

Housing Accelerator Fund Budget Adjustments

ISSUE

A budget adjustment is required to fund components of the Housing Action Plan which was approved after being submitted under the Housing Accelerator Fund Funding Agreement. The report also outlines the proposed allocation for the funding.

RECOMMENDATION

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That Capital Project P.10103 be increased by \$41,325,000, funded from Canada Mortgage and Housing Corporation – Housing Accelerator Fund;
2. That exemptions to Council Policy C09-002, Innovative Housing Incentives Policy, be granted as outlined in the report, to support Affordable Housing projects funded through the Housing Accelerator Fund; and
3. That if required, the Senior Financial Business Partner be granted delegated authority to sign and submit progress reports and financial claims to the program.

BACKGROUND

The Housing Accelerator Fund (HAF) is an incentive funding program from the Government of Canada which supports local governments in boosting housing supply. The HAF is intended to drive transformational change within the control of local governments regarding land use planning and development approvals.

City Council, at its Regular Business [meeting](#) on May 31, 2023, approved the Housing Action Plan for the City of Saskatoon (City) application to the HAF. The Action Plan outlined 13 initiatives intended to create more housing supply at an accelerated pace and enhance certainty in the approvals and building process. City Council, at its Regular Business [meeting](#) on November 22, 2023, approved changes to the Housing Action Plan based on requirements from the Minister of Housing, Infrastructure and Communities.

The Contribution Agreement between the Canadian Mortgage and Housing Corporation (CMHC) and the City was completed in December 2023. Two initiatives submitted as part of the HAF application were not approved by CMHC:

- Initiative 2: Implement new High-Density Land Use Designation in the Official Community Plan; and
- Initiative 11: Implement Changes to the Development Approval Processes for Affordable Housing Projects that are Consistent with the Official Community Plan.

DISCUSSION/ANALYSIS

Funding Available

The available funding for Saskatoon through the HAF has recently been confirmed as \$41.325 million. Funding will be allocated over 4 years – 25% per year (\$10,331,250 per year). Contributions will be provided on the contribution agreement anniversary date provided all the conditions of the contribution agreement have been met. Advances provided in years one (2023), two (2024) and three (2025) are tied to progress on Action Plan initiatives and commitments. Specific milestones for each initiative were provided in the City’s application.

Reporting for the fourth and final advance in 2026 must include a letter attesting that Saskatoon achieved the housing supply growth target and any other targets outlined in the Action Plan. The final advance may be reduced if the growth targets are not achieved. To meet housing supply targets, the City may be required to have a cash outflow for initiatives in advance of receiving the fourth payment. Administration will be monitoring initiatives closely to ensure unit targets will be met and that cash expended will be fully recovered through the government transfers.

All funding must be spent by the fifth reporting period.

Targets

Through consideration of the City’s application, CMHC approved 940 HAF incentivized units. The total number of units, including the number of estimated units without any support from HAF are as follows:

Type	Baseline Number of Units	HAF Incentivized Units	Total Units
Single Family	2,479	0	2,479
Multiple unit dwellings near planned rapid transit	1,807	930	2,737
Missing middle housing	505	10	515
Other multiple unit dwellings	184	0	184
TOTAL	4,975	940	5,915

The affordable housing target for the length of the HAF program (three years) is:

Estimated units without HAF support	240 (average of 80 per year)
Additional units incentivized with HAF	445
Total (over the duration of HAF program)	685

Permitted Uses of HAF Funding

Permitted uses of HAF funding are:

- Investments in Housing Accelerator Fund Action Plans:
 - Any initiative included in the proponent’s action plan and approved by CMHC.

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- Investments in Affordable Housing:
 - Construction of affordable housing;
 - Repair or modernization of affordable housing, and
 - Land or building acquisition for affordable housing.
- Investments in Housing-related Infrastructure:
 - Drinking water infrastructure that supports housing;
 - Wastewater infrastructure that supports housing;
 - Solid waste management that supports housing;
 - Public transit that supports housing;
 - Community energy systems that support housing;
 - Disaster mitigation that supports housing;
 - Brownfield redevelopment that supports housing;
 - Broadband and connectivity that supports housing;
 - Capacity building that supports housing; and
 - Site preparation for housing developments.
- Investments in Community-related Infrastructure that supports housing:
 - Local roads and bridges;
 - Sidewalks, lighting, bicycle lanes;
 - Firehalls; and
 - Landscaping and green space.

