



To: COUNCIL

Meeting Date: 10/24/2023

Subject: Appendix B - 23-322-CD - CMHC Housing Accelerator Fund Application - 23-322-CD.docx

Submitted By: Sylvia Rafalski-Misch, Manager of Development Planning

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Report No.: 23-322-CD

File No.: N/A

Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 23-322-CD CMHC Housing Accelerator Fund Application be received;

AND THAT Cambridge Council endorse the Action Plan summarized in Report 23-322-CD, as submitted in August 2023 as part of the Housing Accelerator Fund (HAF) Application to Canada Mortgage and Housing Corporation (CMHC);

AND FURTHER THAT Cambridge Council direct Staff to enter into a future Contribution Agreement on behalf of the Corporation of the City of Cambridge with CMHC in the event the City of Cambridge is selected for participation in the HAF program.

EXECUTIVE SUMMARY:

Purpose

In August 2023, Development Planning Staff applied on behalf of the City of Cambridge to participate in the Housing Accelerator Fund (HAF) Program, administered by Canada Mortgage and Housing Corporation (CMHC). The application involved an Action Plan consisting of eight City-led initiatives. In anticipation of being selected to participate in the program and to receive financial installments, staff is seeking Council endorsement of this Action Plan and direction to enter into a future Contribution Agreement with CMHC.

Key Findings

The Action Plan submitted with the HAF Application involved eight (8) City-led Initiatives aimed at accelerating the issuance of building permits for new affordable, missing middle and multi-unit housing. Each Initiative includes a series of milestones, which may have commenced as far back as April 2022 and must be completed before the end of 2027. A total of 603 new residential units are proposed to be created with the HAF financial installments over the four (4) year program. A summary of the Action Plan is provided in the Analysis Section below.

If selected to participate in the program, the City would be required to enter into a Contribution Agreement with CMHC. Council endorsement of the Action Plan must be demonstrated prior to entering into this Agreement. The agreement will outline:

- total amount of funding available to incent new housing supply.
- expectations on progress reports.
- planned schedule of payments.

In anticipation of being selected to participate in the HAF Program, Staff is seeking:

- Council endorsement of the Action Plan as summarized in Staff Report 23-322-CD.
- Council direction to Staff to enter into a future Contribution Agreement on behalf of the Corporation of Cambridge with CMHC.

Financial Implications

The expected cost to implement the City-led Action Plan is approximately \$10,000,000. If selected to participate in the HAF Program, the City may be eligible for approximately \$21,220,000 in federal funds to be directed towards implementing that City-led Action Plan, plus Affordable Housing, Housing-related Infrastructure Projects and Community-Related Infrastructure Projects. 6 of 8 initiatives of the Action Plan are reliant upon HAF funding to proceed.

STRATEGIC ALIGNMENT:

Strategic Action

Objective(s): PLANNING FOR GROWTH - Provide for a mix of development, uses and amenities in order to meet the needs of a changing and diverse population

Strategic Action: Increase housing options

If selected to participate in the Housing Accelerator Fund Program, the City would be eligible to receive significant federal funding to support lasting systemic changes to accelerate development approvals (planning/building permit applications) and the housing supply across Cambridge, particularly in the areas of affordable housing, missing middle housing, multi-unit housing and housing within Major Transit Station Areas.

BACKGROUND:

Appendix A contains a Briefing Note prepared in May 2023 for Senior Management to explain the details of the Housing Accelerator Fund (HAF) Program, in anticipation of the preparation and submission of the HAF application in August 2023. The HAF Application was submitted to CMHC in August 2023, and amended to address CMHC staff comments in September 2023.

EXISTING POLICY / BY-LAW(S):

In February 2023, the City of Cambridge signed a Housing Pledge with the Province of Ontario to supply 19,000 new homes across the City of Cambridge over the period from January 1, 2021 to December 31, 2031.

Funding secured through the HAF Program, and Implementation of the HAF Action Plan endorsed by Council, will significantly enhance the City's ability to fulfill this Housing Pledge.

