

CMHC Housing Accelerator Fund – Round 2

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Recommended by:	General Manager of Growth and Infrastructure

Report Summary

This report provides a recommendation regarding the Canada Mortgage and Housing Corporation's (CMHC) Housing Accelerator Fund (HAF) – Round 2 and how housing supply in Greater Sudbury could significantly benefit from the program. The HAF aims to increase the supply of housing at an accelerated pace and to enhance certainty in the development approvals and building permit review process. The program also prioritizes the development of completed, low-carbon and climate resilient communities that are affordable, inclusive, equitable and diverse.

Resolution

THAT the City of Greater Sudbury approve the Action Plan and submission of an application to the Canada Mortgage and Housing Corporation Housing Accelerator Fund – Round 2 as outlined in the report entitled “CMHC Housing Accelerator Fund – Round 2” from the General Manager of Growth and Infrastructure, presented at the City Council meeting on August 13, 2024.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

The Housing Accelerator Fund aligns with Council's Strategic Priorities including “Expand Affordable and Attainable Housing Options” and “Develop and Promote Solutions to Support Existing Housing Choices”. The Housing Accelerator Fund would assist in implementing the Housing Supply Strategy which will address the actions outlined in the Housing goal of the Strategic Plan, which reflect Council's desire for all citizens, especially vulnerable populations, to have access to safe, affordable, attainable and suitable housing option in the City of Greater Sudbury.

The Housing Accelerator Fund priorities support the creation of compact, complete communities, Goal 1 of the CEEP.

Financial Implications

If the city's application is successful, the actual amount of funding is subject to decisions by CMHC about the share allocated to Greater Sudbury's application. Nationally, there is \$400 million available through the second round of the Housing Accelerator Fund. Based on 1,100 units projected to be incented through HAF, Greater Sudbury could be eligible for \$22 million - \$36 million.

The projects supported by these funds would need to be implemented by December 2027 and all funds must be spent within 4 years of signing the agreement. Existing staff resources would be required for managing implementation of the action plan and use of HAF funds. In some of the specific initiatives included as part of Greater Sudbury’s application, additional staff resources would be required, such as creating a Housing Navigator position. If the corporation’s application is successful, a subsequent report containing an implementation plan based on the actual amount of funding received would be presented for Council’s approval.

Background

On July 15, 2024, the Federal Government re-launched of the Housing Accelerator Fund (HAF). The HAF provides incentive funding to municipal governments for increasing housing supply across Canada. Funding from the second round of the Housing Accelerator Fund is available only to previous applicants that were not approved in the 2023 application window. Although the City of Greater Sudbury applied in Round 1, it was not successful. It had an initial funding allocation of \$4 billion until 2026-2027 in Round 1. The 2024 Federal Budget announced an additional \$400 million in funding until 2027-2028 for Round 2. The main objectives of the HAF are to create more housing at an accelerated pace and to enhance certainty and efficiency in the development approvals and building permit review process.

Staff are preparing an application that must be submitted along with an Action Plan to CMHC by September 13, 2024. Key to the application is a Council-approved Action Plan outlining a housing supply growth target, additional targets for multi-unit and affordable housing, and at least seven initiatives that will help the City achieve those targets.

Greater Sudbury’s recommended Action Plan contains 7 initiatives that align with stakeholder input and work that the City is undertaking as part of the Streamline Development Approvals Fund and the Housing Supply Strategy. This Action Plan enables building permit approvals (issuance) for an additional 1,100 housing units by December 2027. This represents over 40% of the 2,556 units anticipated in the city’s “High Growth” scenario within the next three years. The balance, 1,456 units, represents development anticipated to be undertaken by the private sector, supported by City Council’s development policies and incentives. Clearly, HAF support is critical to the city’s ability to achieve its housing targets.

The program terms create some risk for the corporation. Within the HAF, four cash advances would occur. Upfront, 25% of the funding would be provided. Progress reports in each of years two and three would prompt annual payments worth 25% each. The final payment, worth 25%, would be based on the city’s success in achieving the HAF growth target. If the target is not achieved, the 4th advancement may be pared back corresponding to the level of growth achieved.

Funding can be used for implementing accelerator fund action plans, investing in affordable housing, investments in housing-related infrastructure and investments in community-related infrastructure that supports housing (additional detail provided below).

Funding Advances	Conditions
Advance #1	Upfront advance based on approved action plan
Advance #2	<ul style="list-style-type: none"> • Progress report • detailed building permit data • report on HAF spending • attestation of progress in completing actions
Advance #3	<ul style="list-style-type: none"> • Progress report • detailed building permit data • report on HAF spending • attestation of progress in completing

	actions
Advance #4	<ul style="list-style-type: none"> • Report Confirming Achievement of HAF Targets • Detailed building permit data • Report on HAF spending • Attestation of growth target and other targets outlined in action plan

Housing Accelerator Fund (HAF) Background

The HAF is about driving transformational change in Canadian municipalities and creating conditions for more housing supply to be delivered over the short and longer term. It is structured to incent municipalities to commit to change and demonstrate progress in achieving housing targets.

The HAF aims to create more supply of housing at an accelerated pace and to enhance certainty in the development approvals and building permit review process. The program also prioritizes the development of completed, low-carbon and climate resilient communities which are affordable, inclusive, equitable and diverse.

