Agenda – Executive Policy Committee – March 12, 2024

REPORTS

Item No. 4 Initiatives Funded from the First Installment of the Housing Accelerator Fund (HAF)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That an expenditure of up to $27.5 million in 2024, funded by the first instalment of the HAF, including:

    A. $25 million towards Action Plan Initiative #3, the capital grant program; and

    B. $2.5 million for staffing and consultants to develop and deliver the HAF program.

2. That the City Solicitor/Director of Legal Services be instructed to prepare a By-law for the Capital Grant Program in accordance with this report and bring same directly to Council for enactment.

3. That the Public Service report back before the end of 2024 with a plan to implement the remaining Council-approved HAF Action Plan Initiatives not included in Recommendation 1 for future years of the program.

4. That the Public Service be directed to report back to Council by March of each year on the outcomes from the Council-approved HAF initiatives.

5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the forgoing.

DECISION MAKING HISTORY:

COUNCIL DECISION:

On December 14, 2023, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the Public Service be granted an extension of up to 90 days to report back on the programs developed under the Housing Accelerator Fund (HAF).

2. That the Proper Officers be authorized to do all things necessary to implement the intent of the foregoing.

David Grant and Pam Lucenkiw, OURS-Winnipeg, submitted communications with respect to the matter.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 5, 2023, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

COUNCIL DECISION:

On July 13, 2023, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the City's receipt of a contribution from Canada Mortgage and Housing Corporation, in the amount of up to $192 million through the Housing Accelerator Fund program, which is given on condition that the City carry out the activities outlined in this report, be approved.

2. That the City enter into, execute and deliver a Contribution Agreement with Canada Mortgage and Housing Corporation, and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing (the "Ancillary Agreements").

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the Contribution Agreement between the City and Canada Mortgage and Housing Corporation and the Ancillary Agreements, in accordance with this report and such other terms and conditions determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing.

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

4. That, subject to confirmation of funding from Canada Mortgage and Housing Corporation and receipt of the first funding installment, a 2023 operating budget allocation of up to $1 million be approved to support staffing and start-up costs associated with developing the programs that flow from the recommended HAF action plans.

5. That, subject to the approval of Recommendation 4, the remaining Housing Accelerator Fund revenue and expenditures be referred to the 2024 to 2027 multi-year budget.

6. That the Public Service be directed to report back to Council in December 2023 regarding the programs developed under HAF.

7. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: Initiatives Funded from the First Installment of the Housing Accelerator Fund

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Dryburgh, M. Geer	M. Jack	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

On December 5, 2023, the Government of Canada, through the Canada Mortgage and Housing Corporation (CMHC), entered an agreement with the City of Winnipeg for $122.4 million in funding from the Housing Accelerator Fund (HAF).

The HAF funding is based on the City achieving 3,166 net new building permitted housing units and 14,101 in total (including 10,935 units projected to be permitted without HAF) over the next three years. These new units including 931 affordable units.

Any building permits issued after the agreement date of December 5, 2023, will be eligible to apply for HAF funding and count toward the building permit goal.

The HAF funds will be provided to the City in four equal annual installments of $30.6 million, starting in 2023. The receipt of the third installment is dependent on achievement of all eight Action Plan Initiatives, as approved by Council in July 2023 (detailed below), and the fourth installment is dependent upon achievement of the building permit units.

The Public Service is requesting that Council approve the following initiatives to be supported by the first installment of the HAF:

- $25 million to support a new capital grant program for non-profit and for-profit housing developers to incentivize construction of new affordable multi-family housing projects that include affordable housing across the City, but with an initial focus on the downtown. This corresponds to Initiative #3 approved by Council in July 2023.
- $2.5 million to recruit staff and consultants and to launch projects, in the first year of the program and to launch initiatives in the Action Plan aimed at accelerating housing growth in areas of highest need, as well as foster systemic, enduring reforms. This includes:
    1. **Rapid By-law Amendments:** Prepare first two rounds of zoning by-law amendments for community input and Council consideration and begin community involvement and planning for third round.
    2. **Rapid Amendments to Local Area Plans:** Initiate analysis and community engagement and draft recommended amendments.

3. **Incentive Program – Multi-family Dwellings in Downtown and Corridors:** Develop and administer first $25 million tranche of grants and provide conditional commitments for future tranches.
4. **Land Enhancement Office:** Prepare City-owned land for sale to housing developers to produce affordable housing; consult with stakeholders to produce predevelopment collaborations.
5. **City Concierge for Affordable Housing:** Hire two dedicated staff members to accelerate and navigate 1. Downtown affordable housing; and 2. Citywide affordable housing
6. **Infrastructure Support Program:** Develop and administer grant program to receive applications for 2025 and 2026 grant streams.
7. **Digitize Permits:** Digitize development application processes for transparency and speed, including AI support for application screening and analysis.
8. **Housing Needs Assessment:** Hire a consultant to complete a housing needs assessment to guide all other HAF initiatives.