ANALYSIS:

Action Plan Initiatives

The following eight (8) Initiatives, referred to collectively as the Action Plan, were submitted with the City's HAF Application:

Initiative 1: Fast Tracking Municipal Lands Program for Affordable and Attainable Housing

- **Description:** This initiative will implement a region-wide governance framework to establish a pool of land that will be brought through the Rapid Building Sites program for housing to be developed by a selected builder group. Within Cambridge, there are potentially six (6) surplus land sites that have been

identified for the development of affordable housing. The City will seek to purchase other lands as part of this initiative. Each project would be completed by a private developer, successful in a Request for Proposal and land procurement (disposition) process. External legal expertise will be explored to assist in the development of the necessary agreement(s) with relevant parties. The HAF funds would primarily be used to retain the consultant to prepare visualization concepts for the surplus land parcels and to purchase lands for redevelopment.

- Estimated Units with Funding over the 4 Years of the Program: 50
- Estimated Cost: \$4,250,000 (not currently funded)
- Estimate Start and Completion Date: April 1, 2023 – December 1, 2026

Initiative 2: Digital Twin Data Driven Accelerated Approval Process

- Description: This initiative involves building a customized digital platform that creates a three-dimensional digital environment based on real time existing conditions data. Development Proposal can be inserted into this digital environment for enhanced and accelerated evaluation.
- Estimated Units with Funding over the 4 Years of the Program: 133
- Estimated Cost: \$2,730,000 (not currently funding)
- Estimate Start and Completion Date: January 1, 2024 – August 1, 2026

Initiative 3: Hespeler Road Corridor Community Improvement Plan

- Description: This initiative involves both the preparation of a Secondary Plan and a Community Improvement Plan. The purpose of this Secondary Plan is to provide a planning framework that will guide future development and redevelopment in the Hespeler Road corridor area and implement the policies of the Cambridge Official Plan and Region of Waterloo Official Plan. Priority should be given to improvements in the Major Transit Station Areas (MTSAs) that support transit-oriented development and intensification in these areas. Concurrent with the preparation of the Secondary Plan, the City will retain a consultant to assist with the preparation of a Community Improvement Plan to offer financial Incentives to support missing middle projects in targeted areas around the MTSAs within the Secondary Plan. These incentives may include:
 - Development Charge Discounts or Exemptions
 - Community Benefit Charge Discounts or Exemptions
 - Development Application and Building Permit Application Fee Discounts or Exemptions
- Estimated Units with Funding over the 4 Years of the Program: 50
- Estimated Cost: \$1,000,000 (not currently funded)

- Estimate Start and Completion Date: January 1, 2024 – January 1, 2025

Initiative 4: South East Galt and Main Street and Dundas Street East Community Improvement Plan

- Description: This initiative involves both the preparation of a Secondary Plan and a Community Improvement Plan (CIP). The purpose of this Secondary Plan is to provide a planning framework that will guide future development and redevelopment in this area and implement the policies of the Cambridge Official Plan and Region of Waterloo Official Plan. Priority should be given to developing missing middle housing. Concurrent with the preparation of the Secondary Plan, the City will retain a consultant to assist with the preparation of a Community Improvement Plan to offer additional density on targeted sites, of 5-10% above the maximum permitted in the zoning by-law, in exchange for parkland or cash in lieu of parkland at an alternative rate of 0.15 hectares per 300 units, or an alternative to be determined in accordance with the Planning Act. This CIP aims to increase the supply of land for parks, and also achieve subtle density increases on redevelopment sites.
- Estimated Units with Funding over the 4 Years of the Program: 25
- Estimated Cost: \$400,000 (not currently funded)
- Estimated Start and Completion Date: September 2023 – June 2024

Initiative 5: Additional Residential Unit Assistance Program

- Description: This Initiative utilizes a Community Improvement Plan to offer financial grants or rebates to encourage Additional Residential Units (ARUs) within the City’s low-density residential zones. The grants or rebates will be offered either in conjunction with a building permit to create a new ARU or after the completion of the building permit works and can be applied to offset or cover the costs of:
 - retaining a qualified designer to prepare permit drawings;
 - service connection upgrades; and/or
 - electrical panel upgrades.

