement Plans or amendments to existing Community Improvement Plans must be subject to public notice requirements prior to consideration by Council and will be the subject of a statutory public meeting through the Planning Committee.

In addition to the above statutory requirements, staff will hold public information sessions to help inform property owners, homebuilders and the public about the new Housing Accelerator Fund supported programs.

As a requirement of the Housing Accelerator Fund, the city will also be required to develop a Housing Needs Assessment which will further prioritize the actions that the city should focus on to address the housing crisis that the city continues to face. The process of developing the Housing Needs Assessment will provide further opportunity for additional public consultation and engagement.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Through Report HSC23017(a)/FSC23062(a)/PED23143(a) Council authorized Staff to execute the Housing Action Plan and to bring forward for City Council's consideration the necessary implementing programs and ancillary and consequential amendments and by-laws required to implement.

This Report is in respect to the creation of three new proposed incentive programs: the Accessory Dwelling Unit and Multi-Plex Housing Incentive Program, the Rapid Transit Multi-Residential Rental Housing Incentive Program, and the Housing Acceleration Incentive Program. These programs are intended to respond to the Housing Action Plan's initiatives one, two and three respectively.

Staff's proposed programs will fulfill city commitments to the Canada Mortgage and Housing Corporation per the Housing Accelerator Fund contribution agreement signed between the two parties on October 5, 2023.

All three programs may be utilized for the creation of both market and/or affordable housing units in specific areas of city. Where utilized to assist with the creation of new affordable housing units, forgivable loans will be provided for units with rents not exceeding 100% of the Average Market Rent for the City of Hamilton, as stated by the Canada Mortgage and Housing Corporation. Each program will require that this affordability threshold be maintained for a period of 15 years in order to receive loan forgiveness.

A summary of each proposed program is provided below:

Accessory Dwelling Unit and Multi-Plex Housing Incentive Program (Appendix "C" to Report PED23143(b)/HSC23017(b)) (Housing Action Plan Initiative 1)

Intended to provide financial incentives to support the creation of additional dwelling units or garden suites within, or on the same property as, new, or existing low-density houses or the creation of multi-plex developments with six or less dwelling units.

Incentives are provided as a grant to rebate the city application fee (excluding HST) for each building permit successfully issued to construct an individual eligible unit or a building containing eligible units to a maximum of \$2,000 per building permit. The grant will be a provided to the applicant upon occupancy being approved by the city in writing.

In addition, this program may provide an additional incentive in the form a 15-year forgivable loan of \$25,000 per eligible unit(s) intending to meet the Program's affordability parameters, to a maximum of \$150,000 per site. The forgivable loan will be advanced to applicant at the issuance of a Building Permit occupancy.

This program would be available to all properties located within the City of Hamilton's municipal boundary.

Rapid Transit Multi-Residential Rental Housing Incentive Program (Appendix “D” to Report PED23143(b)/HSC23017(b)) (Housing Action Plan Initiative 2)

Intended to provide financial incentives to support the creation of seven or more net new residential rental and/or affordable residential rental units on sites in close proximity to strategic rapid transit corridors.

Incentives are provided in the form of a \$50,000 grant per site. The grant will be provided to the applicant at the time of building permit issuance.

In addition, this program may provide an additional incentive in the form a 15-year forgivable loan of \$25,000 per eligible unit(s) intending to meet the program's affordability parameters, to a maximum of \$2,500,000 per site. The forgivable loan will be advanced to applicant at the time of building permit issuance.

This program would be available to properties wholly located within approximately 1500 metres of the city's A-Line and B-Line rapid transit corridors forming part of the proposed BLAST-E Re-envision Rapid Transit Network. The 1500 metre radius was defined by the Canada Mortgage and Housing Corporation as part of the Housing Accelerator Fund as an area of focus for incentivization of transit supportive housing. However to ensure housing development was not being promoted on lands not otherwise intended to support housing (e.g. employment lands, parks etc.) and to take into account natural geographic barriers (such as the escarpment), staff have developed a modified boundary within which this program will apply, defined as 'Sub Area 1 – Rapid Transit Housing Area', and forming part of the proposed Housing for Hamilton Community Improvement Project Area contained in Appendix “B” to Report PED23143(b)/HSC23017(b) of this Report.

