**Agenda – Council – December 12, 2024**

**Report – Executive Policy Committee – December 4, 2024**

**Item No. 10 Housing Accelerator Fund (HAF) – 2025 Proposed Initiatives**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 4, 2024, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That an expenditure of up to $33.7 million in 2025 be approved, funded by the remainder of the first installment ($3.1 million) the second instalment ($30.6 million) of the HAF, including:

   A. $29 million for grant incentives

   B. $4.7 million for staff and consultants to deliver the program

2. That a by-law to amend the Housing Accelerator Fund Capital Grant Program By-law No. 64/2024 be enacted in accordance with this report, a draft of which is attached hereto as Appendix A to this report.

3. That a by-law to amend the Affordable Housing Now By-law No. 14/2022 be enacted in accordance with this report, a draft of which is attached as Appendix B to this report.

4. That the Tax Increment Financing Policy No. FI-015 be amended in accordance with this report, a consolidated draft of which is attached as Appendix C to this report.

5. That a by-law to amend the Heritage and Economic Development Incentive Program By-law No. 64/2022 be enacted in accordance with this report, a draft of which is attached as Appendix D to this report.

6. That the City partner with Manitoba Housing Renewal Corporation to utilize its online funding application portal to streamline public access to Provincial funding programs for housing development, and that the City enter into, execute and deliver a Memorandum of Understanding with Manitoba Housing Renewal Corporation for this purpose, and such other Agreements or Memorandums of Understanding as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing (the “Ancillary Agreements”).

**Report – Executive Policy Committee – December 4, 2024**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

7. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Memorandum of Understanding with Manitoba Housing and Renewal Corporation and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

8. That a grant of up to $10 million to Southern Chiefs' Organization Reconciliation Foundation Inc. be approved from the 2025 and 2026 allocations of the City's Housing Accelerator Fund (approximately $5 million in each of these years) to support the multi-family housing to be constructed at 450 Portage Avenue.

9. That the City enter into, execute and deliver a grant agreement with Southern Chiefs' Organization Reconciliation Foundation Inc. 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"), and that authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the grant agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

10. That the Public Service report back before the end of 2025 with a plan to implement the remaining Council-approved HAF Action Plan Initiatives for future years of the program.

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

**Report – Executive Policy Committee – December 4, 2024**

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 4, 2024, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

David Grant submitted a communication in opposition to the matter.

COUNCIL DECISION:

On March 21, 2024, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

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.

# ADMINISTRATIVE REPORT

**Title:** Housing Accelerator Fund – 2025 Proposed Initiatives

**Critical Path:** Executive Policy Committee - Council

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| R. Mahé,<br>M. Dryburgh | S. Armbruster | T. Graham | S. Armbruster |

## EXECUTIVE SUMMARY

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

The HAF funding is contingent upon the City achieving a total of 14,101 building-permitted housing units over a three-year period. This includes 3,166 net new units specifically enabled by HAF initiatives, with the remaining 10,935 units expected to be permitted without HAF support.

The agreement specifies a funding allocation of four equal installments of $30.6 million per year, with the first payment being received on December 5, 2023, and the three future installments to be received on the anniversary dates of December 5, 2024, 2025 and 2026 if building permits are achieved and initiatives are complete.

This report provides an overview of the results achieved to date through HAF initiatives, outlines plans for delivering each initiative in 2025 and explains how these initiatives could progress beyond 2025 when a third or fourth installment is secured.

Council directed the Public Service to report back before the end of 2024 with a plan to implement the remaining Council-approved HAF Action Plan Initiatives for future years of the program. However, recent administrative changes from CMHC and potential uncertainty regarding continuation of HAF beyond 2025 have increased the risk, requiring the City to proceed incrementally to match expected revenues. Emerging considerations include:

- The second installment of $30.6 million will not be released on the second anniversary date of the agreement (December 5, 2024). CMHC has now requires that an annual report be submitted and reviewed prior to release of the next round of funding. As a result, Payment will be deferred until the first quarter of 2025.

- HAF funding to the City is subject to a Parliamentary appropriation for the fiscal year in which the advance is to be made and the potential for a change in CMHC's priorities could impact funding in future years.

