

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: Housing Accelerator Fund – First Annual Update
Date: December 10, 2024

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. HAF funding is to be spent on implementing a series of housing acceleration initiatives with the funding amount based on housing targets set by the municipality between 2024 and 2026. In addition, the municipality committed to aiming to meet a Housing Supply Growth Target based on new building permits issued over the same time period.

On September 8, 2023, the City of London was awarded approval of its HAF application, and entered into the HAF agreement with CMHC regarding the initiatives and the schedule of housing actions to accelerate new units.

The purpose of this report is to provide the first annual update on the City of London's HAF initiatives and financial summary. For the first year of HAF, all the initiatives of the Action Plan are either completed or on target for completion by the dates required under the CMHC contribution agreement. The City has also exceeded the Housing Supply Growth Target of permits for 3,184 new units issued in year one. The City issued permits for 3,341 new units.

The report is consistent with the first annual compliance report the City has submitted to the CMHC for the period of September 2023 to September 2024.

Across all 7 of the Initiatives, 32 of the 38 Milestone Actions have been completed, including 2 Initiatives completed in their entirety (Initiative One and Initiative Seven, identified in report below). The remaining actions are targeted for completion between end of 2024 and Q1 2025.

Linkage to the Corporate Strategic Plan

This report will contribute to the advancement of Municipal Council's 2023-2027 Strategic Plan and the following area of focus:

- **Strategic Plan Area of Focus: 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.
 - by ensuring London's growth and development is well-planned and consider use, intensity, and form.

- **Strategic Area of Focus: 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.
- SPPC September 19, 2023, London's Approved Housing Accelerator Fund Application.
- SPPC April 16, 2024, Targeted Actions to Increase London's Housing Supply: Supporting Council's Pledge for 47,000 Units by 2031.

2.0 Discussion and Considerations

2.1 Purpose

This report provides an update of the CMHC Housing Accelerator Fund (HAF), including progress updates on the implementation of the City's HAF Action Plan and investments in the various actions.

2.2 Background

As identified in the September 19, 2023, report to Strategic Priorities and Policy Committee, the City of London collaborated with development industry partners through the Housing Supply Reference Group to identify seven (7) initiatives to submit as the City's application. The seven initiatives are as follows:

1. Promoting high-density development without the need for privately initiated rezoning (i.e. as-of-right zoning), for example, housing developments up to ten (10) stories in proximity to rapid transit stations. This initiative also includes implementation of incentives.
2. Encouraging Additional Residential Units, which are self-contained dwelling units within the same building, or on the same lot, as an existing residential unit (e.g. converted garages or interior/basement conversions).
3. Promoting infill developments (adding new units to existing communities) with increased housing density and a variety of unit types.
4. Encouraging alternative forms of housing construction, such a modular housing, manufacture housing, and prefabricated housing.
5. Creating a process for the disposal of city-owned land assets for the development of affordable housing as-of-right (not requiring re-zoning).
6. Implementing new and enhanced processes or systems such as case management, e-permitting, and land and building modelling.
7. Partnering with non-profit housing providers to preserve and increase the stock of affordable housing.

These initiatives make up London’s HAF “Action Plan”. The City must show progress towards implementing the action plan initiatives and achieving both the 2,187 additional unit growth as well as a broader Housing Supply Growth Target of 11,619 permits over the three-year period.

London’s eligibility for funding was determined by the strength of the Action Plan submitted to the CMHC, including the seven initiatives, housing targets, and a commitment to completing a Housing Needs Assessment.

The funding awarded is based on the municipality’s overall growth commitments and projected units that align with priority areas. The committed targets are included in the action plan and reflected in the contribution agreement that was entered into between CMHC and the City on September 8, 2023.

The City of London’s Investments through the Housing Accelerator Fund include investments in the Housing Accelerator Action Plans, Investments in Affordable Housing, Investments in Housing-Related Infrastructure, and Investments in Community-related Infrastructure that Supports Housing.

2.3 Financial Summary

Below is an overview of the budget and investments made in the first year of the HAF program, including a summary table of investments by funding category. Note that “Committed” funds refers to funds that have been approved by Council or through the regular procurement process (Purchase Order). Funding in the “Remaining to be Committed” column has been earmarked for future initiatives or projects and will be committed through future Council approvals or through the regular procurement process (Purchase Order).

2.3.1 Investments in Housing Accelerator Fund Action Plans

Spending to date consists of initial start-up costs such as hiring staff to carry out the work outlined in the initial action plan as well as consulting resources to lay the framework for items defined in the plans. Financial incentives have also been actioned under the office to residential community incentive program. The city has also started the process of initiating Community Incentive Plans, specifically the Office to Residential program that aims to encourage developers to convert existing office space into residential. Plans also exist to develop residential projects near transit through incentives.

