

City of Mississauga Corporate Report



<p>Date: May 8, 2023</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files: CD.06.HAF</p>
<p>From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building</p>	<p>Meeting date: May 24, 2023</p>

Subject

Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (2023) Application

Recommendation

1. That the Action Plan in support of Mississauga's application for the CMHC Housing Accelerator Fund, outlined in Appendix 1 of the report "Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (2023) Application," dated May 8, 2023, from the Commissioner of Planning and Building, be approved-in-principle.
2. That the Chief Administrative Officer be authorized to approve any changes to the Action Plan in support of Mississauga's application for the CMHC Housing Accelerator Fund, on behalf of The Corporation of the City of Mississauga, prior to finalizing the application.
3. That all necessary by-laws be enacted.

Executive Summary

- CMHC recently announced details on the Housing Accelerator Fund (HAF). The primary objectives of HAF are to encourage housing supply growth and enhance certainty in development approvals.
- To secure funding the City must demonstrate how HAF funds will achieve additional housing units beyond what will otherwise be achieved without HAF funding.
- The Action Plan is an integral component of the application and must consist of a seven (7) or more new initiatives as well as housing targets over a three (3) year period. Council approval of the Action Plan is required prior to signing the contribution agreement.
- The application deadline is June 14, 2023. Contribution agreements will be signed in July 2023 and the first funding advance is targeted for August 2023 at the earliest. Due to short timelines, staff recommend that final approval of the detailed Action Plan be delegated to the Chief Administrative Officer.

- The HAF funds may be spent in a variety of ways, provided they fall under one of the four categories of permitted uses, including Action Plan initiatives, affordable housing, housing-related infrastructure, and community-related infrastructure.

Background

The Canada Mortgage and Housing Corporation (CMHC) recently released details on the Housing Accelerator Fund (HAF). HAF is a \$4 billion incentive program targeting local (lower-tier) municipal governments, with an anticipated outcome of 100,000 additional building permits issued in Canada.

The aim of the program is to encourage new municipal initiatives that will increase housing supply at an accelerated pace and enhance certainty for developers in the approvals and building process, resulting in transformational change to the housing system. Other program objectives include developing complete, low-carbon and climate-resilient communities that are affordable, inclusive, equitable and diverse.

To access funding, municipalities are required to submit an application to CMHC. The application requires a Council-approved (or approval by a delegated authority) Action Plan demonstrating commitment to new initiatives and growth targets that will result in additional unit growth over a 3-year period from 2024-2026. The purpose of this report is to provide an overview of HAF funding details and seek General Committee's approval-in-principle of the Action Plan. Due to short timelines, the approval authority of the final Action Plan is recommended to be delegated to the Chief Administrative Officer.

Comments

Securing Funding

CMHC has identified Mississauga as a growth leader with a greater ability to achieve new housing supply. Funding eligibility is determined by the strength of the Action Plan submitted to CMHC, which must consist of seven (7) or more new initiatives, housing targets, and a housing needs assessment. The initiatives and targets are scored against evaluation criteria to determine initial funding eligibility. Staff's proposed initiatives are outlined in Appendix 1. Most of the proposed initiatives were included in *Growing Mississauga – An Action Plan for New Housing*, which was approved by Council in February, 2023.

Action Plans will be scored higher if they:

- Demonstrate a commitment to increasing housing supply (max. 10 points);
- Support the objectives of the HAF program (qualitative measures);

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- Include initiatives that are effective at increasing housing supply¹ (max. 20 points); and,
- Demonstrate a need for increased housing supply through the submission of a needs assessment (0 points = no assessment included; 5 points = assessment included).

The Region of Peel completed a housing assessment as part of the Housing Strategy (2018) as well as a data update (2021), both of which will be included in the application.²

Funding to Mississauga determined by Targets Set

If successful in the evaluation, Mississauga will be awarded funding based on an overall projected number of additional new units that will occur as a result of the HAF funding. The methodology is outlined in Table 1 and is based on the quantity and type of units targeted. Multi-unit housing in close proximity to transit will receive the most per unit funding, followed by 'Missing Middle' built form multi-unit housing, other multi-unit housing, and detached homes. An affordable housing bonus of \$19K / unit is also available. In total, per unit funding will range from \$20K to \$54K per unit.