Aware of a potential financial risk, the Public Service will proceed to ensure that HAF expenditures do not exceed $30.6 million in 2025. The Public Service will ensure that the City will be financially protected by contractual agreement if transfers do not occur. In the interim, the Public Service (with Council approval and respecting the agreement) will continue to seek partnerships with the other governments and stakeholder organizations, to leverage HAF initiatives to support, construct, and maintain affordable housing projects across the City.

**RECOMMENDATIONS**

1. That an expenditure of up to $33.7 million in 2025 be approved, funded by the remainder of the first installment ($3.1 million) the second instalment ($30.6 million) of the HAF, including:
    A. $29 million for grant incentives
    B. $4.7 million for staff and consultants to deliver the program

2. That a by-law to amend the Housing Accelerator Fund Capital Grant Program By-law No. 64/2024 be enacted in accordance with this report, a draft of which is attached hereto as Appendix A to this report.

3. That a by-law to amend the Affordable Housing Now By-law No. 14/2022 be enacted in accordance with this report, a draft of which is attached as Appendix B to this report.

4. That the Tax Increment Financing Policy No. FI-015 be amended in accordance with this report, a consolidated draft of which is attached as Appendix C to this report.

5. That a by-law to amend the Heritage and Economic Development Incentive Program By-law No. 64/2022 be enacted in accordance with this report, a draft of which is attached as Appendix D to this report.

6. That the City partner with Manitoba Housing Renewal Corporation to utilize its online funding application portal to streamline public access to Provincial funding programs for housing development, and that the City enter into, execute and deliver a Memorandum of Understanding with Manitoba Housing Renewal Corporation for this purpose, and such other Agreements or Memorandums of Understanding as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”).

7. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Memorandum of Understanding with Manitoba Housing and Renewal Corporation and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

8. That a grant of up to $10 million to Southern Chiefs’ Organization Reconciliation Foundation Inc. be approved from the 2025 and 2026 allocations of the City’s Housing Accelerator Fund (approximately $5 million in each of these years) to support the multi-family housing to be constructed at 450 Portage Avenue.

9. That the City enter into, execute and deliver a grant agreement with Southern Chiefs’ Organization Reconciliation Foundation Inc. and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the

foregoing (the “Ancillary Agreements”), and that authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the grant agreement and the Ancillary Agreements**,** in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

10. That the Public Service report back before the end of 2025 with a plan to implement the remaining Council-approved HAF Action Plan Initiatives for future years of the program.

11. 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 March 2024, Council directed the Public Service report back before the end of 2024 with a plan to implement the remaining Council-approved HAF Action Plan Initiatives for future years of the program.

Only Council can enact by-law amendments and approve the amendment of Council Policies. Council is also required to approve the Memorandum of Understanding with the Manitoba Housing Renewal Corporation.

## IMPLICATIONS OF THE RECOMMENDATIONS

It is important to acknowledge that, within the agreement, the obligations of CMHC to provide HAF funding to the City are subject to a yearly Parliamentary appropriation and with recent uncertainty regarding continuation of HAF beyond 2025, we are proceeding with a plan for 2025 only at this time.

Recognizing that the required housing target necessitates that all HAF-related development projects attain building permits by December 2026, an aggressive and challenging timeline, the City must weigh the obligation against risks associated with external funding. If there is a Federal policy shift, the funding allocation could be reduced by up to 50 percent and limited to $61.2 million.

The Public Service intends to continue to align with the existing agreement, ensuring that HAF expenditures do not exceed $30.6 million in 2025. All associated contracts and agreements which are entered into by the City include provisions for removing City liability should CMHC fail to provide the funding or the Housing Accelerator Fund for any reason.

If the recommendations are approved, the Public Service will continue to work on and implement all eight initiatives. This will enable the City to continue making progress towards the goal of achieving 3,166 HAF supported net new permitted housing units and 10,935 units expected to be permitted without HAF support by December 2026.

The Forks will receive a $2 million grant for their shovel-ready project for affordable housing at The Forks Railside, led by The Forks Renewal Corporation.