Table 1: Investments in Housing Accelerator Fund Action Plans

Investments in Housing Accelerator Fund Action Plans	Current Budget	Spent Life to Date	Remaining to be Committed	Committed
Plan Initiatives	\$8,098,000	\$696,000	\$1,569,000	\$6,529,000
Community Improvement Plan Financial Incentives	\$20,000,000	\$415,000	\$10,000,000	\$10,000,000(1)
Funding Category Total:	\$28,098,000	\$1,111,000	\$11,569,000	\$16,529,000

(1): Includes the Office-to-Residential Conversion project for 195 Dufferin Avenue.

2.3.2 Investments in Affordable Housing:

Projects for this funding category have been defined and are in the process of being procured through City Purchasing or other approved procurement mechanisms for affordable housing.

Table 2: Investments in Affordable Housing

Investments in Affordable Housing	Current Budget	Spent Life to Date	Remaining to be Committed	Committed
Affordable Housing Program	\$20,000,000	\$0	\$5,755,000	\$14,245,000
Funding Category Total:	\$20,000,000	\$0	\$5,755,000	\$14,245,000

2.3.3 Investments in Housing Related Infrastructure

Several capital projects have been defined and setup for this category and spending is slowly starting. Some of the projects include the Second Street sanitary sewer upgrades, Killaly Road sanitary sewer upgrades and the Mud Creek sanitary sewer upgrades.

Currently the following projects have been preliminary earmarked for funding from this category:

Table 3: Servicing Improvements for Multi-unit housing Projects

Servicing Improvements for Multi-unit housing Projects	Estimated New Housing Units	Cost Estimate
Second Street: Sanitary Sewer Upsizing between Oxford Street & Pottersburg Creek	1,600	\$1,900,000
Mud Creek Sanitary Sewer: Sanitary Sewer Upsizing south of Oxford Street	1,500	\$600,000
Windermere Road: Sanitary Sewer Upsizing between Western Road & Richmond Street	7,500	\$2,000,000
Oxford Street: Sanitary Sewer Upsizing between Capulet Walk & Wonderland Road	2,500	\$1,700,000
Sunningdale Road: New Sanitary Sewer between Jordan & Tokala Trail	3,000	\$1,300,000
Total	16,100	\$7,500,000

As part of the 2026 GMIS process City Staff will engage with the development industry on additional infrastructure project(s) to support more housing in the short term. The intent will be to bring forward a recommendation to Council on the use of the remaining funding in the 2026 GMIS report Q2-2026.

The funding allocated for the acceleration of key housing servicing infrastructure has been earmarked to support a new sanitary sewer on Killaly Road from Clarke Road to just east of Webster Street. This work would be completed as part of a previously scheduled Killaly Road improvement project and would provide servicing for approximately 4,400 new housing units.

Another item included in this category is the completion of a Housing Need Assessment. The Housing Needs Assessment Study is underway with consulting resources secured and work on the plan underway. The Housing Needs Assessment is targeted for completion in Q1 2025.

Table 4: Investments in Housing-related Infrastructure

Investments in Housing-related Infrastructure	Current Budget	Spent Life to Date	Remaining to be Committed	Committed
Servicing Improvements for multi-unit housing	\$10,000,000	\$45,000	\$2,500,000	\$7,500,000
Acceleration of Key Housing Servicing Infrastructure	\$2,000,000	\$0	\$0	\$2,000,000
Housing Needs Assessment Study	\$300,000	\$53,000	\$201,000	\$99,000
Funding Category Total:	\$12,300,000	\$98,000	\$2,701,000	\$9,599,000

2.3.4 Investments in Community-related Infrastructure that Supports Housing

This funding includes a plan to help support community hubs as well as new housing related park enhancements and natural heritage acquisitions. These projects are currently being scoped and in the planning phase.

Table 5: Investments in community-related infrastructure that supports housing

Investments in community-related infrastructure that supports housing	Current Budget	Spent Life to Date	Remaining to be Committed	Committed
Community Hubs	\$10,000,000	\$0	\$10,000,000	\$0
New Housing Related Parks Enhancements and Natural Heritage Acquisition Program	\$3,660,000	\$0	\$3,660,000	\$0
Funding Category Total:	\$13,660,000	\$0	\$13,660,000	\$0

2.3.5 Overall Budget for HAF Year One

Table 6: Budget Summary

Investments in community-related infrastructure that supports housing	Current Budget	Spent Life to Date	Remaining to be Committed	Committed
Housing Accelerator Fund Total:	\$74,058,000	\$1,209,000	\$33,685,000	\$40,373,000

2.4 Timelines

Funding advances to the City are to be made in four equal payments. The first payment was as of the effective date of the contribution agreement, and the remaining payments occur annually. The fourth and final installment will be awarded based on the achievement of the housing targets and completion of initiatives, as identified in the contribution agreement with CMHC. A formal process to make amendments to the contribution agreement is available and such amendments can be considered by CMHC; however, timeline amendments are weighed by CMHC against the ability for the City to achieve its housing target and may have implications for final HAF installments should the Initiatives or housing targets not be realized.

