

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee
From: Scott Mathers, MPA, P. Eng
Deputy City Manager, Planning and Economic Development
Subject: London's Approved Housing Accelerator Fund
Application
Date: September 19, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following report **BE RECEIVED** for information.

Executive Summary

In April 2023, the Government of Canada through the Canada Mortgage and Housing Corporation (CMHC) announced details on a Housing Accelerator Fund (HAF). The primary objectives of HAF are to encourage housing supply growth and enhance certainty in development approvals. To secure funding, the City must demonstrate how HAF funds will achieve additional housing units beyond what will otherwise be achieved without HAF funding. The HAF funds must be spent on implementing a series of housing acceleration initiatives and any remaining funding can be used to support affordable housing, housing-related infrastructure, and community-related infrastructure. The funding amount is based on housing targets set by the municipality between 2024 and 2026 and must be identified in the application.

London's approved application provides a housing target of 2,187 additional units between 2024-2026 for eligibility of up to \$74,058,143.00 under the Housing Accelerator Fund. These units must be over and above London's recent unit construction average. The following table provides London's target information:

Table 1: London's Housing Supply Growth Target (2024-2026)

Anticipated number of units over the next 3 years:	9,432 Units
Additional number of units over the next 3 years with Housing Accelerator Funding:	2,187 Units
London's Housing Supply Growth Target:	11,619 Units

London's successful application was announced by Prime Minister Trudeau on September 13, 2023. The allocation of funds as included in the approved application are as follows:

Table 2: Application Funding Breakdown

Funding Category	Funding Amount
Plan Initiatives and Financial Incentives:	\$28,098,000
Investments in affordable housing	\$20,000,000
Investments in housing-related infrastructure	\$12,300,000
Investments in community-related infrastructure that supports housing	\$13,660,000
Total	\$74,058,000

Following last week's announcement from the Prime Minister, Civic Administration is actively preparing an implementation plan for the key initiatives, housing assessment needs, and investment projects that supports the work of the HAF and, ultimately, the 47,000 housing unit target.

Linkage to the Corporate Strategic Plan

Housing and Homelessness

- Increased access to a range of quality, affordable, and supportive housing options that meet the unique needs of Londoners.
- The City of London supports faster/ streamlined approvals and increasing the supply of housing with a focus on achieving intensification targets.

Well Being and Safety

- Housing in London is affordable and attainable.
 - Prioritize approval of housing projects that increase the depth of affordability in available housing options.
 - Ensure there is an adequate supply of lands for new homes and services.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- SPPC February 7, 2023, London's Housing Pledge with respect to the City of London Municipal Housing Target of 47,000 units
- February 16, 2023 – Mayor Morgan's letter to the Province for the City of London's Housing Pledge to facilitate and accelerate the housing supply of 47,000 units in our community by 2031

2.0 Discussion and Considerations

2.1 Purpose

This report provides an overview of the CMHC Housing Accelerator Fund, a summary of London's Housing Accelerator Fund application, and highlights next steps to roll out the implementation of the Housing Accelerator Fund Action Plan.

2.2 Background

In April 2023, the Canada Mortgage and Housing Corporation (CMHC) released details on the Housing Accelerator Fund. Housing Accelerator Fund is a \$4 billion incentive program targeting local municipal governments, with an anticipated outcome of 100,000 additional building permits issued in Canada over a three-year period.

The aim of the program is to encourage new municipal initiatives that will increase housing supply at an accelerated pace and enhance certainty for developers in the approvals and building permit, resulting in transformational change to the housing system. Other program objectives include developing complete, low-carbon and climate-resilient communities that are affordable, inclusive, equitable and diverse. To access funding, municipalities are required to submit an application to CMHC. The application requires an Action Plan that demonstrates a commitment to new initiatives and growth targets, which will result in additional unit growth over a 3-year period from 2024-2026.

2.3 London's Housing Accelerator Fund Action Plan

The Housing Accelerator Fund application process required the submission of a Housing Accelerator Fund Action Plan for London. The Housing Accelerator Fund application process requires City's to select seven initiatives from a list of twenty-five initiatives developed by CHMC to accelerate new housing. This list of twenty-five initiatives was discussed at multiple meetings of the Housing Supply Reference Group for input from industry partners. City staff and industry partners were in full agreement that the selected seven initiatives have the highest potential to accelerate new housing in London.