Table 1 – Funding Methodology

Housing Type	Description	Market (\$ / unit)	Affordable (\$ / unit)
Multi-unit housing (close to rapid transit)	Within 1500m of rapid transit, which operates frequent service with high capacity and priority over other modes of transportation typically achieved through an exclusive right-of-way.	\$35K	\$54K
Multi-unit housing ('Missing Middle')	Ground-oriented housing types that exist between single-detached and mid-rise apartments, including garden suites, secondary suites, plexes, row houses, courtyard housing, low-rise apartments (less than 4 stories).	\$32K	\$51K
Multi-unit housing (Other)	Other multi-unit housing that is not close to rapid transit or 'Missing Middle'	\$27K	\$46K
Detached units	A building containing 1 dwelling unit, which is completely separated on all sides from any other dwelling or structure.	\$20K	\$39K

¹ Effectiveness is assessed based on:

- Implementation: Time it will take to complete initiative;
- Timeliness: Time it will take to start to achieve additional permitted units as a result of initiative;
- Supply Impact: Extent to which initiative will improve housing and community outcomes; and,
- System Impact: Extent to which initiative increases stability / predictability in the housing system.

² Housing Strategy: <https://www.peelregion.ca/officialplan/review/pdf/2018-housing-strategy.pdf>

Data update: <https://www.peelregion.ca/officialplan/review/pdf/2021-04-Apr-Housing-Strategy-Data-Update-for-IZ-Assessment-Report.pdf>

Staff are projecting that the HAF funding could incentivize between additional 1,000 to 1,500 units per year beyond normal growth levels for a total of 3,000 to 4,500 additional units between 2024-2026. Staff anticipate the proposed initiatives will have a long-term positive impact on supply system, however the short-term impact (within program timeframe) may be dependent on a number of factors outside of the City's control, e.g. market conditions. The majority of units will fall into the multi-unit housing categories noted in Table 1.

Additional Supporting Materials

An attestation letter from Chief Financial Officer (or equivalent, e.g. Treasurer), audited financial statements, and an integrity letter is also required as part of the application.

Spending the Funds

The application to CMHC requires an upfront estimate of how the funds will be spent. However, CMHC does not require Council (or delegated authority) approval of the funding allocation to Mississauga projects.

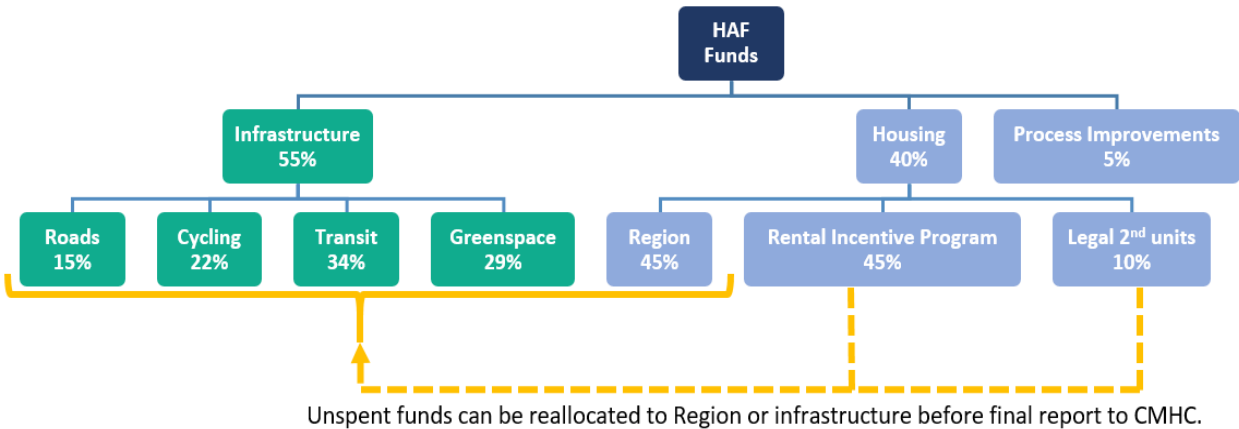
The permitted uses of HAF funds are broad, as identified in Table 2. The City has the discretion to determine how much of the funding will be put towards Action Plan *initiatives*, versus how much of the funds can be spent on other capital *projects*, provided the uses are permitted.