The City is required to periodically report on the progress of the Action Plan and achievement of the initiatives. The first attestation report was submitted in May 2024, and the first annual report to CMHC was submitted by the November 8, 2024 due date.

2.4.1 First Annual Update on Initiatives and Housing Supply Growth Target

All initiatives are either completed in their entirety or have only a final milestone left to complete in Q4 2024 to Q1 2025.

The following are highlights of the HAF Action Plan initiatives completed within the first year of the award of HAF.

Initiative One: Promoting high density development as-of-right (e.g. in proximity to rapid transit).

- ✓ **Complete:** Heights Review for permitted heights in urban Place Types of The London Plan, including higher-order place types primarily permitting high-density residential forms of development.
- ✓ **Complete:** As-of-right zoning review for the Protected Major Transit Station Area (PMTSA).
- ✓ **Complete:** Office-to-Residential and Affordable Housing Community Improvement Plan (CIP) reviews.

Initiative Two: Encouraging Additional Residential Units

- ✓ **Complete:** Zoning By-law Amendment for four units as-of-right
- ✓ **Complete:** Council approval of additional zoning permissions and bedroom limit per unit increase (noting Ontario Land Tribunal appeal of Council decision is to be heard in December 2024).
- ✓ **Complete:** streamlined approval process for Approvals process and Ontario Building Code guideline document review completed.

Initiative Three: Promoting Infill Development

- ✓ **Complete:** Additional Residential Unit Zoning By-law Amendment.
- ✓ **Complete:** of Heights Review, including permissions within less intensive Place Types such as the Neighbourhood Place Type of The London Plan.

Initiative Four: Encouraging Alternative Forms of Housing Construction

- ✓ **Complete:** design guidelines for alternative housing construction methods, including Ontario Building Code (OBC) review and regulation review.

Initiative Five: Process for disposal of city-owned land assets for creation of affordable housing

- ✓ **Complete:** Civic Administration creation of evaluation criteria and evaluation of feasibility of sites based on categories and criteria.
- ✓ **Complete:** competitive selection process for interested developers.

Initiative Six: Implementation of new and enhanced permit processes and systems.

- ✓ **Complete:** Enhanced online application and inspection portal related to residential properties. Financial planning, secure approvals, allocation of resources, and identification of gaps and best practices in Building Permit processes.
- ✓ **On Target:** milestone pilot testing and roll-out in Q1 2025.

Initiative Seven: Partnering with non-profit housing providers for affordable housing

- ✓ **Complete:** competitive bidding process, formal partnership agreements, and identification of suitable sites.
- ✓ **Complete:** City provides continued assistance in collaborating with affordable housing funding agencies, guidance on planning and building requirements and compliance.
- ✓ **Completion** Council's "Roadmap to 3,000 affordable Units" updated to improve opportunities to partner with non-profit housing providers.

In addition to the Initiatives of the HAF Action Plan, the City has committed to achieving a Housing Supply Growth Target. The year one target for number of new units permitted was 3,184 and the overall target over the three-year period is 11,619 units.

There are also a number of three-year sub-targets for specific types of housing. Below, Table 8 shows building permits achieved compared to the HAF Targets.

Table 7: Housing Supply Growth Targets and New Units (Building Permits)

Target Category	3-Year Targets (Sept 2023 – Sept 2026)	Number the City achieved in Year One (Sept 23-Sept 24)
Housing Supply Growth Plan: how many net new units in the reporting period	11,619 (3,184 Target for Year One)	3,341
Of the net new units, the number of multi-unit housing in close proximity to Rapid Transit	1,522	222
Of the net new units, the number of missing middle housing	6,628	1,073
Of the net new units, how many were other multi-unit housing	1,022	1,864
Of the net new units, how many were affordable units	639 (5.5% of the overall 3-year Housing Supply Growth Target)	326 (9.8% of Year One Units)

Next Steps

This report provides the first annual update on the City of London's Housing Accelerator Fund (HAF) initiatives and financial summary. After the first year of HAF, all the initiatives of the Action Plan are either completed or on target for completion by the dates required under the CMHC contribution agreement. The City has also achieved the Housing Supply Growth Target for permits issued in year one.

The report is consistent with the first annual compliance report the City has submitted to the CMHC for the period of September 2023 to September 2024.

In Year One of HAF, \$1.2 million was spent, and \$26.2 million was committed. Committed funds includes funds that have been approved by Council or through the regular procurement process such as Purchase Orders. Infrastructure projects are also earmarked for an additional \$8 million in support of the creation of an estimated 16,400 new housing units.

The City will continue to monitor residential development and building permits associated with the HAF initiatives and the housing growth supply target.

A progress report will be brought back to Council after the second annual compliance report to CMHC, in Q4 2025.

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