

Housing Accelerator Fund

ISSUE

The City of Saskatoon is eligible to apply for funding through the large/urban stream of the Government of Canada's new Housing Accelerator Fund (HAF). Through the provision of incentive funding, the HAF is intended to accelerate new housing supply.

The purpose of this report is to provide City Council details on the initiatives Administration has developed for the HAF application and to get approval to proceed with the application and execution of the Contribution Agreement at the appropriate time.

RECOMMENDATION

That the Governance and Priorities Committee recommend to City Council:

1. That City Council approve the Housing Action Plan as outlined in this report and direct the Administration to submit the Housing Action Plan in support of the application under the Housing Accelerator Fund; and
2. That if approved, the Mayor and City Clerk be authorized to execute the contribution agreement for funding through the Housing Accelerator Fund under the corporate seal.

BACKGROUND

The HAF is a new incentive funding program from the Government of Canada which supports local governments in boosting housing supply. Announced in Canada's Budget 2022, with program details released in March 2023, the HAF is intended to drive transformational change within the control of local governments regarding land use planning and development approvals. It also supports development of complete, low-carbon and climate-resilient communities which are affordable, inclusive, equitable and diverse.

The HAF is being administered by the Canada Mortgage and Housing Corporation (CMHC) and is an application-based program with one application window in early summer of 2023. However, CMHC may provide successful applicants with an opportunity to propose additional initiatives and increase their housing supply growth target in the event there is unused program funding in later years.

DISCUSSION/ANALYSIS

Housing Accelerator Fund Objectives and Priority Areas

The primary objectives of the program are to create more housing supply at an accelerated pace and enhance certainty in the approvals and building process, while also supporting the following priorities:

- The development of complete communities;
- The development of affordable, inclusive, equitable and diverse communities; and
- The development of low-carbon and climate-resilient communities.

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Housing Accelerator Fund Funding Criteria

The HAF large/urban stream includes local governments within Canada which have delegated authority over land use planning and development approvals with a population of 10,000 or more.

To be eligible for incentive funding, applicants need to:

- Present an application, including an Action Plan outlining supply growth targets and specific initiatives to grow housing supply and speed up housing approvals. All Action Plans must be approved by elected Council and include an attestation of the applicant's Chief Financial Officer on the viability of the Plan;
- Commit to a housing supply growth target within the Action Plan which increases the average annual rate of growth by at least 10%. The growth rate must also exceed 1.1%;
- Complete or update a housing needs assessment report; and
- Agree to follow the program's reporting requirements.

Action Plan Growth Target

The Action Plan must include projections for a three-year period, ending September 1, 2026, for the total number of housing units projected with and without HAF. Estimated unit counts and supply growth targets are identified in Appendix 1. Projected HAF incentivized units will be refined as more information becomes available in advance of application submission.

Action Plan Initiatives

The Action Plan must include a minimum of seven initiatives which facilitate meeting the committed housing supply growth target and any additional targets set out by the City of Saskatoon (City). A summarized list of proposed initiatives is provided in Appendix 2. The proposed initiatives would form the City's Housing Action Plan and will be included in the City's HAF application unless additional direction is provided by Committee and/or City Council. If additional initiatives are identified before the application deadline, they may be included.

A stakeholder workshop was held on April 6, 2023, to gather input on preferred initiatives the City should explore to help accelerate housing supply. A follow up workshop was held on May 8, 2023 to validate what was heard and to finalize the Action Plan initiatives. Administration also met with the Province and other key stakeholders to gain further input. Results from these discussions are outlined in Appendix 3.

Housing Needs Assessment

The Action Plan requires a Housing Needs Assessment (Assessment) be submitted during the course of the HAF, if one is not already available. However, applicants who have recently completed an Assessment can request this requirement to be waived.

Administration is currently finalizing an Assessment for the purpose of the HAF application and will be requesting the requirement be waived. Due to limited time to prepare the Assessment, content at this time will primarily be quantitative and limited in scope. Additional detail will be added to the Assessment through development of the City's Housing Strategy. Administration will report back to Council with further detail about the Assessment through the Housing Strategy project.