Housing Acceleration Incentive Program (Appendix “E” to Report PED23143(b)/HSC23017(b)) (Housing Action Plan Initiative 3)

Intended to provide financial incentives to support the creation of seven or more net new housing units and/or affordable rental housing units on sites which have been the subject of a city-led land use planning initiative occurring after April 7, 2022, and which removed barriers in support of new housing creation.

Incentives are provided in the form of a \$35,000 grant per site. The grant will be provided to the applicant at the time of building permit issuance.

In addition, this program may provide an additional incentive in the form of a 15-year forgivable loan of \$25,000 per eligible unit(s) intending to meet the program's affordability parameters, to a maximum of \$2,500,000 per site. The forgivable loan will be advanced to the applicant at the time of building permit issuance.

This program would be available to properties located within the city municipal boundary which have been the subject of a city-led land use planning initiative supporting new housing creation. The determination of an eligible city-led land use planning initiative supporting new housing creation will be at the sole discretion of the city and may include, but not be limited to: city-initiated *Planning Act* applications, city-initiated changes to Zoning By-law regulations or Official Plan policies or city-initiated secondary plans but shall not include any privately-initiated land use planning initiative or application, nor any action, decision or order by the Province of Ontario, a Provincial Minister or the Ontario Land Tribunal that has not also been supported by City Council.

It should be noted that the above programs are not stackable; meaning only one program can be utilized per site.

To implement the above proposed programs, an amended Housing for Hamilton Community Improvement Plan and a proposed Housing for Hamilton Community Improvement Project Area are required.

Proposed amendments incorporated into the draft Housing for Hamilton Community Improvement Plan attached as Appendix "A" to Report PED23143(b)/HSC23017(b) of this Report include:

- Updates to reflect changes to provincial and city plans and policies that have occurred since the Housing for Hamilton Community Improvement Plan was first introduced in 2019;
- The inclusion of the Accessory Dwelling Unit and Multi-Plex Housing Incentive, Rapid Transit Multi-Residential Rental Housing Incentive and Housing Acceleration Incentive Programs as authorized incentive programs; and,
- Other technical and minor non-substantive amendments throughout.

The proposed Housing for Hamilton Community Improvement Project Area contained in Appendix "B" to Report PED23143(b)/HSC23017(b) of this Report is intended to facilitate the implementation of staff's proposed Housing Accelerator Fund supported programs by defining the whole of the City of Hamilton as being subject to the Housing for Hamilton Community Improvement Plan. In addition, the proposed project area will establish sub areas in which specific programs may be provided including:

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- Sub Area 1 – Rapid Transit Housing Area, in which the proposed Rapid Transit Multi-Residential Rental Housing Incentive Program would be made available; and,
- Sub Area 2 – Roxborough, to allow for the continuation of the existing Roxborough Access to Homeownership Grant and Roxborough Rental Housing Loan Programs in the McQuesten neighbourhood not related to the Housing Accelerator Fund. This sub area incorporates and replaces the existing Roxborough Community Improvement Project Area By-law 18-300 in order to establish a single, consolidated Housing for Hamilton Community Improvement Project Area.

ALTERNATIVES FOR CONSIDERATION

Alternative to staff's recommendations, City Council may direct that the proposed programs be modified in a manner as City Council deems appropriate, while still maintaining compliance with the terms and conditions of the contribution agreement signed between the Canadian Mortgage and Housing Corporation and the city.

Should City Council elect to explore alternatives to staff's proposals, Council may refer this Report and provide direction to staff to investigate any such alternative direction along with any potential legal, financial, and economic impacts from such direction as well as identify any potential impacts to the City's Housing Accelerator Funding allocation and City commitments made to the Canadian Mortgage and Housing Corporation per the Housing Accelerator Fund contribution agreement.

APPENDICES AND SCHEDULES ATTACHED

- Appendix "A" to (PED23143(b)/HSC23017(b) – Proposed amended Housing for Hamilton Community Improvement Plan (Draft)
- Appendix "B" to (PED23143(b)/HSC23017(b) – Proposed Housing for Hamilton Community Improvement Project Area Map (Draft)
- Appendix "C" to (PED23143(b)/HSC23017(b) – Proposed Accessory Dwelling Unit and Multi-Plex Housing Incentive Program Description (Draft)
- Appendix "D" to (PED23143(b)/HSC23017(b) – Proposed Rapid Transit Multi-Residential Rental Housing Incentive Program Description (Draft)
- Appendix "E" to (PED23143(b)/HSC23017(b) – Proposed Housing Acceleration Incentive Program Description (Draft)