With the exception of Initiative #8, above, all initiatives have ongoing actions in future years of the grant.

A communications plan is being developed to coincide with the launch of the HAF initiatives in this report. This plan will include a website to highlight details of each initiative, track progress made on each initiative and will include an on-line portal for developers to submit applications under the capital grant program.

The City will continue to seek out partnerships with the other governments and stakeholder organizations to leverage the HAF initiatives to provide greater financial support to construct and maintain affordable housing projects across the City as well as enable naturally-occurring affordable housing by changing regulations to be more in line with market preferences and changing community needs, as well as being streamlined and more user-friendly.

The HAF funding will support four key themes from Council's Strategic Priorities Action Plan 2023-2026, specifically:

- The Downtown;
- A Strong Economy;
- A Livable, Safe, Healthy, Happy City; and
- A City that Works for Residents through Improved Customer Service.

The first grants program will be launched in June 2024. The first round of rapid zoning by-law edits will be before Council in February 2024, and the second round is expected in July 2024.

A report to Council before end of 2024 will outline future HAF phases.

RECOMMENDATIONS

1. That an expenditure of up to $27.5 million in 2024, funded by the first instalment of the HAF, including:

    A. $25 million towards Action Plan Initiative #3, the capital grant program; and

    B. $2.5 million for staffing and consultants to develop and deliver the HAF program.

2. That the City Solicitor/Director of Legal Services be instructed to prepare a By-law for the Capital Grant Program in accordance with this report and bring same directly to Council for enactment.

3. That the Public Service report back before the end of 2024 with a plan to implement the remaining Council-approved HAF Action Plan Initiatives not included in Recommendation 1 for future years of the program.

4. That the Public Service be directed to report back to Council by March of each year on the outcomes from the Council-approved HAF initiatives.

5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the forgoing.

REASON FOR THE REPORT

In July 2023 Council directed the Public Service to report back by December 2023 regarding the programs developed under HAF. In December 2023, Council granted an extension for this report to March 2024.

IMPLICATIONS OF THE RECOMMENDATIONS

If the recommendations are approved, the Public Service will launch a capital grants program and continue work on all eight initiatives. This will enable the City to start making progress towards the goal of achieving 3,166 net new permitted housing units over the next three years.

HISTORY / DISCUSSION

The Housing Accelerator Fund (HAF) is a $4 billion national housing program launched in 2023 by the Government of Canada through the Canada Mortgage and Housing Corporation (CMHC). This program provides funding to local governments to support the creation of 100,000 net new permitted housing units during the three-year duration of the program.

In December 2023, CMHC approved a total allocation of $122.4 million for Winnipeg under the HAF. Winnipeg's allocation is based on achieving building permit approvals for an additional 3,166 net new housing units over the next three years.

The 3,166 additional housing units will be incremental to the 10,935 units that are projected to be permitted without HAF, which will result in a total growth target of 14,101 permitted housing units in Winnipeg over the next three years.

The HAF funding will be provided to the City in four equal annual instalments of $30.6 million, starting in December 2023. The first two annual installments are unencumbered. The third installment will be earned upon completion of the eight action plan initiatives. The fourth installment will be earned by achieving 3,166 incremental building permits, and 14,100 in total by December 5, 2026.

HAF will be used to support the eight Action Plan Initiatives that were approved by Council in July 2023 which are intended to achieve the incremental housing units noted above. These include:

1. Rapid By-law Amendments
2. Rapid Amendments to Local Area Plans
3. Incentive Program – Multi-family Dwellings in Downtown and Corridors
4. Land Enhancement Office
5. City Concierge for Affordable Housing
6. Infrastructure Support Program
7. Digitize Permits
8. Housing Needs Assessment

The City has received its 2024 HAF instalment. Proposed Initiatives to be funded by the first installment of HAF are as follows (note: the dollar figures indicated below reflect the amounts for 2024 only).

Capital Grant Incentive Program – Action Plan Initiative #3 – $25 million

A capital grant program that is available to non-profit and for-profit developers is anticipated to be a key component of the City's HAF programming.

The capital grant program will provide grants directly to developers to create more housing supply, specifically mixed-income multi-family housing with an initial focus on affordable housing projects and projects situated downtown. Specific incentives for housing projects situated near transit corridors outside of the downtown will be addressed in a subsequent phase of the grant program.