Funding Methodology

Local governments can receive funding based on overall growth commitments and projected housing units that align with priority areas. Committed targets will be included in the Action Plan and reflected in the contribution agreement.

There are three components of the funding framework:

1. **Base funding** is designed to incentivise all types of supply across the housing spectrum. The per-unit amount will be multiplied by the number of HAF incented units.
2. **Top-up funding** is designed to incent certain types of housing supply, including:
 - a. Multi-unit housing in close proximity to rapid transit (1.5 km from a rapid transit station);
 - b. Missing middle housing such as ground-oriented housing types which exist between single-detached and mid-rise apartments. This includes garden suites, secondary suites, duplexes, triplexes, fourplexes, row houses, courtyard housing and low-rise apartments (less than 4 stories); and
 - c. Other multi-unit housing excluding missing middle- and multi-unit housing in close proximity to rapid transit.

There is no top-up funding available for single detached homes. The per-unit amount for each category will be multiplied by the associated number of HAF incented housing units.

3. **An affordable housing bonus** is designed to reward an applicant that can increase its share of affordable housing units relative to the total projected permitted housing units with the support afforded by the HAF.

As advised by CMHC, the amounts for each component will be confirmed at a later date to ensure that CMHC can support higher-than-anticipated housing supply growth targets and outcomes across Canada within the overall program funding.

Benefits

Initiatives within the HAF application will make tangible progress toward providing affordable housing, advancing aligned projects which are underway or in development and piloting new approaches that could be scaled up in the future and build capacity at the City to support additional work. Initiatives will be City-led; however, there is a significant opportunity to embed partnerships, reconciliation, equity, diversity and inclusion into initiatives within this funding submission; therefore, initiatives intended to build capacity and partnerships have also been included.

FINANCIAL IMPLICATIONS

If successful, there will be a total of four advances of 25% of the total approved funding with one advance planned for each year of the program. The first funding will be advanced when the contribution agreement is signed. There is no requirement of matching funding from the City. Funding advancements in the first three years are based on progress on the Action Plan initiatives and commitments. The final funding advancement will be tied to the housing supply growth target and any other established targets in the Action Plan. Changes to the Action Plan initiatives during the course of the HAF program could impact funding.

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Funding through HAF can be used in support of housing under any of the following four categories:

- Investments in Housing Accelerator Fund Action Plans;
- Investments in Affordable Housing;
- Investments in Housing-related Infrastructure; and
- Investments in Community-Related Infrastructure that supports housing.

Administration will report back to Council, once final funding amounts have been determined, with a proposed approach for funding allocation and an overall workplan for City Council's review and approval.

OTHER IMPLICATIONS

There are no privacy implications.

Legal Implications

If the City's application is approved, the City and CMHC will enter into a contribution agreement prior to the City receiving the initial advance of federal funds.

Social, Environmental, Economic and Governance Implications

Initiatives selected for funding will undergo a Triple Bottom Line review prior to implementation to maximize environmental, social, economic and governance outcomes. The Equity Toolkit will also be utilized to inform all stages of project implementation.

NEXT STEPS

Administration will submit the application on or before the early summer 2023 deadline, subject to any direction provided. Pending City Council authorization, Administration, along with the City Solicitor, will formalize and proceed with the execution of the Contribution Agreement at the appropriate time. Notification of results of the application are anticipated during the summer/fall of 2023. Administration will report back with further details once the amount of funding is approved and known.

APPENDICES

1. City of Saskatoon Housing Supply Growth Targets
2. Housing Accelerator Fund Initiatives
3. What We Heard Report

REPORT APPROVAL

Written by: Kole Paziuk, Financial Analyst
Christine Gutmann, Senior Project Planner

Reviewed by: Lesley Anderson, Director of Planning and Development

Approved by: Lynne Lacroix, General Manager, Community Services
Clae Hack, Chief Financial Officer, Corporate Financial Services