

To: Council in Committee of the Whole

From: Warren Munro, HBA, MCIP, RRP, Commissioner,
Economic and Development Services Department

Report Number: CNCL-23-69

Date of Report: June 21, 2023

Date of Meeting: June 26, 2023

Subject: Canada Mortgage and Housing Corporation's Housing
Accelerator Fund

Ward: All Wards

File: 12-04-2111

1.0 Purpose

The purpose of this Report is to obtain Council authorization for City staff to submit an application, on behalf of the Corporation of the City of Oshawa (the "City"), to the Housing Accelerator Fund ("H.A.F.") program administered by the Canada Mortgage and Housing Corporation ("C.M.H.C.").

The H.A.F. is a recently formed federal program that provides incentive funding that may be available to local governments seeking to pursue initiatives aimed at increasing housing supply. It also supports the development of complete, low-carbon and climate-resilient communities that are affordable, inclusive, equitable and diverse. The objective of the H.A.F. is to accelerate the supply of housing across Canada, resulting in putting permissions in place for the construction of at least 100,000 more housing units than would have occurred without the program.

Local governments within Canada who have delegated authority over land use planning and development approvals are eligible to apply to the H.A.F. It is anticipated that the online application portal will open sometime in summer 2023 for the intake of applications over an approximate 45 day period. As a result, it is appropriate to seek Council authorization to apply to the H.A.F. in advance of the launch of the online application portal, as this will give staff time to prepare the comprehensive application package. A local government's application to the H.A.F. also requires Council approval, which must be obtained in advance of an H.A.F. application.

Additional information on the H.A.F. can be found at the following link: <https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/housing-accelerator-fund>.

Attachment 1 is a copy of the H.A.F. Pre-application Reference Material document. Owing to its size, this document is not attached but rather can be viewed at the following link: <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/housing-accelerator-fund/haf-pre-application-reference-guide-en.pdf>.

Attachment 2 is a list of potential initiatives that may be included as part of the City's action plan, as required by the H.A.F. application.

2.0 Recommendation

It is recommended to City Council:

1. That, pursuant to Report CNCL-23-69 dated June 21, 2023, the Chief Administrative Officer and/or their delegate be authorized to submit an application to the Canada Mortgage and Housing Corporation's Housing Accelerator Fund under the Large/Urban stream generally in accordance with said Report, along with any additional documentation as may be required.
2. That, pursuant to Report CNCL-23-69 dated June 21, 2023, in order to pre-position the City such that it may take advantage of the potential funding being offered under the Canada Mortgage and Housing Corporation's Housing Accelerator Fund, City Council approve in principle the list of potential City initiatives to include in the City's Action Plan, as generally contained in Attachment 2 of said Report, as a requirement of the City's application to the Fund under the Large/Urban stream.
3. That, pursuant to Report CNCL-23-69 dated June 21, 2023, the Chief Administrative Officer and/or their delegate be authorized to make changes as required and at their discretion to said list of City initiatives prior to the City's submission, where considered appropriate at their discretion.
4. That, pursuant to Report CNCL-23-69 dated June 21, 2023, City Council authorize the Chief Administrative Officer and/or their delegate to enter into any necessary agreements that may be required should the City of Oshawa be approved for funding under the Canada Mortgage and Housing Corporation's Housing Accelerator Fund program.
5. That City Council direct the Commissioner of Economic and Development Services to report back and provide an update to the Economic and Development Services Committee and Council in the event the City is selected to participate in the Canada Mortgage and Housing Corporation's Housing Accelerator Fund program.
6. That staff be authorized to forward a copy of Report CNCL-23-69 dated June 21, 2023 to the Region of Durham.

3.0 Executive Summary

Not applicable.

4.0 Input From Other Sources

The following have been consulted in the preparation of this Report:

- Chief Administrative Officer
- Commissioner, Corporate and Finance Services
- City Solicitor
- Region of Durham

5.0 Analysis

5.1 Housing Accelerator Fund

As part of the 2022 Federal Budget, the Government of Canada announced \$4 billion in new funding to create the H.A.F., a program intended to grow the annual housing supply across the country by providing incentive funding to local governments.