These initiatives are listed below:

1. Promoting high-density development without the need for privately initiated rezoning (as-of-right zoning), e.g., for housing developments up to 10 stories that are in proximity (within 1 .5km) of rapid transit stations and reducing car dependency.
 - Noting: The City would also tie these incentives to inclusion of housing unit types for families, students and seniors at various levels of affordability to ensure a diverse and inclusive community is created. This initiative will also include implementing incentives for conversions from non-residential to residential and multi-unit housing within close proximity to transit through the development of a Community Improvement Plan.
2. Encouraging Additional Residential Units—a second smaller unit on the same property as a primary unit.
3. Promoting infill developments (adding new units to existing communities) with increased housing density and a variety of unit types (e.g., duplexes or secondary suites).
 - Noting: Increasing housing supply is elevated in its importance for London to provide and support housing need driven by the new “Volkswagen EV Battery Cell Gigafactory” in the London CMA (Census Metropolitan Area).
4. Encouraging alternative forms of housing construction such as modular housing, manufactured housing, and prefabricated housing.
5. Create a process for the disposal of city-owned land assets for the development of affordable housing as-of-right (not requiring rezoning).
 - Noting: Through this initiative, the city aims to address the affordable housing crisis, utilize public assets effectively, create inclusive communities, and contribute to the city's sustainability goals. Through this initiative the City will focus on a program to create shovel ready affordable housing projects.
6. Implementing new/enhanced processes or systems such as case management, e-permitting, land and building modelling.
 - Noting: The e-permitting enhancements will also help streamline applications that may also involve standardized 'pre-reviewed' ARUs (as separate structures) whereby the process will be undertaken by dedicated staff.
7. Partnering with non-profit housing providers to preserve and increase the stock of affordable housing.

These initiatives make up London's “Housing Accelerator Fund Action Plan”. The City must show progress towards implementing the action plan initiatives and achieving the 2,187 additional unit growth targets in order to receive the program funding. As part of the action plan, Civic Administration identified that approximately 40% of funds be directed to support delivering the initiatives and providing financial incentives to achieve the Action Plan target. The remaining funds are identified in the Action Plan are to support investments in affordable housing, affordable housing infrastructure, and community-related infrastructure that supports housing.

2.4 Securing the Housing Accelerator Funding

London's eligibility for funding was determined by the strength of the Action Plan submitted to CMHC, which consisted of seven initiatives, housing targets, and a commitment to complete a housing needs assessment.

The initiatives and targets are scored against evaluation criteria to determine initial funding eligibility. Action Plans are scored higher under the following criteria:

- Demonstrate a commitment to increasing housing supply,
- Support the objectives of the Housing Accelerator Fund program.
- Include initiatives that are effective at increasing housing supply, and
- Demonstrate a need for increased housing supply through the submission of a needs assessment.

The funding is awarded based on the overall projected number of additional new units that will occur because of the Housing Accelerator Fund funding. In general, funding is based on the municipality's overall growth commitments and projected units that align with priority areas. There are 3 components of the funding framework:

1. Base funding,
2. Top-up funding, and
3. An affordable housing bonus.

The committed targets are included in the action plan and reflected in the contribution agreement that has been entered into between CMHC and the City. Multi-unit housing in close proximity to transit will receive the most per unit funding, followed by 'Missing Middle' built form multi-unit housing, other multi-unit housing, and detached homes. An affordable housing bonus of \$19K / unit is also available. In total, per unit funding ranges from \$20K to \$50K per unit.

2.5 Permitted Use of Funds

The HAF is intended to incent Cities to commit to change, show progress and be provided with funding in return for achieving growth targets. The Housing Accelerator funding can be used under the following four categories:

- Investments in Housing Accelerator Fund Action Plans,
 - any initiative included in the proponent's action plan and approved by CMHC,
- Investments in Affordable Housing,
- Investments in Housing-related Infrastructure, and
- Investments in Community-related Infrastructure that supports housing.

As part of the application cities were asked to provide estimates for how the funding would be used across the four funding categories. The following sections provide what was included in London's submission. It should be noted that these estimates and proposed uses are preliminary, and the flexibility built into the Housing Accelerator Fund allows the allocations of funding and the specific investments to change as the City's Action Plan proceeds.

Investments in Housing Accelerator Fund Action Plans (\$28.1M)

London's Housing Accelerator Fund Action Plan includes seven initiatives highlighted in section 2.3 of this report. Administration anticipates the proposed initiatives will have a long-term positive impact on supply system. The objective of these programs is to support the initiatives to provide for accelerated housing in the short-term over the period of the Housing Accelerator Program.

\$8,098,000 – Plan Initiatives – Funding for staffing, consulting fees, software costs to support plan initiatives.

\$20,000,000 – Financial Incentives – Per unit financial incentives to support new Community Improvement Plans and Financial Incentive Programs to support multi-unit non-residential conversions and multi-unit transit-oriented housing.

Investments in Affordable Housing (\$20M)

The investments in affordable housing can provide additional supply of housing over the period of the Housing Accelerator Fund Program and over the longer term through the acquisition of land.

\$20,000,000 – Municipal, developer, and non-profit-led construction of affordable housing – Funding of various programs to support affordable housing. This program will also build highly supportive housing as set out in London’s Whole of Community Health and Homelessness System Response.

Investments in Housing Related Infrastructure (\$12.3M)

The investments in housing related infrastructure can provide additional supply of housing over the period of the Housing Accelerator Fund Program and over the longer term through the construction of servicing projects that will provide capacity for future growth.

\$10,000,000 – Servicing Improvements for multi-unit housing in areas of intensification – Funding of infrastructure projects to support multi-unit housing near transit, missing middle housing, and multi-unit housing in areas experiencing intensification. The funding will support the construction of water, wastewater, and stormwater infrastructure providing capacity for new multi-unit development.