Proposed Funding Allocation

Funding allocations will be implemented based on the following approach, as outlined below, unless Council directs otherwise. Future adjustments may be required depending on changing circumstances over the HAF timeframe. Funding allocations will be re-evaluated on a yearly basis by Administration.

Funding will be allocated as follows:

- The majority of the funding will be allocated to incentive programs. All HAF related incentives would be active for the timeframe of the HAF program only.
- As outlined in the Action Plan, HAF funding will be required to fund the completion of and implementation of initiatives.
- Several initiatives will be completed through the implementation of the Housing Strategy, which is currently in development. Funding will be allocated to support the implementation of the Housing Strategy.
- Initiatives which are funded through other sources will be funded through approved Capital or Operating funding.

Incentive Programs

The majority of the HAF funding will be allocated to incentive programs which includes:

- Funding for an incentive package to support affordable housing development on City-owned land. A report will be considered by the Standing Policy Committee on Finance at a future meeting, which outlines options for the sale or lease of City-owned lands that could be used to develop affordable housing projects on City-owned properties. Following direction from Committee, the complete incentives package will be developed.
- A new incentive program to support housing projects. Affordable housing and supportive housing projects will be prioritized. Beyond this, incentives will be focused on multiple unit dwellings within priority growth areas of Saskatoon, such as the Corridor Planning Areas.

Council Policy C09-002 - Innovative Housing Incentives

[Council Policy C09-002, Innovative Housing Incentives Policy \(Policy\)](#), provides direction for Affordable Housing incentive programs. The Policy is scheduled for review after the completion of the Housing Strategy. In advance of this review and to facilitate the use of HAF funding for the purpose of affordable housing projects, Administration is proposing that HAF funded projects be exempted from the following Policy requirements:

1. Section 4.2 (a) of the Policy outlines that financial support will be a grant in the form of up to 10% of the total capital cost.
 - a. Administration is proposing the cash grant be allocated per unit, per door, to align with the HAF reporting requirements and other grant programs managed by other levels of government. A change to the calculation may result in an amount exceeding the maximum 10% currently outlined in the Policy.
 - b. Administration is proposing a supplemental grant be permitted for development in priority growth areas of Saskatoon and for larger family units. A similar supplemental grant approach is currently permitted in the Policy under section 4.2 (c) which permits a supplemental grant of up to 5% to offset the increased cost of land for locating in an area with a low concentration of affordable rental housing. The supplemental grant being proposed would exceed the maximum 5% outlined in the Policy.
2. Section 5.1 (a) of the Policy requires grant payments not be made in whole or in part until units are ready for occupancy/rental or occupied/ownership. Further, Section 5.1 (b) of the Policy allows grant payments to be made in phases if some units or phases in a project are complete before other units.
 - a. Administration is proposing grant payments to be made on a milestone or via progress payments to enable affordable housing providers to access the funds sooner.
3. Section 5.1 (c), (d) and (e) of the Policy provides guidance on hold back requirements.
 - a. Administration is proposing to lower the minimum hold back requirements to better align the hold back amount with outstanding project requirements. For example, to ensure landscaping is completed to City standards, and building/development permit closures.

4. Appendix 1 of the Policy provides a Points System for Calculating Affordable Housing Capital Contributions.
 - a. Administration is proposing flexibility on the Points System for Calculating Affordable Housing Capital Contributions to better align the criteria with HAF requirements and other financial grant programs offered by other levels of government.

In order to ensure ongoing reporting and affordability requirements are met, applicants will be required to enter into an agreement with the City outlining those obligations. This will be similar to the requirements of the Rapid Housing Initiative projects.

Many Federal funding programs are requiring a resolution of City Council to give Administration the ability to submit claims and project status reports on the program. Administration is requesting approval that the Senior Financial Business Partner be granted delegated authority to sign and submit any progress reports and financial claims related to the project to meet all the administrative requirements of the funding program.

FINANCIAL IMPLICATIONS

A budget adjustment is required to fund the capital project P.10103 for \$41,325,000, which includes implementation of the Housing Action Plan.

NEXT STEPS

Administration will provide an annual report on the status of the implementation of HAF initiatives. Should there be HAF initiatives which require amendments to Bylaw No. 9700, Official Community Plan, 2020, and Bylaw No. 8770, Zoning Bylaw, 2009, these will be brought forward for Council consideration through the public hearing process.

REPORT APPROVAL

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