Hiring a qualified designer is often a financial barrier for those considering the creation of an ADU, or it consumes considerable staff time reviewing plans from non-qualified designers. Upgrades to electrical panels cost approximately \$3,500 and upgrades to service connections cost between \$5,000 - \$10,000. This incentive will assist with removing these financial barriers, and also speed up approval timelines.
- Estimated Units with Funding over the 4 Years of the Program: 150
- Estimated Cost: \$1,150,000 (not currently funded)

- Estimated Start and Completion Date: October 2023 – July 2024

Initiative 6: Update the City's Comprehensive Zoning By-law - Collapsing of Residential Zones

- Description: The City has retained a consultant to assist with the preparation of a new comprehensive zoning by-law, which implements the recent legislative changes and results in collapsing sixteen (16) separate residential zone classifications, into just six (6) residential zones. This change moves the City away from an overly complicated and restrictive land use planning framework to one that simplifies and promotes a broader range of housing types as of right across a greater area of the City. It has the effect of upzoning across many areas of the City.
- Estimated Units with Funding over the 4 Years of the Program: 75
- Estimated Cost: \$250,000 (partially funded through capital budget)
- Estimated Start and Completion Date: April 2023 – May 2024

Initiative 7: Delegation of Authority Enhancements

- Description: The City currently has a delegated authority By-law, which grants the Chief Planner the Authority to approve in principle several types of development applications and requests, including:
 - Removal of Holding Provisions in principle; and
 - Exemptions from Part Lot Control in principle.

The City has not developed practices and protocols to enact this delegated authority for Removal of Holding Provisions and Part Lot Control Exemption from the Chief Planner, placing approval back with Council. Staff are also recommending that the authority to lift road reserves be delegated to staff in principle through a future amendment to the delegated authority By-law.

The aim of this Initiative is to make changes to the City's internal processes to allow the Chief Planner that delegated authority in principle for these three (3) types of development applications and requests. This change is expected to accelerate the approval timeline by 50% - 75% and will result in the acceleration of: site plan approval; building permits issued; and units created.

- Estimated Units with Funding over the 4 Years of the Program: 45
- Estimated Cost: \$0
- Estimated Start and Completion Date: October 2023 – January 2024

Initiative 8: Online Pre-Application Development Guide Portal (Software)

- Description: The City will retain a consultant (Camino) to customize and implement a new software to create an Online Development Guide Portal for external customer use. The software organizes all of the City's rules, regulations, instructions and data into one place. The customer uses the Development Guide Portal in 3 steps:
 - Enter details about their project by going through a smart questionnaire.
 - Select their subject property to check zoning and other parcel-based details, drawing from the City's GIS software and Amanda database.
 - Receive a unique, custom set of instructions for how to get the project done.

The Report will determine whether the project is allowed and which approvals and permits may be required (even across multiple departments). The Report will also include an estimate of all fees owed for the project and how long it might take to get approval. Customers who use the Online Development Guide are more likely to submit a correct application the first time, and it eliminates surprises and questions later on. The Platform is estimated to:

- Decrease customer phone calls by up to 20%
- Decrease counter visits by up to 70%
- Increase the speed at which permits are issued by up to 35%

The Implementation of the Software will require the City to update and improve the data set in the City's current GIS Database. The City will undertake further work to improve that data set to ensure optimal efficiency and effectiveness of the Online Development Guide and the reports that it generates for customers.

- Estimated Units with Funding over the 4 Years of the Program:75
- Estimated Cost: \$600,000 (not currently unfunded)
- Estimated Start and Completion Date: October 2023 – August 2024

Total HAF Funding Estimated and Additional Steps

Based on a preliminary estimate, the City may be eligible for \$21,220,000 in HAF Funding if selected to participate in the Program. The Funds are to be used in the following categories:

- Action Plan Initiatives
- Affordable Housing
- Housing-Related Infrastructure
- Community-Related Infrastructure

Additional steps if selected to participate in the HAF Program include:

- Demonstrate Council Approval of the Action Plan Initiatives
- Enter into a Contribution Agreement, which outlines:
 - total amount of funding available to incent new housing supply;
 - expectations on progress reports; and
 - planned schedule of payments.
- Complete a Housing Needs Assessment
- Complete Annual Reporting