## 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 a three-year period.

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 agreement also requires the City to meet the following housing targets:

- 7,529 multi-unit building permits in close proximity to transit
- 1,026 missing middle building permits
- 1,553 other multi-unit building permits
- 931 units must be affordable units

In the spirit of achieving these unit targets, the Mayor issued a challenge to all City departments to approve 8,000 new housing units by November 30, 2024. As of November 4, the City has approved over 12,000 housing units (this includes development applications, development permits and building permits). The push to approve development applications set the stage for future building permits, which moves the City closer to reaching its housing targets within the agreement with CMHC.

HAF funding is being provided to the City in four equal annual instalments of $30.6 million, which started in December 2023. The first annual installment was unencumbered. The second and third payments are primarily based on advancing milestones and initiatives by the deadlines, with permit counts an indicator if the total permit target is on track to be realistically achieved or if proactive measures are required in advance of the final year. The fourth installment will be earned by achieving 3,166 incremental building permits, and 14,101 in total by December 5, 2026.

Given the potential for a change in CMHC's priorities, the Public Service recommends that allocations of HAF funds and related budget commitments take this risk into account. Priority for year-two funding will be given to HAF initiatives with the highest projected impact on both the City's existing housing priorities and its required building permit approvals under the CMHC and City of Winnipeg HAF agreement.

To that end, this report provides a brief update on each of eight Council-approved HAF Action Plan Initiatives, and provides a contingency plan for those that will ramp up activities.

### Initiative #1 – Rapid Zoning By-law Amendments

The Rapid Zoning By-law Amendments includes a series of changes to the City's zoning by-laws to help speed up housing development. This process is divided into four steps, or

“buckets”, which aim to improve how zoning rules are applied in areas covered by the Winnipeg Zoning By-law No. 200/2006 and the Downtown Winnipeg Zoning By-law 100/2004. These changes are part of the City’s broader plans to make housing development easier, including Housing Accelerator Agreement, Complete Communities Direction Strategy 2.0, and Council’s Strategic Priorities Action Plan (SPAP).

Bucket #1
The first set of changes focused on creating development permit exemptions. It also granted delegated authority to the Director of Planning, Property and Development to determine the types of development for which a development permit is required. These changes were approved by City Council on February 22, 2024.

Bucket #2
The second bucket focused on amendments that aligned with previously endorsed Council policies or directions. These were approved by Council on May 30, 2024. These changes included a number of amendments that support different types of *"missing middle"* housing as outlined in the *Small-Scale and Low-Rise Residential Development Guidelines for Mature Communities.*

Bucket #3
The third bucket has been divided into two parts; both of which align with the City’s HAF goals and the Council HAF motion from November 23, 2023 (Appendix E):

- Bucket 3.1 (Malls and Corridors) will make it easier to build multi-unit homes along our major Corridors and larger mall sites. This was discussed at the Public Hearing on November 19, 2024.
- Bucket 3.2 (4’s and 4’s) will make it easier to build up to 4 units on a single property city-wide, and up to four storeys within 800 metres of high-frequency transit routes. This will be discussed at a public hearing in spring 2025.

Bucket #4
The fourth bucket will be a full re-write of both of the City’s zoning by-laws. This will involve a comprehensive process including significant public and stakeholder consultation. Subject to future rounds of HAF funding, the full zoning by-law(s) re-write is expected to be initiated in late-2025 and be completed by late-2027.

**Initiative #2 – Rapid Amendments to Local Area Plans**

This initiative aims to accelerate the pace of housing construction and increase housing supply and affordable units in existing neighbourhoods by identifying required changes to the Complete Communities Direction Strategy (CCDS), local area plans, and Planned Development Overlays (PDOs).

The priority actions within this Initiative will be to update plans where necessary to align with the major zoning changes occurring as part of Initiative 1.

Malls and Corridors
Proposed amending policies have been drafted and the first round of accelerated amendments has been packaged into draft amending bylaws for the Malls and Corridors action. These amendments will be brought forward to Council as Secondary Plan Amendment (SPA) applications with the zoning bylaw amendments for approval. This involves a short list of CCDS

amendments, and a minor amendment to the Transcona West Area Structure Plan allowing limited residential in commercial areas, the majority of which are found on the Kildonan Place Regional Mixed-Use Centre. In addition, the Henderson Highway Corridor and the North Henderson Highway secondary plans have been repealed.

