

MEMORANDUM

To: Regional Chair Emmerson and Members of Regional Council

From: Laura Mirabella
Commissioner of Finance and Regional Treasurer

Paul Freeman
Chief Planner

Date: April 27, 2023

Re: Federal Housing Accelerator Fund Update

This memorandum provides information about the Federal government's recently announced Housing Accelerator Fund (HAF), as requested at the Housing Affordability Task Force meeting on March 23, 2023.

On March 17, 2023, the Federal government announced details of the Housing Accelerator Fund

In April 2022, the HAF was initially announced as part of the 2022 Federal Budget along with other initiatives to make housing more affordable and accessible for Canadians. The HAF is part of a larger suite of measures through Canada's National Housing Strategy, an over \$82 billion plan that has already committed to the creation and repair of over 400,000 housing units (e.g., community housing, affordable housing, shelter spaces, and transitional housing).

On [March 17, 2023](#), the Federal government released details about the HAF program, application requirements and process. The HAF is a \$4 billion program with an objective to create 100,000 more housing units than would have occurred without the HAF. It is application-based program that will open in June 2023. Approved funds are expected to be paid starting Fall 2023 over a three-year period. There are two streams under which eligible municipalities, First Nations, Metis and Inuit governments may apply:

- Large/Urban Stream – is in a Canadian province and has a population of 10,000+
 - Small/Rural/North/Indigenous – is in a territory, indigenous community, or Canadian province and has a population under 10,000
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Based on the eligibility guidelines and information provided by Canada Mortgage and Housing Corporation, York Region is not eligible to apply

From details provided in the HAF Pre-Application materials, only local governments within Canada that have delegated authority over land use planning and development approvals may apply. In cases where there is no municipal-level authority, regional districts, provinces, or territories are then eligible to apply.

Staff requested clarification from Canada Mortgage and Housing Corporation (CHMC) and were informed that while upper-tier municipalities in Ontario have broad planning functions and are designated Service Managers responsible for community housing and homelessness programs, the Region would not be eligible to apply as a primary applicant since the Region does not “directly hold authority over the approval of building permits.”

While the Region may not be eligible for HAF funding, there are still several Federal funding programs, directed towards housing, for which the Region qualifies

The Region pursues all reasonable funding opportunities, and has received funding under several National Housing Strategy programs, as outlined in Appendix A. Programs include:

- **Rapid Housing Initiative (RHI):** Provides funding to support rapid construction of new permanent affordable units to address core housing need. Eligible projects include new construction including modular housing, acquisition of land, and conversion or rehabilitation of existing buildings into affordable, transitional, or supportive housing units. The Region was unsuccessful in achieving funding in the first two application rounds under the Projects Stream. In November 2022, CMHC announced the Region would be awarded funding for the first time under the Cities Stream. Council received a report on this allocation in [January 2023](#).
- **National Housing Co-Investment Fund:** A grant and loan program directly delivered by CMHC on an application basis. The Co-Investment Fund provides funding to community housing providers and municipalities for new construction and repair or renewal of existing units. The Region was previously awarded \$7.4 million in grant funding under the Co-Investment Fund to support the development of Housing York Inc.’s project in the Town of Whitchurch-Stouffville. Staff are also pursuing Co-Investment Funding for other Housing York Inc. projects.
- **Canada-Ontario Community Housing Initiative (COCHI)/Ontario Priorities Housing Initiative (OPHI):** The Region also receives funding under two other programs, which are cost-shared by the Federal and Provincial governments. COCHI and OPHI have both been used to fund housing provider capital repairs as well as development of new community housing supply. Council received a report on COCHI and OPHI when the programs launched in [June 2019](#).

HAF guidelines state that its funding is not intended to be used to underwrite specific housing projects. Unlike the programs listed above, HAF is intended to be used to support local municipalities in developing new initiatives to incentivize or accelerate new supply of affordable housing. In recognition that all partners need to participate in addressing housing challenges, there are many federal funding opportunities for housing targeted to partner organizations such as housing developers, community organizations, individual homeowners, academics, and indigenous housing providers. These programs are outlined in Appendix B.