The primary objectives of the H.A.F. are to increase housing supply at an accelerated pace and enhance certainty in the approvals and building process, while also supporting the following priorities:

- Supporting the development of complete communities that are walkable, consisting of appropriate residential density and a diverse mix of land uses, providing access to a wide variety of amenities and services through public and active transportation;
- Supporting the development of affordable, inclusive, equitable and diverse communities that encourage clear pathways to achieving greater socio-economic inclusion largely achieved through the equitable provision of housing across the entire housing spectrum; and,
- Supporting the development of low-carbon and climate-resilient communities.

Local governments in Canada with delegated authority over land use planning and development approvals can submit applications via the two available streams of the H.A.F. program:

1. Large/Urban: Those jurisdictions located anywhere in Canada with a population equal to or greater than 10,000, excluding those within a territory or an Indigenous community.
2. Small/Rural/North/Indigenous: Those jurisdictions located anywhere in Canada with a population less than 10,000 or within one of the territories or an Indigenous community.

If Council approves of the recommendations in this Report, the City would apply via the Large/Urban stream of the H.A.F. program.

5.2 Minimum Requirements

To be eligible for funding, the City must:

- develop an action plan, which includes a minimum of seven (7) initiatives that the City will undertake to achieve its housing supply growth target (additional details on the housing supply growth target are provided below in Section 5.3 of this Report);
- commit to the housing supply growth targets that are identified in the above-noted action plan;
- complete or update a housing needs assessment report and include a reoccurring scheduled review date within the report to ensure that the housing needs assessment is kept current; and,
- submit periodic reports to C.M.H.C. reporting on the initiatives and commitments within the action plan, permit data for residential buildings, and details on how the H.A.F. funding was used.

As well, the City must submit the following minimum documentation in support of its application, if authorized to do so by Council:

- Completed application form, including the action plan;
- Signed integrity declaration;
- Most recent audited financial statements (if not available publically);
- Current housing needs assessment report (if available at the time of the application); and,
- Attestation letter signed by the City's Chief Financial Officer (or equivalent).

5.3 Action Plan

The City must submit an action plan as part of its application, which will assist C.M.H.C. in selecting applicants.

As part of the City's action plan, the City is required to identify and commit to a housing supply growth target. Specifically, the City must identify:

- the total number of permitted housing units projected without H.A.F. funding based on a three-year period ending September 1, 2026; and,
- the total number of permitted housing units projected with H.A.F. funding based on a three-year period ending September 1, 2026. This is what is referred to as the "housing supply growth target."

The City is also able to set targets based on the type of housing supply that is projected to be permitted with the support afforded by the H.A.F. program. These additional targets will increase the amount of funding available to the City, if selected. The targets can be set for housing types that align with the priorities of the H.A.F. program, which include:

- multi-unit housing (in proximity to rapid transit);

- multi-unit housing (missing middle);
- multi-unit housing (other); and,
- affordable housing units.

The City's action plan must also include a minimum of seven initiatives that will help the City reach the housing supply growth target it has committed to achieving, as well as any additional targets. These initiatives should be new initiatives that have not yet started. However, C.M.H.C. may be willing to consider initiatives that started after the 2022 federal budget (April 7, 2022), which announced the H.A.F. Ultimately, the City must indicate how each initiative will increase the supply of housing and associated timelines, as well as any other expected results.

5.4 Evaluation

C.M.H.C. will review all applications to determine if they meet the requirements of the H.A.F. The evaluation of the City's application will be scored according to the following criteria:

- The commitment to increase housing supply;
- The relevance of the initiative outcome(s) to one or more of the objectives of the H.A.F.;
- The effectiveness of the initiative on increasing the supply of housing; and,
- The need for increased housing supply.

The Region of Durham has completed a Housing Needs Assessment as a component of its Envision Durham Municipal Comprehensive Review, which can be used to assist the City's application under the H.A.F. program.

Proposed initiatives within the City's action plan will specifically be assessed and scored based on:

- implementation: the time it will take to complete the initiative;
- timeliness: the time it will take to start to achieve additional permitted uses as a result of the initiative;
- supply impact: the extent to which the initiative will improve housing and community outcomes; and,
- system impact: the extent to which the initiative increases stability and predictability in the housing system.

Further details on the evaluation criteria can be found in Attachment 1.