4 units and up to 4 stories
In order to implement zoning changes associated with 4 units and up to 4 stories, this is expected to include additional amendments to CCDS and amendments to approximately 20-30 local area plans. The Public Hearing for the changes to the Zoning By-law associated with this action is anticipated for March 2025.

Major Amendments
Approximately 40 local area plans were reviewed and proposed amendments will be categorized into rapid and major amendments. All existing local area plans, CCDS and applicable PDOs have been scanned and sorted into groups for rapid and major amendments. Limiting policies and regulations have been identified and recorded.

A future phase of this HAF initiative will address major amendments required to a short list of local area plans (e.g., 1-2) where more robust public engagement is needed. At that time, it may be determined that a major plan review is required to a limited number of plans.

**Initiative 3 – Promoting Multi-Family Housing Downtown and on Corridors**
***The HAF Grants Program***

On May 30, 2024, the HAF Capital Grant Program By-law No. 64/2024 was enacted by Council. The first round of the program launched on May 31, 2024, with a budget of $25 million prioritizing affordable housing and projects located Downtown. A total of 66 applications were received by the July 12, 2024 submission deadline, and adjudicated over four weeks in consultation with Manitoba Housing Renewal Corporation (MHRC), Canada Mortgage and Housing Corporation (CMHC), End Homelessness Winnipeg Inc., Centre Venture Development Corporation, and The Winnipeg Foundation. On September 26, 2024 eleven projects were announced as conditionally approved for grants.

The eleven projects that were awarded grants are expected to create 1,135 new housing units, of which 597 will be affordable, and 613 will be located in Downtown Winnipeg. The 1,135 units represent 36 percent of the 3,166 units required by the CMHC and City of Winnipeg HAF agreement, while the 597 affordable units represent 64 percent of the 931 affordable units required. Round one exceeded all expectations, nearly doubling the number of units projected, demonstrating the effectiveness of capital grants as a vehicle for achieving HAF goals.

***Round One Overview***
The following challenges and opportunities emerged during implementation of the program:

- The volume of strong applications received and the accelerated timeline under which the City is tasked with achieving its obligations under the CMHC and City of Winnipeg HAF agreement highlight the need to award a second round of HAF Grants as soon as possible. Feedback from the development sector stressed that delaying subsequent rounds will impose an extra financial burden on shovel-ready projects. Additionally, the requirement for all awarded projects to obtain a building permit by December 5, 2026 highlights the urgency of promptly launching the next round of the Grants Program, ensuring that development projects have a realistic timeline for compliance. The Public Service recommends that $29

million be dedicated to a second round of the HAF Grants program to be delivered in early 2025 as outlined below.

- Several viable multi-family housing development projects were excluded from participation under the HAF Grants Program By-law because the applicant's access to the associated property was through long-term lease agreement rather than direct ownership. A long-term lease can provide certain advantages over direct property ownership, including lowering upfront costs, improving access to prime locations, and in the case of publicly owned land, ensuring that assets remain under public control. This limitation is being addressed through a corresponding amendment to the HAF Grant Program By-law to allow leased properties to be eligible. See Appendix A.

- To account for the possibility that not all projects supported by this program will reach completion, direction for corresponding steps is necessary. If a project fails to progress at any point within the term specified in the program by-law, the City must still use the allocated grant funds to meet the unit targets required under the CMHC and City of Winnipeg HAF agreement. Given the City's active involvement in multiple high-density, deeply affordable multi-family housing projects through the HAF Land Enhancement Office (LEO), the Public Service recommends that HAF Grants that are returned in whole or in part should first support LEO projects. If no suitable LEO project is available, the returned funds will be awarded to the highest-scoring unsupported project from the most recent HAF Grants intake. This limitation is being addressed through a corresponding amendment to the program by-law.

- Given the City's significant investment in LEO projects—including substantial allocations of City-owned properties, project management, and concierge services—ensuring the success of these projects is essential. To help LEO projects meet the HAF's accelerated timeline, the Public Service recommends making predevelopment funding available through the HAF Grant Program. This new, City-exclusive grant category has been added to the by-law (see Appendix A), with further context and rationale provided below in the report on Initiative #4 – Land Enhancement Office.

