

Information Report



Service Area	Infrastructure, Development and Environment Services
Date	Friday, February 2, 2024
Subject	A Summary of the Housing Accelerator Fund (HAF) Action Plan

Executive Summary

Purpose of Report

The purpose of this report is to provide an overview of the City's successful Housing Accelerator Fund (HAF) Action Plan, which consists of eight (8) initiatives that the City has committed to achieving as part of its application. The report identifies the associated milestones and timelines for each initiative and provides context for what the awarded \$21.4 million can and cannot be used to support.

Key Findings

1. The HAF is a \$4 billion federal program administered by the Canada Mortgage and Housing Corporation (CMHC).
2. Funding is being provided directly to municipalities, over four annual allocation periods, to incentivize 100,000 net new permitted housing units across Canada.
3. An associated purpose of HAF is to incentivize and accelerate the supply of housing that results in the development of complete, low-carbon, and climate-resilient communities that are affordable, inclusive, equitable, and diverse.
4. The City entered into a funding agreement with CMHC for \$21.4 million on January 9, 2024 and the first of four, annual, equal payments was received on January 16, 2024.
5. The first three (3) payments are not predicated on performance or year-to-date expenditures, however the fourth and final installment (\$5.3 million) will be performance-based.
6. The City has committed to an Action Plan with a total of eight (8) strategic initiatives and 31 associated milestones to incentivize 739 units over the current annual average, over three (3) years.
7. In order to implement Guelph's Action Plan, the awarded funding will be used to fulfill our obligations and commitments with CMHC. Each initiative must result in the incentivization of additional housing at an accelerated pace and result in enhanced clarity in the approvals and building process.

8. More information regarding our commitments can be seen in Table 1 – List of HAF Action Plan Initiatives and Attachment 1 – Guelph’s HAF Action Plan: Initiatives, Milestone, and Timelines.
9. The City’s eight (8) initiatives were selected from an approved list of 25 initiatives provided by CMHC during the application process and informed by Minister Frasers’ top 10 list of the most desirable actions.
10. The City is required to report annually on the use of HAF funding towards eligible and prescribed uses.
11. The City intends to use the funds to support transformational change through continuing to streamline development and creating the conditions, through incentives/grants, for example, to incent housing supply in both the short and long term.
12. Throughout 2023, Guelph City Council was kept informed through regular email communications of the application process, including the Action Plan initiatives and negotiations with the Minister’s office.

Strategic Plan Alignment

This report’s key findings align with the Future Guelph Strategic Plan themes and objectives since the overall purpose of the HAF is to incent and accelerate housing supply in Guelph, in the continued pursuit of an inclusive, connected, and prosperous city.

Future Guelph Theme

City Building

Future Guelph Objectives

City Building: Improve housing supply

Financial Implications

At this early stage of the program, HAF initiative project charters, plans and detailed budgets are being developed. While the City budgeted for some parts of these initiatives through the 2024-2027 budget, a good portion of the grant will be used to deliver new outcomes not yet accounted for in the City’s financial plans. At this time, staff anticipate a budget adjustment in the range of \$14 to \$16 million to increase the capital budget for these new projects. It is anticipated that the balance of grant funds could be available to replace already budgeted revenues in 2026 pending the final program budget development and performance milestones being confirmed.

Report

Announced as part of the Federal Budget 2022, the Housing Accelerator Fund (HAF) is a \$4 billion federal initiative administered by the Canadian Mortgage and Housing Corporation (CMHC). This application-based program is providing funding directly to municipalities across the country to incentivize and support initiatives that will accelerate the supply of housing.

As part of the application process, municipalities were required to:

- develop and submit an action plan which highlighted a minimum of seven initiatives selected from a pre-approved list,
- commit to a housing supply growth target,
- complete or update a housing needs assessment report, and
- agree to submit periodic progress reports to CMHC.