5.5 Funding Methodology

For those applicants selected to participate in the H.A.F. program, a funding framework will be used to determine the amount of funding per successful applicant. The funding is designed to support the costs associated with the initiatives listed in the action plan, as well as any other permitted use of funds.

The funding framework consists of three components which are outlined below.

- Base funding: This is designed to provide an incentive to all types of housing supply across the housing spectrum. Base funding is estimated at \$20,000 for each dwelling unit created with the support of H.A.F.
- Top-up funding: This is designed to provide an incentive to certain types of housing supply. Top up funding will depend on the type of housing and the associated projected increase in the number of permitted units. No top up funding is available for single detached homes.
- Affordable housing: This is a bonus designed to reward an applicant who can increase its share of affordable housing units relative to the total projected units in the development.

Specific examples of the various funding components can be found in Attachment 1.

H.A.F. funding can be used in support of housing under any of the following four (4) categories:

1. Investments in H.A.F. action plans (e.g. any initiative included in the City's action plan and approved by C.M.H.C.);
2. Investments in affordable housing (e.g. construction or land/building acquisition of affordable housing);
3. Investments in housing-related infrastructure (e.g. infrastructure that supports housing, brownfield redevelopment, broadband and connectivity, public transit, etc.); and,
4. Investments in community-related infrastructure that supports housing (e.g. local roads and bridges, active transportation, fire halls, parks and green space, etc.).

The City will be asked to estimate how much of their funding will be allocated to each category as part of its application. If approved, the City must report on how the funding was used in the form and timelines prescribed by C.M.H.C.

5.6 Reporting

If selected for participation in the H.A.F., the City would be required to adhere to specific reporting requirements, which include, but are not limited to:

- progress on the initiatives and commitments outlined in the City's action plan (e.g. start and completion date of each initiative, status, rationale for the status, number of new net units permitted for residential buildings during the reporting period, etc.);
- permit data for all housing units created during the reporting period; and,
- details on capital projects enabled by H.A.F. funding.

There would be a total of four (4) advances (i.e. funding given to the City), with one advance planned for each year of the program, as well as one up-front advance provided, which is intended to enable a proponent to start the initiatives outlined in their action plan and to pursue other investments in housing.

C.M.H.C. has advised that it will work with proponents to address situations where achievement of the action plan and initiatives are delayed or not progressing as planned. If satisfactory arrangements to rectify the situation are not implemented, then C.M.H.C. may reduce or withhold payment of further advances.

All reporting requirements would be outlined in a contribution agreement, which the City would have to enter into with C.M.H.C., if selected.

5.7 Action Plan Initiatives

As noted above in Section 5.3 of this Report, the City's action plan must include a minimum of seven initiatives that will help the City achieve its committed housing supply growth target and any additional targets.

A number of potential City initiatives that may form part of the City's action plan are outlined below and further described in Attachment 2. This list includes a broad range of initiatives that will not only directly increase housing supply but will also generally support improvements to the broader housing system.

Staff note that the language contained in the Recommendation in Section 2.0 of this Report would enable this list to be updated/revised as necessary, although the final list of initiatives will be determined prior to the submission of the H.A.F. application. The potential City initiatives include, but are not limited to:

1. Promoting/enabling higher density development within the Central Oshawa Major Transit Station Area ("M.T.S.A.").
2. Promoting increased housing density through more accessory apartments.
3. Supporting the provision of greater housing density in strategic growth areas through the preparation of an intensification study.
4. Redevelopment of City-owned lands for increased densities in strategic growth areas.
5. Enabling higher density development within the Downtown Oshawa Urban Growth Centre.
6. Investigating the feasibility of implementing a vacant development land tax.
7. Supporting pre-development work for development applications by preparing Terms of References for standard studies required as part of the development application process.
8. Offering the use of surplus City-owned land for housing projects.

9. Supporting the Region of Durham's 10-Year Capital Plan.
10. Supporting the City's 9-Year Capital Plan.
11. Advancing the housing action items in Plan 20Thirty for Downtown Oshawa.
12. Reviewing the City's suite of Community Improvement Plans to review opportunities to address the "missing middle".