\$2,000,000 – Acceleration of Key Housing Servicing Infrastructure – Funding to support the acceleration of strategic road, water, wastewater, and stormwater infrastructure projects that support residential development lands. This program covers the construction or financing costs related to accelerating critical infrastructure projects.

\$300,000 – Housing Needs Assessment Study – Funding to support the creation of London’s Housing Needs Assessment Study which is required to be completed by November 2025 to continue to access Housing Accelerator funding.

Investments in Community-related Infrastructure that Supports Housing (13.7M)

The investments in community-related infrastructure that supports housing related infrastructure will provide opportunities to fund projects that are required to support the supply of housing over the period of the Housing Accelerator Fund Program and over the longer term through the construction of servicing projects that will provide capacity for future growth.

\$10,000,000 – Community Hubs to provide Timely & Direct Pathways to Housing – Funding to support London’s Whole of Community Health and Homelessness System Response which develops an integrated model of care offering a range of functions through a network of community hubs. Community hubs will provide wrap-around services including direct pathways to housing, supported by the development of highly supportive housing units.

\$3,660,000 – New Housing Related Parks Enhancement and Natural Heritage Acquisition Program – Funding to support enhancements of park spaces and acquisition of natural heritage areas supporting new housing including multi-unit housing in established intensifying neighbourhoods.

2.6 Timelines

Funding Advances and Reporting Funding is advanced in four equal payments, the first of which is issued on the effective date of the contribution agreement, and the remaining payments occur annually. The fourth and final installment will be awarded based on

achievement of targets. All funds must be spent by the final reporting to CMHC in late 2027.

The City is required to periodically report on the progress of the Action Plan and achievement of targets. Reports are required 6 months after the initial advance and annually on the anniversary date of the agreement.

2.7 Working with Industry Partners

The City will work with key interested parties, both internal and external, to provide timely information. This data will help provide “on the ground” insights, inform program delivery, supports and initiatives as well as assess any risks to deliver on the target units.

The City is able to leverage community relationships which can serve as a conduit for identifying and responding to needs and opportunities to support London’s Housing Pledge to the Province for the target of 47,000 units by 2031. We know that the role of municipalities will be to facilitate and support housing supply in our communities. However, building and delivering these units will require private sector and non-profit sector leadership to aid in addressing barriers related to affordability, especially for those on low or fixed incomes. Therefore, the City is in a good position to develop mitigation strategies to respond to any unexpected or unpredictable changes over the next few years.

3.0 Financial Impact & Considerations

There is no financial impact resulting from this report. The Housing Accelerator Fund program is 100% federally funded by the Canada Mortgage and Housing Corporation (CMHC). There are no additional municipal funds being requested of the City of London to provide any portion of the costs of delivering this service.

The Housing Accelerator Fund funding will allow the City to advance the Housing Pledge to facilitate and accelerate the housing supply of 47,000 units in our community by 2031. The funds are advanced in four equal installments over the program and failure to show progress on the Action Plan or comply with program requirements may put program funding at risk.

While the above financial considerations are important to note, appropriate monitoring safeguards will be put in place to mitigate the risks where possible.

4.0 Next Steps

In response to this week’s announcement by the Prime Minister of Canada on a successful application, Civic Administration is actively preparing an implementation plan for the key initiatives, housing assessment needs and investment projects.

In addition, the following action items are currently in progress that supports the work of the Housing Accelerator Fund and, ultimately, the 47,000 housing unit target:

- October 3, 2023 Planning and Environment Committee for consideration of a zoning by-law amendment that would permit as of right building permits for up to 4 residential units wherever a zone permits singles, semis, or street townhomes.
- Target October 31, 2023 Strategic Priorities and Policy Committee for an information report on the Mayor’s pledge of 47,000 housing units by 2031.
- Target Q4-2023 Strategic Priorities and Policy Committee for a report on staff attraction and retention and the plan to return to the workplace.

- Target Q1-2024 Strategic Priorities and Policy Committee for a report on the Housing Supply Action Plan to facilitate the construction of the targeted housing units.

Civic Administration will also undertake and fulfill the obligations as identified in the HAF Contribution Agreement:

- Undertake a Housing Needs Assessment Report to be completed by November 2025.
- Initiate City-led planning applications to Official Plan policies and Z.-1 Zoning By-law to accelerate housing supply.
- Undertake the hiring of temporary staff and consulting services as additional resources to support Civic Administration with the HAF funding initiatives and programs.

Conclusion

This information report is an overview of the City's application to the Canada Mortgage and Housing Corporation on the Housing Accelerator Fund program. The City has identified a housing target of 2,187 additional units between 2024-2026 and was approved for \$74,058,143.00 under the Housing Accelerator Fund. The City is well positioned to achieve this housing target as a large and fast-growing municipality. The funding through the Housing Accelerator Fund will encourage transformational change on housing supply and affordable housing in London, which will help to facilitate and accelerate the housing supply of 47,000 units in our community by 2031.

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