To be eligible for funding, the City must:

- Commit to a housing supply growth target;
- Identify a minimum of seven Action Plan initiatives that the City will undertake to achieve the housing supply growth target;
- Complete or update a housing needs assessment; and,
- Submit periodic reports to CMHC reporting on progress of the initiatives and details on how HAF funding was used.

Permitted Uses of HAF Funding

The HAF is about driving transformational change and creating the conditions for more housing supply over the short and longer term. Funding can be used to support housing under any of the following four categories:

- Investments in Housing Accelerator Fund Action Plans (any initiative approved by CMHC)
- Investments in Affordable Housing (construction, repair, modernization, land or building acquisition for affordable housing)
- Investment in Housing-related Infrastructure (drinking water infrastructure, wastewater infrastructure, solid waste management, public transit, community energy systems, brownfield redevelopment, site preparation that supports housing)
- Investments in Community-related Infrastructure that supports housing (local road and bridges, sidewalks, lighting, bicycle lanes, firehalls, landscaping and greenspace).

Housing Supply Growth Target

The City is required to identify and commit to a housing supply growth target. This represents the total number of residential building permits issued that are projected in the next three years by undertaking the initiatives. The housing supply growth target must increase the average annual growth rate by at least 10% and the housing supply growth rate must exceed 1.1%.

In addition to identifying the overall housing supply growth target, the City can also set targets based on the type of housing anticipated to receive building permits with the support of the HAF program. These targets increase the amount of funding available to the City and are tied to housing types that align with the priorities of the program, including:

- Multi-unit housing (in proximity to rapid transit)

- Multi-unit housing (missing middle)
- Multi-unit housing (other)
- Affordable Housing

Greater Sudbury's housing supply growth target projects building permit approvals for an additional 1,100 housing units by December 2027. Of these, 11% will be targeted to be affordable (281 units). The growth targets are based on a five-year average of recent building permit activity, the recently completed population, household and employment projections, recently released intercensal data from Statistics Canada which indicate that the City is exceeding the High Growth Scenario, as well as development applications anticipated in the near future and SPART applications.

Information on the City's projected housing supply growth target is available in Appendix A. Additional information on the funding methodology for the different housing types is also available in Appendix A. The targets established for the HAF application anticipate a short term burst of development tied to HAF initiatives and therefore will differ from the long-term targets established through the Housing Supply Strategy to be presented to Council in fall 2024.

Action Plan Initiatives

Under the HAF, initiatives included in the City's Action Plan must help achieve the City's housing supply growth target and any additional targets (e.g., multi-unit housing, affordable housing) and are required to be completed by December 2027. While the initiatives must support enhancements achievable within the programs' timeframe (e.g., December 2027), the intent is for the changes (whether they be policy or process related) initiated through the HAF to have lasting longer-term impacts.

In developing the City's Action Plan the findings and recommendations of the CGS Housing Supply and Demand Analysis were taken into consideration. As a result, priority was given to initiatives that will support additional multi-residential housing development along major corridors where recent incentives and revitalization efforts have been focused (e.g., nodes and corridors) as well as surplus municipal land. HAF funding applies to eligible projects and programs that:

1. Were not started prior to April 16, 2024.
2. Are anticipated in the near term and could be expedited or adjusted in scope to support housing development in both the short- and long-term.

Revisions to the Action Plan were made to align with the revised guidance materials, namely that a maximum of 3 ongoing or completed initiatives will be considered as part of the application.

Initiatives that would address barriers to housing development and support increased housing diversity citywide were also identified. Included in the Action Plan is a commitment to initiate an amendment to the City's Zoning By-law to permit four residential units as of right.

The recommended Action Plan includes the following 7 initiatives:

1. Enhanced Community Improvement Plan and Housing Related Incentives
2. Removal of Barriers/As-of-Right Housing Policy
3. Land Banking De-Risking and Strategic Collaboration
4. Housing Navigator and Encouraging Missing Middle Housing
5. Streamlining of the Development Approvals Process
6. Residential Land Supply Strategy
7. Parking Standards Review

A summary of each initiative can be found in Appendix A, with detailed work plans to be developed following endorsement by Council and approval by CMHC.

Housing Needs Assessment

As part of the HAF, the City must also submit a housing needs assessment report with regularly scheduled updates. The recently completed Supply and Demand Analysis (update presented to Council on April 29, 2024) provides a housing needs assessment which describes current and future housing needs of the community through data analysis and research.

Conclusion and Next Steps

The Federal Housing Accelerator Fund (HAF) program application window is now open with a deadline of September 13th. To be eligible municipalities must set housing supply growth targets, complete a housing needs assessment, develop and action plan to increase the supply of housing and report regularly on progress (see Appendix B for summary of HAF Background). Staff intend to apply to the program based on the information presented in this report.

Should the City be successful in its application, staff will develop an implementation strategy for Council approval in a subsequent report.

Resources Cited

1. "Request for the Development of a Housing Supply Strategy", Motion presented at the February 7, 2023, Council meeting <https://pub-greatersudbury.escribemeetings.com/Meeting.aspx?Id=45cb9903-efa8-4dbc-8754-c95b1dd1773c&Agenda=Agenda&lang=English&Item=50&Tab=attachments>
2. Housing Supply Strategy – Over To You Website, <https://overtoyou.greatersudbury.ca/housing-supply-strategy>
3. CMHC Housing Accelerator Fund, <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/housing-accelerator-fund/housing-accelerator-fund-large-urban>