The HAF's focus on supply initiatives increases the urgency to address affordability

The HAF, as well as the Province's stated goal to build 1.5 million new homes over the next ten years, places increased emphasis on supply initiatives to help address housing affordability. As supply is increased, it is important that it be focused on the affordability needs of residents and workers. Because of this, over the coming year the Region is working to refresh the 10-year Housing and Homelessness Plan and develop three associated implementation plans: (1) Affordable Private Market Housing Implementation Plan (AHIP), (2) Community Housing Development Master Plan, and (3) Homelessness Service System Plan to address housing needs across the income spectrum.

The Region could support and help coordinate HAF applications on behalf of the local municipalities

Upper-tier municipalities, like the Region, can still help facilitate HAF applications from lower-tier municipalities, with their consent. There would however be a requirement for a separate application to be submitted for each of the lower-tier municipality that is seeking funding.

In support of this, the April meeting of the York Region Local Municipal Housing Working Group discussed what role/help, if any, the Region could offer. Participation with local municipal partners could provide data, maintain consistency and coordinate alignment in approaches to addressing housing need. Invitees to the Working Group meeting included local municipal Planning and Finance staff as well as Regional staff from Planning, Community and Health Services and Finance.

To be eligible for HAF monies, eligible municipalities must prepare an Action Plan

The HAF supports municipalities that increase densities, speed up approval timelines, establish inclusionary zoning bylaws and encourage transit-oriented development.

To be eligible for funding, any HAF applicant must prepare and include an Action Plan that will help achieve additional housing supply (e.g., housing supply growth target within their Action Plan that increases their average annual rate of growth by at least 10%).

Applicants under the Large/Urban stream (all the Region's local municipalities) must identify a minimum of seven Action Plan initiatives, while those under the Small/Rural/North/Indigenous stream must identify a minimum of five initiatives. While details of possible initiatives can be found on pages 5-6 of the Housing Accelerator Fund, [Pre-Application Material](#), some examples include:

- Promoting high-density development without the need for rezoning
- Allowing increased housing density (increased number of units and number of storeys) on a single lot
- Implementing rental only zoning
- Implementing revised parking requirements (e.g., reduced or eliminated parking spaces for new developments)
- Promoting and allowing more housing types that serve vulnerable populations
- Creating a process for the disposal of city-owned land for the development of affordable housing as-of-right (not requiring rezoning)

Applications will then be evaluated using a points system based on criteria including commitment to increase housing supply, relevance of Action Plan initiatives to objectives of the HAF, effectiveness of the initiative in increasing housing supply, and the need for increased housing supply.

If successful, HAF applicants will be required to report on the progress they have made on the initiatives and commitments outlined in the Action Plan and building permit data for all housing units, and details on how HAF money was used.

HAF Pre-Application Reference Materials prescribes how HAF monies can be spent

HAF funding can be used for four broad areas:

1. Investments in HAF Action Plans, including any initiative that is approved by CMHC. The use of the funds for Action Plan initiatives is preferred by the CMHC, as that could result in lasting systemic changes which could improve the housing supply after the HAF program ends.
2. Affordable housing initiatives, such as the construction, repair or modernization, and the acquisition of land or buildings.
3. Housing related infrastructure including drinking water, wastewater, solid waste management and public transit.
4. Community-related Infrastructure that supports housing, including local roads and bridges, sidewalks, lighting, bicycle lanes, firehalls, landscaping and green space.

Given CMHC funding preferences identified above, it is unlikely that HAF funding would be eligible to be used to mitigate the financial shortfalls related to Bill 23, *More Homes Built Faster Act, 2022*.