5.8 Next Steps

The next steps with respect to the H.A.F. program are as follows:

- In the event Council adopts the recommendation in this Report, the appropriate City staff would prepare the application package, including all required information.
- Staff would apply to the H.A.F. once the online application portal opens.
- C.M.H.C. will advise if the City is selected (anticipated sometime in Summer/Fall 2023).
- To position the City to have appropriate staff in the event the C.M.H.C. selects the City to participate in the H.A.F. program, staff would identify through the 2024 budget process the appropriate new staffing positions required to undertake the proposed City initiatives. In the event the City is not selected by C.M.H.C. to participate in the H.A.F. program, the new staffing positions could be removed in advance of Council concluding on the 2024 budget.
- If selected, C.M.H.C. would confirm the total amount of funding available to the City and the City would enter into a contribution agreement, and any other necessary agreements.
- City staff would begin to undertake the various initiatives as identified in the City's action plan, while reporting to C.M.H.C. as required.

In the event that the City is selected to participate in the H.A.F. program, Economic and Development Services staff will report back to the Economic and Development Services Committee and City Council to provide an update and obtain any further approvals should they be required.

6.0 Financial Implications

Specific budget implications will be determined once the initiatives to put forward in the City's application are finalized, should staff be authorized by Council to apply to the H.A.F. It is anticipated that the majority of the costs associated with the implementation of the City initiatives being proposed in Attachment 2 will be related to staffing. Additional staffing is required in the 2024 budget to advance these initiatives otherwise it will require the time resources of the existing staff complement and, as a result, potentially cause the processing of other non-related projects to be protracted.

It is important to note that there are many factors that can impact growth and the issuance of building permits, many of which are outside the control of the City. If selected, and the City fails to achieve certain initiatives identified in its action plan and does not meet the required target, there is a risk that some of the H.A.F. funding may be withheld or reduced.

7.0 Relationship to the Oshawa Strategic Plan

The Recommendation advances the Economic Prosperity and Financial Stewardship, Accountable Leadership, and Social Equity goals of the Oshawa Strategic Plan.

A handwritten signature in blue ink, appearing to read "Tom Goodeve".

Tom Goodeve, M.Sc.Pl., MCIP, RRP, Director,
Planning Services

A handwritten signature in blue ink, appearing to read "Warren Munro".

Warren Munro, HBA, MCIP, RRP, Commissioner,
Economic and Development Services Department

Potential City Initiatives to include in the City's Action Plan for the H.A.F.

Initiative	Description	Alignment with H.A.F. Objectives and Priorities	Potential Timing
1. Promoting/enabling higher density development within the Central Oshawa Major Transit Station Area (M.T.S.A.)	This initiative will advance appropriate development and intensification in the Central Oshawa M.T.S.A., which is centered on the future Central Oshawa GO Station site located at 500 Howard Street and is bisected by the planned Simcoe Street rapid transit corridor. Staff will be reviewing and updating the zoning in this area, including addressing current restrictions on building height and density needed to support higher order transit.	This initiative will support the development of complete communities and increased densities and housing diversity specifically in proximity to planned rapid transit and heavy passenger rail.	Anticipated to begin in 2024, once the Integrated Major Transit Station Area for Central Oshawa Study is complete.
2. Promoting increased housing density through encouraging more accessory apartments	Council recently adopted certain City-initiated amendments to the Zoning By-law to permit up to three residential units on a parcel of urban residential land containing a detached house, semi-detached house or street townhouse, one of which may be in an ancillary building or structure, as well as permitting accessory apartments in more types of dwellings and addressing such matters as parking requirements and size and setbacks of accessory buildings with accessory apartments.	This initiative will support greater housing diversity, will increase housing supply, and will assist the City in achieving greater socio-economic inclusion through offering more equitable provision of housing in Oshawa.	The by-laws related to this initiative were passed by Council on May 29, 2023.