Following the submission of the City's application on August 18, 2023, discussions continued with CMHC and the federal government on how the City could be more ambitious with our Action Plan initiatives. On January 12, 2024, at an event in Guelph, Prime Minister Trudeau announced that the City had been awarded \$21.4 million to incent 739 additional units over the average annual units, by the end of 2026.

Growth, with respect to the housing supply growth target mentioned above, is measured by the number of building permits issued for new units. In setting a growth target, municipalities were required to calculate their baseline growth for new permits projected to be achieved without the HAF funding based on historical data and then commit to accelerating this baseline growth by a minimum of 10 percent over the next three years. This target is distinct and separate from both the target committed to in the City's Housing Pledge with the provincial government, and from the City's population and housing forecasts established in the Official Plan.

How can the awarded funding be used to support housing supply?

In order to implement Guelph's Action Plan, the awarded funding will be used to fulfill our obligations and commitments with CMHC. Each initiative must result in the incentivization of additional housing at an accelerated pace and result in enhanced clarity in the approvals and building process. The City is required to achieve the initiatives and realize the housing targets by 2026. While the initiatives must be implemented by 2026, there will also be additional systemic changes that will have stabilizing long-term effects and benefits. These changes will result in multiplier-type effects that will permanently improve the way housing is built within our community.

It is important to note that the HAF funding cannot be used to directly underwrite specific housing projects or reimburse proponents for specific costs incurred. The funding will primarily be used to implement the initiatives within the Action Plan and potentially for broader capital investments that will enable housing in one of the following categories:

- Affordable housing, including land or building acquisition
- Housing-related infrastructure, including public transit that supports housing and site preparation for housing development
- Community-related infrastructure, including local roads and bridges, sidewalks, lighting, bike lanes, fire halls, landscaping, and green spaces

Guelph's Action Plan includes a mix of initiatives. Some will result in immediate increases in housing supply (servicing capacity policy refinements) while others will support improvements to the broader housing system and may take more time for their full potential to be realized (e.g., implementing a community planning permit

system). Table 1 is a list of Guelph’s Action Plan initiatives, and Attachment 1 further describes the milestones and timelines associated with each initiative.

Table 1: List of Housing Accelerator Fund Action Plan Initiatives

Action Plan Initiative
1. Complete and implement the 2024 Housing Affordability Strategy
2. Implement new/enhanced processes or systems
3. Infrastructure and servicing capacity planning
4. Create and formalize an evaluative framework for disposition of City and County Lands (includes 12-unit Affordable Housing Demonstration Project)
5. Encourage accessory dwelling units
6. Encourage missing middle units in existing neighbourhoods
7. Design and implement a new Community Planning Permit System pilot project
8. Parking reductions

Financial Implications

At this early stage of the program, HAF initiative project charters, plans and detailed budgets are being developed. While the City budgeted for some parts of these initiatives through the 2024-2027 budget, a good portion of the grant will be used to deliver new outcomes not yet accounted for in the City’s financial plans. At this time, staff anticipate a budget adjustment in the range of \$14 to \$16 million to increase the capital budget for these new projects. It is anticipated that the balance of grant funds could be available to replace already budgeted revenues in 2026 pending the final program budget development and performance milestones being confirmed.

Consultations

Guelph’s HAF application involved internal consultation with a variety of staff from across the organization. This consultation helped to develop a short list of initiatives that would maximize our potential to incent housing supply in both the short and long-term. Consultation also included the County of Wellington, and consideration of ideas from the homebuilding community. In addition, Guelph City Council was provided with updates throughout the application and assessment process; updates will continue to be provided to Council as initiatives progress.

As a next step, staff will continue to develop and implement a series of public-facing tools and resources. These will help members of the public understand the purpose and significance of the HAF, including each initiative, and how this work contributes to incenting housing in Guelph. The communication tools will help to outline both future and current work, and will take the form of a webpage, social media posts, videos, and other related resources.

Attachments

Attachment-1 Guelph’s HAF Action Plan: Initiatives, Milestone, and Timelines

Departmental Approval

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