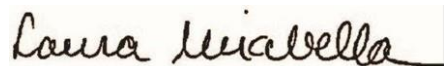
HAF funding has three components for incentivizing new housing, with the greatest incentives reserved for those types of housing most needed

HAF funding has three components: base funding, top-up funding and a bonus for affordable housing. Base funding incentivizes all additional housing across the housing spectrum and is estimated at \$20,000 per unit. Top-up funding provides additional incentives for those homes that are multi-unit housing close to rapid transit, missing middle multi-unit housing and other multi-unit housing that would not qualify in the previous two categories. The HAF does not provide any top-up funding for single-detached homes. Finally, the HAF provides bonus funding for affordable housing, intended for households whose needs are not met by the marketplace.

As HAF funding is application based and incentivizes net new housing, with funding amounts varying dependent on the type of housing, it is unclear how much money a municipality could receive.

Enhancements to municipal revenue sources and powers could help the Region support housing affordability objectives in all nine local municipalities

While the Region may not be eligible for funding under the HAF program, it has previously requested the Province to provide it with additional revenue sources and powers that could be used to help support housing affordability objectives. These requests included its share of the Non-Resident Speculation Tax as well as the ability to levy a Municipal Land Transfer Tax, which so far have not yet been granted. Continued advocacy in this area could help the Region better address the housing affordability crisis and support its local municipal housing affordability targets.



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Appendix A
Table 1
Federal Housing Funds (Based on Regional Eligibility)

Program	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Purpose
Rapid Housing Initiative (RHI)	--				To be confirmed*		New Supply
National Housing Co-Investment Fund				\$7,490,000			New Supply
Canada-Ontario Community Housing Initiative (COCHI)**	\$51,500	\$0	\$899,900	\$377,104	\$7,096,400	\$9,653,500	Capital repairs of legacy housing supply and new supply
Ontario Priorities Housing Initiative (OPHI)**	\$7,476,100	\$3,873,200	\$6,029,700	\$5,497,400	\$6,022,000	\$5,810,500	New supply, capital repairs, short-term rent benefits
Canada-Ontario Housing Benefit (COHB)**	--	\$1,866,669	\$579,222	\$3,035,300	\$2,527,600	Unknown	Portable rent benefits

* York Region was identified to receive Rapid Housing Initiative Round 3 funding under the Cities Stream (direct allocation).

Allocation amounts are confidential until announced by Canada Mortgage and Housing Corporation.

** Programs are cost-shared with the Province of Ontario. Funding for OPHI and COCHI (2023-25) and COHB (2023-24) has been communicated to York Region by the Ministry of Municipal Affairs and Housing as a planning allocation at this time and has yet to be confirmed.

APPENDIX B
Table 1
Other Federal Housing Funds

Broad Eligibility

Seed Funding: Supports affordable housing through interest-free loans and/or non-repayable contributions. There are 2 funding streams: one for new construction/conversions, and one to preserve existing community housing projects. The application portal is currently closed. The Region received \$45,000 in CMHC seed funding in 2018.

Affordable Housing Innovation Fund: Funding for innovative housing providers driving innovation across the housing continuum. A stream within this fund has been set-up to support rent to own initiatives.

Federal Lands Initiative: Surplus federal lands and buildings available for development into affordable housing units and communities. There are currently no properties available.

Housing Developers are Eligible

Housing Supply Challenge: The \$300 million (2020-2025) Housing Supply Challenge invites citizens, stakeholders, and experts to propose solutions to the barriers to new housing supply. The challenge will distribute \$300 million in funding over 5 years. Current round focuses on construction related barriers to housing supply (developer focused)

Shared Equity Mortgage Providers Fund: This \$100 million loan program (2019-2024) supports providers of shared equity mortgage programs (e.g., Options for Homes) to increase supply of funded units.