Initiative	Description	Alignment with H.A.F. Objectives and Priorities	Potential Timing
3. Supporting the provision of greater housing density in strategic growth areas through the preparation of an Intensification Study	This initiative will involve the completion of an Intensification Study that will focus on locating strategic growth areas in the City that are appropriate for increased density and greater housing diversity. This will also include a review and update of zoning standards in the identified strategic growth areas.	This initiative will support greater housing diversity, will increase housing supply, and will assist the City in achieving greater socio-economic inclusion through offering more equitable provision of housing in Oshawa.	Anticipated to begin in the 4 th quarter of 2023.
4. Redevelopment of City-owned lands for increased densities in strategic growth areas	This initiative will involve staff advancing the redevelopment of certain City-owned lands, some of which are already underway, in strategic growth areas (e.g. in the Downtown Oshawa Urban Growth Centre and the Oshawa Harbour Special Development Area).	This initiative will support the development of diverse communities and a mix of land uses, while increasing the number of potential redevelopment projects in key strategic growth areas.	Anticipated to be advanced in 2023 and 2024.
5. Enabling higher density development within the Downtown Oshawa Urban Growth Centre	This initiative will involve a review of the City's Zoning By-law and Official Plan to address current restrictions on maximum densities and building heights in the Downtown Oshawa Urban Growth Centre, which will reduce barriers to high-density development in this key growth area of the City.	This initiative will support increased housing development in the Downtown Oshawa Urban Growth Centre, which will support the development of complete communities that are walkable, consist of appropriate residential density and a diverse mix of land uses.	Anticipated to begin in 2024.
6. Investigating the feasibility of implementing a vacant development land tax.	This initiative will enable Corporate and Finance Services staff to investigate the feasibility of implementing a vacant development land tax. If feasible and subsequently implemented, this tax would be specific to vacant development land sites (not vacant dwellings). The intent is to encourage developers who have a vacant	This initiative will support housing development and encourage the timely use of vacant, developable land to address supply needs, as well as will improve development predictability and stability in the City.	Anticipated to begin in the 4 th quarter of 2023.

Initiative	Description	Alignment with H.A.F. Objectives and Priorities	Potential Timing
	development site to move forward with that development.		
7. Supporting pre-development work for development applications by preparing Terms of References for standard studies required as part of the development application process.	This initiative would permit staff to prepare a number of various Terms of References for specific studies typically required as part of the development application process (e.g. Environmental Impact Studies, etc.). This will assist developers with their development applications, with the intent to speed up the development approvals process.	This initiative is long lasting in nature and will support general improvements to the broader housing system.	Anticipated to begin in 2024.
8. Offering the use of surplus City-owned land for housing projects.	This initiative would involve City staff researching potential surplus City-owned lands that can be used for housing projects and subsequently declaring appropriate City-owned land as surplus to municipal requirements to dispose of said lands.	This initiative will support increasing the provision of housing units, and will encourage the creation of inclusive, equitable and diverse communities.	Anticipated to begin in 2024.
9. Supporting the Region of Durham's 10-Year Capital Plan.	This initiative would support the Region's ten-year capital plan being updated through the 2024 budget and planning processes to ensure that additional servicing requirements are planned and financed and reflect the additional units permitted through the new Regional Official Plan.	This initiative is long lasting by nature and will support both the Region and the City's potential to improve the broader housing system, while supporting the development of complete communities.	Anticipated to begin in 2024.
10. Supporting the City's 9-Year Capital Plan.	This initiative would support the City's nine-year capital plan being updated through the appropriate budget and	This initiative is long lasting by nature and will support the City's potential to improve the broader housing system,	Anticipated to begin in 2024.

Initiative	Description	Alignment with H.A.F. Objectives and Priorities	Potential Timing
	planning processes to ensure that additional capital requirements are planned and financed and reflect the additional units permitted through the City's participation in the C.M.H.C. H.A.F. program.	while supporting the development of complete communities.	
11. Advancing the housing action items in Plan 20Thirty for Downtown Oshawa.	This initiative will support the implementation of the housing initiatives related to residential growth and increasing housing supply in Downtown Oshawa.	This initiative will support the broader housing system in a key strategic growth area of the City (i.e. Downtown Oshawa).	Anticipated to be advanced in 2023 and 2024.
12. Reviewing the City's suite of Community Improvement Plans to review opportunities to address the "missing middle".	This initiative will involve staff reviewing the City's existing Community Improvement Plans to determine where improvements or revisions can be made.	This initiative will support the development of complete communities and will assist the City in achieving greater socio-economic inclusion through the potential to offer more financial incentives or tailored programs to encourage the development of the "missing middle".	Anticipated to be advanced in 2023 and 2024.