- Active collaboration with MHRC throughout the adjudication process strengthened each government's capacity to support affordable housing projects and achieve associated goals. Working across governments and analyzing projects as partners brought a broader range of knowledge and skills to the process, while reducing the administrative burden on developers who would typically navigate multiple government funding streams separately. Continuing to pool resources and where possible, share information and align program schedules, has the potential to reduce duplication between governments and improve outcomes for all stakeholders.

  In this context, MHRC has developed an online funding application portal to streamline public access to Provincial funding programs for housing development. MHRC has invited the City to add its own housing programs and participate as a partner. As a single-window toolbox, the portal will enable developers to apply for multiple City and Provincial funding programs through one streamlined application process. The portal would enhance awareness and accessibility of all available City and Provincial funding opportunities, reduce the number of applications required from developers, and improve information sharing between governments. With no financial cost to the City, the Public Service is seeking Council approval to participate.

***Round Two:***

A second round of the HAF Grants Program will continue offering direct grants to developers to increase housing supply. With only eleven of sixty-six applications selected to receive grants in round one, a significant number of strong projects were excluded and are awaiting a second opportunity to participate. Rather than require all applicants to reapply for a second intake, the $29 million budgeted for grants in 2025 is proposed to be awarded as follows:

Transformational Projects Downtown

The redevelopment of Portage Place Mall at 393 Portage Avenue. On September 26, 2024 Council directed that a grant of up to $10 million to True North or its legal designate be approved from the 2025 and 2026 allocations of the City's Housing Accelerator Fund (approximately $5 million in each of these years) to support the multi-family housing to be constructed at 393 Portage Avenue. This project will include at least 200 housing units, up to 40 percent of which will be rented at affordable levels, below 80 percent of median market rents for this area. This project will be granted $5 million in 2025 and an additional $5 million in 2026 if HAF funding continues in 2026.

The Wehwehneh Bahgahkinahgohn project at 450 Portage Avenue. This Southern Chiefs' Organization Reconciliation Foundation Inc. project is transforming the former Hudson's Bay building into a mix of uses that will include 362 residential units, including 200 that will be affordable. This project will be granted $5 million in 2025 and an additional $5 million in 2026 if HAF funding continues in 2026. The Public Service is recommending that Council approve this project to receive HAF funding outside of the HAF Grants Program as the HAF Grants Program only allows for up to $5 million to be awarded for capital grants for each project.

The Parcel 9 Affordable Housing Project at The Forks Railside, led by The Forks Renewal Corporation, will deliver 91 housing units, with 41 percent designated as affordable housing, including 28 rent-geared-to-income units. An immediate $2 million grant for this shovel-ready initiative will accelerate its completion, ensuring a cornerstone of the large-scale Railside development is in place as soon as possible.

Strongest Remaining Projects from Round One and HAF Land Enhancement Projects

The remaining $17 million will be awarded to the highest-scoring eligible projects that did not receive a HAF Capital Grant in the program's first round, as well as to City-owned projects being developed by the HAF Land Enhancement Office.
The key parameters for allocation are proposed to be as follows:

***Dates:***

- Conditional approvals awarded by January 10, 2025.
- Successful projects will be required to secure a building permit within one year of approval.

***Funding:***

- Total funding available will be $17 million in 2025.
- Projects will be eligible for a maximum of $5 million per project.

- Eligibility moving forward will mirror the criteria used in round one with projects evaluated according to their readiness to construct, projected social impact, financial feasibility, and alignment with City policies and objectives.
- The following Predevelopment category will be added under the program bylaw to enable direct support of projects led by the City through its HAF Land Enhancement Office:
- Program will be focused on new housing units that can secure a building permit within one year of approval.

*I.* ***Predevelopment Grant:***

- Eligibility is limited to developments on City properties that are leased or sold via the City's Land Enhancement Office to accomplish Housing Accelerator Fund objectives and is eligible for one of the capital grants listed in the HAF Grant Program By-law.
- Eligible expenses include: land development applications, engineering studies and services, riverbank stabilization works, land surveys, environmental site assessments. A full list of eligible expenses is located in the Housing Accelerator Grant Program By-law.