Table 2 – Permitted Uses of HAF Funding

Category	Sub-category	
HAF Action Plans	<ul style="list-style-type: none"> Any CMHC approved initiative in proponent's Action Plan 	
Affordable housing	<ul style="list-style-type: none"> Construction, repair or modernization Land / building acquisition, incentives 	
Housing-related infrastructure	<ul style="list-style-type: none"> Public transit Water, WW, SWM Community energy systems 	<ul style="list-style-type: none"> Capacity building Broadband Brownfield redevelopment Disaster mitigation
Community-related infrastructure	<ul style="list-style-type: none"> Local roads, bridges Sidewalks, bike lanes 	<ul style="list-style-type: none"> Landscaping, greenspace Fire halls

Staff are proposing a balanced funding allocation for Council's consideration, as identified in Figure 1, and will report back with a more detailed plan once funding is allotted to the City.

The City must show progress towards implementing Action Plan initiatives and achieving unit growth targets, or program funding may be at risk. Staff are proposing that 45% of funds be directed to housing and process improvements to support projects in the Action Plan that have the most direct link to new affordable housing / multi-unit building permits. This includes a proposed transfer of funds to Peel Housing for the creation of new units in Mississauga.

Figure 1 – Proposed Funding Allocation

If program uptake on the incentive program initiatives is not as strong as anticipated, funds can be reallocated to Regional housing or other City infrastructure projects. Staff suggest 55% of the funds be allotted to support development enabling infrastructure within transportation and park services.

Funding Advances and Reporting

Funding is advanced in four equal payments, the first of which is issued upfront after the contribution agreement is signed, and the remaining payments occurring once annually on the anniversary date. The fourth and final installment will be awarded based on achievement of targets.

Municipalities are required to periodically report on the progress of the Action Plan and achievement of targets. Reports are required 6 months after the initial advance and annually on the anniversary date of the agreement. A total of 5 reports are required. The reports will cover:

- Progress on initiatives and commitments;
- Permit data;
- How HAF funds were spent; and,
- Attestation letter that the City is on track with initiatives.

Next Steps

Applications are due by June 14, 2023 and if successful, the City will enter into a contribution agreement with CMHC no later than end of July, 2023. If successful in securing funding, staff will report back on more specific plans to allocate funds to City projects.

The first funding advance is expected to occur in August or shortly thereafter. All funds must be spent by final reporting to CMHC in late 2027.

Strategic Plan

Housing stems from the Strategic Plan “Belong” Pillar. Two strategic goals relate to housing affordability – “Ensuring Affordability and Accessibility” and “Support Aging in Place.” Action 1 – “Attract and keep people in Mississauga through an affordable housing strategy” connects to the work on the City’s Housing Strategy and *Growing Mississauga*.

Financial Impact

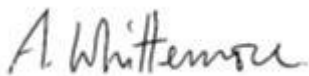
There is no financial impact resulting from this report. Securing the HAF funding will allow the City to advance *Growing Mississauga* initiatives and fund other projects that support and encourage growth. The funds are advanced in four equal installments over the program and failure to show progress on the Action Plan or comply with program requirements may put program funding at risk.

Conclusion

In preparation for a CMHC HAF application, staff are seeking Council’s approval-in-principle of the proposed Action Plan outlined in this report, as required by CMHC. Approval of the final Action Plan is proposed to be delegated to the Chief Administrative Officer. The City is well-positioned as a large and fast-growing municipality to secure HAF funding. The HAF funding will encourage transformational change and create positive impacts on housing supply and affordable housing in Mississauga.

Attachments

Appendix 1: Proposed Action Plan Initiatives for CMHC HAF Application



Andrew Whitemore, M.U.R.P., Commissioner of Planning & Building

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