Preservation Funding for Community Housing: Financial assistance to help community housing providers complete preservation activities related to the sustainability of existing community housing projects. This fund is open to projects that are, or have been subject to a federally administered operating agreement

Rental Construction Financing Initiative: Low-cost loans encouraging the construction of sustainable rental apartment projects across Canada. Although the Region is eligible, it is unlikely we would apply when the Co-Investment Fund is available (better terms). This initiative is more aimed at the private market.

Community Organizations are Eligible

Community- Based Tenant Initiative: provides contributions to support local organizations whose purpose is to assist people in housing need. The initiative supports tenants having access to information on housing options and better participating in housing decisions that affect them.

National Housing Strategy Research and Planning Fund: Funding for not-for-profit organizations, registered charities and Indigenous partners to advance housing research in Canada. Funds help promote interest, involvement and capacity building in housing research.

Individuals are Eligible

First-time Home Buyers Incentive Program: A shared-equity mortgage with the Government of Canada (5-10% of purchase price) reduces the purchase price and carrying cost of owning a home. This \$1.25 billion loan program runs from 2019-2024.

One-time top-up to the Canada Housing Benefit: One-time payment of \$500 to low-income renters (closed March 31, 2023).

Home Buyers Amount: The Home Buyers' Amount offers a \$5,000 non-refundable income tax credit amount on a qualifying home acquired during the year. For an eligible individual, the credit will provide up to \$750 in federal tax relief.

Home Buyers Plan: The Home Buyers' Plan (HBP) is a program that allows withdrawals up to \$35,000 in a calendar year from registered retirement savings plans (RRSPs) to buy or build a home for an individual or for a related person with a disability.

GST/HST New Housing Rebate: GST or HST rebates for the purchase price or cost of building a new house, or the cost of substantially renovating or building a major addition onto an existing house, or on converting a non-residential property into a house. Applicants must qualify for the rebate.

Canada Greener Homes Loan: Major home retrofits through grants (\$125 to \$5,000 per household), contributions (\$600/hhld) and interest-free loans (up to \$40,000/hhld) to make homes more energy-efficient.

First Home Savings Account (FHSA): A registered plan allowing prospective first-time home buyers to save for first home tax-free (up to \$40,000).

Academics are Eligible

CMHC Housing Research Scholarship Program: Access funding for in-depth housing research and building Canadian expertise. Each fellowship is up to 2 years in length and ranges from \$45,000 to \$60,000 per year.

Longitudinal Outcomes Research Grant: Applications must be submitted by an eligible Canadian post-secondary institution.

Indigenous Housing Providers are Eligible

Shelters Initiative for Indigenous Women and Children: \$45 million initiative to create 12 new shelters for Indigenous women and children escaping family violence.

First Nations Development Funding: Direct lending, insured loans, non-profit housing and proposal development funding for on-reserve first nations housing secured by ministerial loan guarantee.

Emergency Repair Program (ERP): Funding to help low-income on-reserve households make emergency home repairs (up to \$30,000/hhld).

Home Adaptations for Senior's Independence: Funding to help on-reserve seniors adapt their homes so they can keep living independently (up to \$20,000/hhld).

On-Reserve Non-Profit Housing Program: Funding for non-profit rental housing projects in First Nation communities

Proposal Development Funding for First Nations Communities: Up to \$75,000 in loans for the proposal stage of on-reserve housing projects.

Residential Rehabilitation Assistance Program (RRAP) – regular: Funding for major repairs to improve the health and safety of on-reserve affordable housing (up to \$60,000/unit)

Shelter Enhancement Program: Funding to build and repair shelters and housing for people who are fleeing domestic violence. This program is open to all First Nations or First Nation housing organizations that operate housing for people fleeing domestic violence.

Indigenous Shelter and Transitional Housing Initiative: \$724 million to expand supports for Indigenous women, children, and 2SLGBTQIA+ people escaping gender-based violence.

COVID-19 Loan Payment Deferrals for Indigenous Clients: Support for on and off-reserve clients with CMHC financing.