The HAF Grant Program will be administered internally by the City of Winnipeg Housing Accelerator Team within the Office of the Chief Administrative Officer (CAO).

***Alignment with Other Programs and Funding***

For each of the capital grant categories listed in the HAF Grant Program By-law, projects can also apply for and receive a tax increment financing (TIF) 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.

To this effect, this report recommends minor amendments to the existing Affordable Housing Now By-law No. 14/2022 to ensure alignment, as included in Appendix B. The By-law is being amended to allow Tax Increment Financing grants to be given to people or organizations that hold or will obtain a long-term lease agreement that gives them the right to occupy a City of Winnipeg-owned property for a period of at least 99 years, or such other term as may be approved by the Chief Administrative Officer.

This report also recommends amendments to the existing Tax Increment Financing Policy No. FI-015, a consolidated draft of which is included in Appendix C. The proposed amendments to the Tax Increment Financing Policy include:

1. The following definitions are added:

   **3.5 Downtown Multi-Family Housing** means multi-unit rental or owner-occupied residential housing located Downtown that contains a minimum of five units.

   **3.10 Lessee** means a person or organization that holds a long-term lease agreement that gives them the right to occupy a City of Winnipeg-owned property for a period of at least 99 years, or such other term as may be approved by the City.

2. The words "or Lessee" is added after the word "Owner" everywhere that it appears to allow Tax Increment Financing grants to be given to people or organizations that hold or

will obtain a long-term lease agreement for City of Winnipeg-owned property for a period of at least 99 years, or such other term as may be approved by the Chief Administrative Officer.

3. The Downtown Multi-Family Housing program is added (as further outlined in this report) as subsection 4.5 as follows:

   **4.5 Downtown Multi-Family Housing**

   A. The Owner or Lessee of a Downtown Multi-Family Housing development that is not covered under sections 4.1 to 4.4 of this Policy is eligible to receive an annual grant equal to 80 percent of the Incremental Taxes paid for each year in which the development is completed and a final assessed value is obtained to a maximum of 10 years.

4. Clause 4.6. B. which states:

   B. The total grants for all approved developments under subsection 4.2 (Heritage Buildings) plus subsection 4.3 (Economic Development Initiatives) shall not exceed $20 million. This total includes $10 million for developments in the Downtown and $10 million for developments in areas outside of the Downtown that are covered in this Policy.

   is replaced with the following:

   B. The total grants for all approved developments under subsection 4.2 (Heritage Buildings), subsection 4.3 (Economic Development Initiatives) and subsection 4.5 (Downtown Multi-Family Housing) shall not exceed $20 million.

5. All sections, clauses and references are renumbered in accordance with the above amendments.

Finally, this report recommends minor changes to the Heritage and Economic Development Incentive Program By-Law No. 64/2022, as included in Appendix D. These changes are meant to further encourage downtown housing development. Currently, TIF grants offered through the Heritage and Economic Development Initiative (HEDI) are limited to economic development projects, such as redeveloping downtown surface parking lots, heritage buildings, and brownfield sites. The proposed amendments would introduce a new category, “Downtown Multi-Family Housing,” which includes rental or owner-occupied housing with at least five units located downtown. The purpose of this change is to use HEDI to support downtown housing projects that are not covered by the existing eligible categories of this program. Additionally, changes to the HEDI By-Law will enable downtown projects to access the $10 million of TIF grants under this program that were previously allocated to projects outside the downtown, along with the $10 million already reserved for downtown initiatives. The rationale for this change is that there has been minimal take-up of HEDI TIF’s outside of the downtown and there is considerable demand and need for this to support projects inside of the downtown.

To align with the recommended amendments to HAF Grants, AHN and the Tax Increment Financing Policy, the Heritage and Economic Development Incentive Program By-Law No. 64/2022 is also being amended to allow Tax Increment Financing grants to be given to people or organizations that hold or will obtain a long-term lease agreement for City of Winnipeg-owned property for a period of at least 99 years, or such other term as may be approved by the Senior Manager of Economic Development and Policy. Additionally, downtown projects will now have

access to $10 million previously allocated to projects outside the downtown, along with the $10 million already reserved for downtown initiatives.