For full affordable housing projects, applicability will be open to a wider geographic area of focus to create housing choice and ensure affordable housing is spread throughout the city.

An economic feasibility analysis was conducted to consider prototype developments in different areas. This helped inform program focus and available grants.

The key parameters of this program are proposed to be as follows:

Start date:	June 2024. It will be application-based that will allow for projects to be considered and approved throughout the course of the year.
Funding:	Total funding available in 2024 will be limited to $25 million.
Eligibility:	Available to all qualifying projects that have secured building permits after December 5, 2023. Projects without building permits at the time of applying must secure building permits within one year of grant approval in order to receive funds.
Evaluation Criteria:	Projects will be evaluated on their financial viability based on an analysis of the pro forma and other financial documentation. Project viability will also be evaluated on a ready to construct basis by reviewing the completeness of construction drawings as well as the extent to which the project has the required zoning, development and building permit approvals in place or pending at the time of application. Projects must

demonstrate that building permits will be approved within one year of the application approval.

Grant levels and eligibility criteria:

I. Downtown Market Projects: Up to $25,000/unit

- Must be net-new housing; this includes new construction, vacant building renovation or non-residential (i.e. office, industrial) to residential use.
- Eligibility open to non-profit or private corporations and Indigenous governments.
- Locational criteria: Must be located within the Downtown (map attached as Appendix 1).
- Projects must include 10% of units to be affordable below-market units, in line with CMHC Mortgage Loan Insurance Criteria (30% of median renter income which is currently $1,100/month) for ten years.

II. Non-profit/Affordable Housing: Up to $35,000/unit

- Must be net-new housing; this includes new construction, vacant building renovation or non-residential (i.e. office, industrial) to residential use.
- Eligibility open to non-profit or private corporations and Indigenous governments.
- Projects must include at least 30% of the total units rented at either of the following Affordability criteria;
    - less than 80% of the Median Market Rent for the area, in line with CMHC's Affordable Housing Fund Criteria for twenty years; or
    - At Province of Manitoba Affordable Housing rental rates (see Appendix 2 for more details)

Note: Affordable projects located within the Downtown are eligible for both grants listed above, to a maximum of $60,000/unit.

III. Affordable Housing top up for projects located outside Downtown: Up to $15,000/unit

- For projects with deeper affordability levels situated outside downtown, a top of $15,000 may be available. Projects that qualify for this top up will be those meeting or exceeding the following rent criteria:
    - At least 50% of units are rent-geared-to-income, and can demonstrate confirmed operating funding for a minimum of 20 years; or
    - Include on-site supports and target priority populations including people experiencing homelessness, and can demonstrate confirmed operating funding for a minimum of 20 years.

Note: Affordable housing projects situated outside of downtown meeting the deeper affordability threshold will be eligible to receive the affordable housing base grant of $35,000 plus the top up of $15,000, to a maximum of $50,000/unit.

For each of the grant categories listed above, projects can also apply for and receive a tax increment financing grant for their project (where applicable) under one of the City's current TIF programs (Affordable Housing Now or the Heritage and Economic Development Incentive Program), thus providing more financial support to the project and allowing for greater levels of affordability.

Further details on eligibility criteria and distribution of funding will be provided when the program is launched.

Initially, the Capital Grant Program will be administered internally by the City of Winnipeg within the Office of the Chief Administrative Officer (CAO). However, a portion of the funds for this program may be administered by Centre Venture once a new mandate of this organization is clarified and endorsed by Council.

Program Development for Action Plan Initiatives #1, #2, and #4-8 – $2.5 Million

The City will require additional staff and consulting assistance to design, manage, administer and implement the HAF initiatives. The City requires a HAF Program Manager to lead the overall program and will be responsible for managing all aspects of the Capital grant program as well as tracking progress and outcomes from all of the HAF initiatives. Recruitment for the manager position is currently underway.

HAF will be administered out of the CAO's office under the direction of the Deputy CAO. It is expected that additional staff will be required to administer the HAF as more initiatives are approved going forward. It is also expected that Centre Venture will begin to play a role in administering certain aspects of these initiatives as part of its new mandate.

The funds will be used to start working on rapid by-law zoning and local area plan amendments, establishing a land enhancement office, designing and infrastructure support program, building a team to digitize permitting, and conducting a housing needs assessment. These investments are required to build the HAF framework and report back to Council before end of 2024 on future program details. The actions initiated in year one will accelerate housing in areas of greatest need and foster systemic, enduring reforms.