Below is the estimated schedule for progress reporting and financial advances:

Schedule of Progress Reports and Financial Advances *	Progress Reporting Period	Financial Advances
Fall 2023 (6 months after date of agreement)	n/a	1 st Advance processed
Spring 2024 (6 months after date of agreement)	1 st Progress Report	n/a
Fall 2024 (1 st year after date of agreement)	2 nd Progress Report	2 nd Advance processed
Fall 2025 (2 nd year after date of agreement)	3 rd Progress Report	3 rd Advance processed
Fall 2026 (3 rd year after date of agreement)	4 th Progress Report	4 th Advance processed
Fall 2027 (4 th year after date of agreement)	5 th Progress Report	n/a

* Assumes Contribution Agreement is signed in Fall 2023.

In anticipation of being selected to participate in the HAF Program, Staff is seeking:

- Council endorsement of the Action Plan as summarized above; and
- Council direction to Staff to enter into the Contribution Agreement on behalf of the Corporation of Cambridge with CMHC.

Staff will advise Council on the outcome of the Application once notice is received from CMHC.

FINANCIAL IMPACT:

The expected cost to implement the City-led Action Plan is approximately \$10,000,000. If selected to participate in the HAF Program, the City may be eligible for approximately \$21,220,000 in federal funds to be directed towards implementing that City-led Action Plan, plus Affordable Housing, Housing-related Infrastructure Projects and Community-Related Infrastructure Projects. Certain Initiatives of the Action Plan are reliant upon HAF funding to proceed, whereas others have funding allocated from other sources or can be complete by City-Staff for no additional cost and will proceed regardless of participating in the program.

PUBLIC VALUE:

If selected to participate in the HAF Program, this will contribute to the following public value principles:

- Leadership – The City would streamline approval processes and accelerate new housing opportunities to attract and retain residents, businesses employers, employees and other forms of investment. This will assist the City in achieving the Provincial Housing Pledge of creating 19,000 new homes by 2031.
- Collaboration – Implementation of the Action Plan involves collaboration with the Region of Waterloo and other municipalities and townships in the Region, and collaboration across multiple City divisions.
- Transparency – The City will be required to provide Progress Reports to CMHC detailing the use of federal funding and the achievement of milestones and new dwelling units in accordance with the Action Plan. These progress reports will be posted on the City’s website for public accountability and transparency.

ADVISORY COMMITTEE INPUT:

Advisory Committees Consulted:

Not Applicable.

PUBLIC INPUT

Not Applicable.

INTERNAL / EXTERNAL CONSULTATION:

Staff in Finance Services, Building Services, Community Planning and Technology Services, were consulted in the preparation of the HAF Application. The City also consulted with the Perry Group and GC3 Digital regarding Initiative 2: Digital Twin Data Driven Accelerated Approval Process.

CONCLUSION:

In August 2023, Development Planning Staff applied on behalf of the City of Cambridge to participate in the Housing Accelerator Fund (HAF) Program, administered by Canada Mortgage and Housing Corporation (CMHC). The details of the HAF Program and application process are outlined in Appendix A to this report. The application involved an Action Plan consisting of eight (8) City-led initiatives. In anticipation of being selected to participate in the program, Staff is seeking Council endorsement of this Action Plan and direction to enter into a future Contribution Agreement with CMHC. Participation in this Funding Program will assist the City in achieving the Provincial Housing Pledge of creating 19,000 new homes by 2031. Implementing the HAF initiatives involves collaboration with the Region of Waterloo and other municipalities and townships in the

Region, collaboration across multiple City divisions, leadership in streamlining approval processes, and broadening development and investment opportunities. Staff will advise Council on the outcome of the Application once notice is received from CMHC.

REPORT IMPACTS:

Agreement: **Staff are seeking Council direction to enter into a future Contribution Agreement with CMHC. The report does not impact an existing agreement.**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

APPROVALS:

This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:

Director

Deputy City Manager

Chief Financial Officer

City Solicitor

City Manager

ATTACHMENTS:

None.