***Contingency Plan for 2026 and 2027***

To prepare for a potential extension of the CMHC and City of Winnipeg HAF agreement beyond 2025, the Public Service will ensure the City is positioned to act promptly in achieving the required housing targets. Specifically, the HAF Concierge service will work with development proponents, utilizing the City's suite of TIF programs to leverage partnerships with other funders and bring viable projects to shovel readiness. The HAF Concierge service will continue to liaise with MHRC, sharing information received through its online funding application portal to ensure newly available HAF funds can be allocated quickly and in a targeted manner. Additionally, consideration will be given to incorporating the HAF Grant criteria into the MHRC portal, allowing proponents to be pre-scored and identified as qualifying for HAF funds should they become available.

**Initiative #4 – Land Enhancement Office**

The Land Enhancement Office (LEO) is intended to meet the objectives of the CMHC agreement by facilitating the development of affordable, supportive and mixed-income housing on strategic City-owned land. This would include preparing City-owned land for sale/lease to non-profits, Indigenous groups, and housing developers to build affordable housing.

Initiative Milestones include:

1. establishing the Land Enhancement Office
2. policy development
3. pre-development work for missing middle housing on City-owned land
4. pre-development work for higher density development on City-owned land.

Key actions currently underway to meet the Initiative Milestones include:

- Undertaking a review of City-owned property to determine which sites provide the best opportunity for redevelopment within HAF timelines.
- Conducting or commissioning studies and site assessments to determine development potential of City-owned lands.
- Preparing city-owned land for development. This includes working with partners to undertake studies, reports, etc.
- Undertaking development applications (e.g. re-zonings) and studies (e.g. Servicing Reports, topographical surveys) to ready sites for higher-density residential development.
- Establishing partnerships with other levels of government, non-profit, Indigenous, and for-profit developers to build mixed income projects, including affordable and supportive housing.

The short-term priority will be to focus on the properties identified in the approved motion by Council on September 26, 2024. The next priority will be to focus on the properties which the City owns that are generally smaller in size, underutilized, chronically vacant, or are located in areas with a challenging housing market. Engagement with community stakeholders will occur to help inform how best to bring these properties to enhance the affordability of, and

accessibility to, adequate housing for Winnipeggers, particularly those of low to moderate incomes.

Barnes and Duncan Land Surveying and Engineering has been retained to undertake preliminary servicing analyses of the short-term priority sites and associated land survey work. This work is critical to determine the feasibility of developing the prioritized sites and assisting LEO in moving forward with development applications.

Recent Council approved changes to the Real Estate Policy Framework on September 26, 2024, will enable LEO to expedite the formation of partnerships for developing the priority sites. The disposition process for each site will vary based on its unique circumstances and the nature of the development partnerships. Options include direct negotiations or issuing requests for proposals (RFP's) to develop priority sites. Key considerations in seeking partnership opportunities, whether through direct negotiations or RFP's for the sites, will include:

- total number of units created
- readiness to construct
- a viable business plan
- current capacity to develop
- expertise, experience and/or history of successful projects carried out by the proponent
- the degree of social impacts of the project.

Recent Council approved changes to the Development Procedures By-law on September 26, 2024 will simplify the submittal requirements associated with City-led development applications, which will facilitate LEO-led development applications and speed up the development application process.

***Predevelopment Grant***

The Predevelopment Grant is an essential addition to the HAF Grant Program that will help streamline the process for Land Enhancement Office (LEO) projects on City of Winnipeg owned land.

The grant is designed to ensure that key predevelopment activities, such as environmental assessments, rezoning, and site preparation works, are resourced and proceed on schedule, particularly given the city's commitment to accelerate affordable housing development. This funding addresses the critical gap in financing that often hinders developers from progressing quickly through the predevelopment stages, which can delay project timelines and increase costs.

Concierge services will be linked with Predevelopment grants to ensure that developers receive the necessary guidance and support at every stage of the development process. By providing a concierge service to assist developers with navigating municipal processes, the City can facilitate regulatory approvals, permitting, and zoning changes.

This new, City-exclusive grant category has been added to the bylaw (see Appendix A).