Specific highlights of the work/programming to be undertaken this year include:

Action Plan Initiative #1: Rapid Zoning By-Law Amendments

To accelerate the pace of housing construction and increase housing density in existing neighbourhoods, the Rapid By-law Amendments initiative aims to implement changes to the Winnipeg Zoning By-law in four phases as follows:

Development Permit Exemptions: The first phase includes the introduction of 25 Development Permit Exemptions. This milestone marks a significant step towards simplifying the development process, facilitating faster project turnarounds, and reducing bureaucratic hurdles. This is expected to be approved by Council on February 22, 2024.

Immediate Zoning Amendments: Targeted for a third reading in the summer of 2024, these amendments focus on zoning aspects like use, bulk standards, parking, simple subdivision, and lot standards that do not necessitate significant infrastructural changes. This phase is instrumental in streamlining development processes and fostering a more adaptable urban landscape.

Major Zoning Amendments for Infrastructure: Targeted for a third reading by spring 2025, this stage includes critical zoning amendments that support higher-density developments, such as allowing up to four units per lot and four-storey buildings within 800 meters of frequent transit

corridors. These changes are crucial for accommodating the city's growing population and promoting transit-oriented development.

Comprehensive Zoning Bylaw Rewrite: A full zoning bylaw rewrite is targeted for a third reading by December 2027. This extensive overhaul represents a visionary approach to urban planning, ensuring long-term sustainability and resilience, by implementing the adopted policies in OurWinnipeg2045 and Complete Communities 2.0.

Action Plan Initiative #5: Concierge for Affordable and Downtown Housing

The Concierge service will be a key function that will be housed within the Office of the CAO. It will support skill development and overall capacity building in the non-profit and indigenous housing sector. This function will also serve as a key point of contact for downtown housing developers to navigate City programs. This function will support these key housing stakeholder groups in completing grant applications and could also help to serve as a liaison between these groups and other levels of government to unlock additional funds for housing projects.

Recruitment is currently underway for one staff person for the Concierge function in 2024 for affordable housing and a second concierge will be created for downtown development.

The downtown concierge function will be a critical liaison with Centre Venture upon Council's approval of its new mandate.

Next Steps

If the initiatives in this report are approved, there will be $3.1 million unallocated from the first instalment of HAF. This unallocated amount will be available to fund the remaining Action Plan Initiatives that have not been specifically addressed in this report, such as establishing a land enhancement office, an infrastructure program to support new housing, amendments to local area plans and digitalization of the development and permit approval process.

Details on these initiatives are still being developed and will be brought forward for Council's consideration in a future report before the end of 2024.

A communications plan is being developed to coincide with the launch of the HAF initiatives in this report. This plan will include a website that will highlight details of each initiative, track progress made on each initiative, have a HAF inquiry link and will include an on-line portal for developers to submit applications under the capital grant program.

The City will also continue to seek out partnerships with other governments and stakeholder organizations to leverage the HAF initiatives in order to provide greater financial support to construct and maintain new affordable housing projects across the City. In addition, the Public Service continues to meet with all stakeholders to keep informed on progress and ensuring action plans meet community needs.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 12, 2024

Project Name: **First Year of Program** **2024**

Initiatives Funded from the First Installment of the Housing Accelerator Fund

	2024	2025	2026	2027	2028
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 27,500	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	$ 27,500	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Direct Costs above represents expenditures to support the Housing Accelerator Fund (HAF) initiatives as identified in this report. Incremental Revenue/Recovery represents a portion of the first HAF installment from Canada Mortgage and Housing Corporation (CMHC).

Randy Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with the departments listed below, and they concur with its content.

- Legal
- Property and Development
- Corporate Communications

OURWINNIPEG POLICY ALIGNMENT

01-4 HOUSING
Direction 1: Support diverse housing options in each neighbourhood or neighbourhood cluster throughout the city
Direction 2: Collaborate with other levels of government and other partners to renew and regenerate Winnipeg's housing stock
Direction 3: Establish partnerships with the private, not-for-profit and government sectors to provide affordable housing throughout the city, with particular focus on locations near a variety of transportation options

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity #5 Low Carbon and Energy Efficient Buildings
Key Direction 5.2 Improve Energy Performance of New Buildings

- Provide resources and incentives such as property tax relief or permit cost reduction program to building owners that demonstrate high energy efficiency

Key Direction 5.4 Build Climate Equity
Build partnerships with key stakeholders such as the local neighbourhood associations, Building Urban Industries for Local Development (BUILD) and Centre for Aboriginal Human Resources Development (CAHRD) to build local capacity and equity.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The information and recommendations presented in this report align with the Winnipeg Poverty Reduction Strategy (2021 – 2031) Guiding Principles:

- We will Uphold Human Rights
- We will Honour Relationships and Reconciliation with Indigenous Peoples
- We will Address Systemic Oppression, Trauma and Social Inequity
- We will Promote and Maintain the Welfare of All Residents
- We will Develop Trust and Meaningful Partnerships to find solutions and drive change

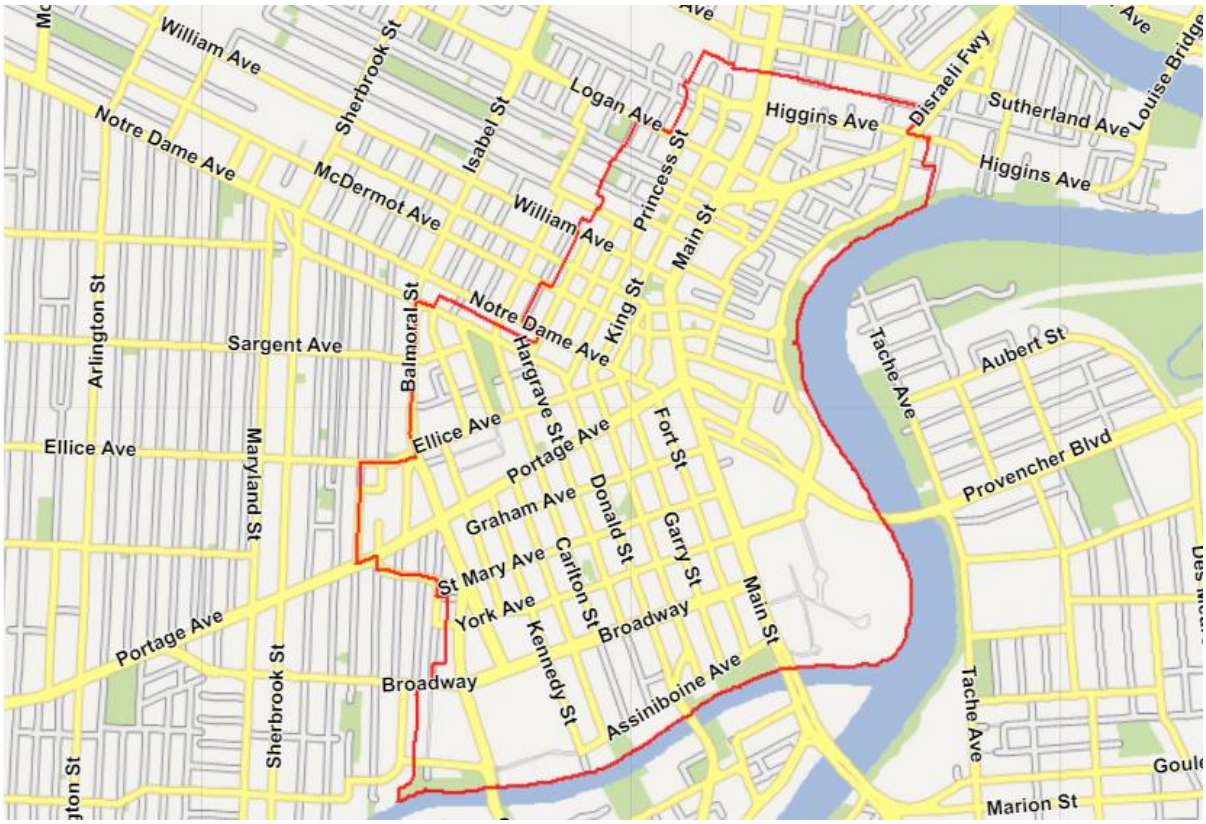
Goal 2: The City Actively Plans for and Partners in Affordable Housing

SUBMITTED BY

Department: Office of the Chief Administrative Officer
Prepared by: Matt Dryburgh Senior Manager, Economic Development and Policy
Moira Geer, Deputy Chief Administrative Officer
Date: February 15, 2024

Attachments:
Appendix 1 – Map of Downtown Boundaries
Appendix 2 – Affordable Housing Criteria

Appendix 1 – Map of Downtown Boundaries



Appendix 2 – Affordable Housing Criteria

Affordable housing projects under the incentive program must include at least 30% of the total units rented at either of the following Affordability criteria.

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom(+)	4-Bedroom(+)
CMHC 79% Median Market Rent (for Winnipeg as a whole)	654	853	1,096	1,361	n/a
Province of Manitoba Affordable Housing Rental Rates (Utilities Excluded)	704	967	1,197	1,262	1,448