***Funding***

- Priority will be given to City-owned properties identified in this report.

- The grant amount may vary depending on the project scope, the specific predevelopment activities involved, and the overall cost of the land development work required.

***Eligibility***

- Eligible properties include City properties that are leased or sold to an owner who has acquired an approved property from the City via the City's Land Enhancement Office to accomplish Housing Accelerator Fund objectives.
- Grant funding will be focused on supporting the creation of new housing units.
- Eligible expenses are targeted towards getting the property ready for development and include: land development applications, engineering studies and services, riverbank stabilization works, land surveys, environmental site assessments. A full list of eligible expenses is located in the Housing Accelerator Grant Program By-law.

**Initiative #5 – Affordable Housing Concierge Service**

The Affordable Housing Concierge Service is dedicated to increasing and accelerating the supply of affordable housing by supporting and developing capacity primarily within the non-profit housing sector. The Concierge Service acts as a single point of contact, assisting non-profit housing providers and Indigenous organizations in planning their affordable housing applications, coordinating expedited review times where feasible, and providing guidance on next steps at different stages of the development and building permit processes.

An Affordable Housing Concierge was appointed at the end of May 2024. Throughout the summer, the Concierge worked to launch and establish the service. This involved meetings with the various City departments and divisions engaged in the development review process to discuss the Concierge Service and identify opportunities for expedited reviews. Additionally, consultations were held with a number of non-profit and Indigenous housing providers to better understand their housing projects and explore how the Concierge Service could support these initiatives.

Following these initial meetings, a high-level concept plan for the delivery of the service was developed, as illustrated by the process flowchart in Appendix F. A key focus of the service is in working hand-in-hand with non-profits during the early planning and due diligence phases of their proposals, ensuring they have timely access to essential information to prepare their applications, thus avoiding unnecessary surprises or delays later in the process. An identification and tracking system for affordable housing projects has also been established using the City's AMANDA network. Furthermore, staff in Zoning and Legal Services were hired in Fall 2024 to facilitate expedited reviews for affordable housing projects.

To date, the Affordable Housing Concierge Service has supported 50+ unique projects which reflected program goals and anticipated community and housing outcomes.

*End-to-end Review of Development Process*

A Request for Proposals for external "Professional Consulting Services for End-to-End Review of the Development Process" has been initiated. The request closes December 7th and work will commence in January, 2025. The purpose of the review is to assist in achieving the HAF goals of increasing the supply of residential units and facilitating lasting systemic change to better support housing development in to the future. The "end-to-end" review of the development

process will focus on development and permit applications from application intake, to approval, and subsequent inspection and follow-up.

The objective is to ensure these processes are efficient, streamlined and effective; customer focused; clear and transparent; and support excellence in the built environment.

**Initiative #6 – Program to Support Infrastructure and Servicing Upgrades**

City Council has approved the development of a program for infrastructure and service upgrades to support new housing development as one of eight initiatives to be funded from the HAF. The City's HAF contribution agreement with the Canada Mortgage and Housing Corporation requires this infrastructure program fully designed for implementation by December 2024 with its implementation in January 2025. A request has been made to CMHC to extend the deadline for completing this Milestone to December 2025.

The program to support infrastructure investment has been determined to best occur in year three of the HAF Program, subject to future rounds of HAF funding. The focus in year one and two will remain on projects which are development ready and provide the strongest current investment opportunities as based on the program criteria. Key strategic sites will be identified and reviewed in 2025, to determine the most effective 2026 infrastructure priorities.

**Initiative #7 – Digitize and Facilitate Faster Development and Permit Approvals**

This initiative continues the department's efforts to modernize city-building processes by providing a digital transformation of development applications. The first phase involves moving from a paper-based system to electronic, by enabling electronic application processing in AMANDA (the City's application database). The second phase involves integrating these application flows into Permits Online, the web-based customer portal, making the applications and visibility into the process, accessible for public self-service. The project includes a multitude of development applications, such as subdivision and rezoning applications.

Initiative 7's primary goal is to transition our current paper-based and manual processes to a digital-first approach, enhancing accessibility, efficiency, and user satisfaction. Key benefits include:

- the ability for customers to track the status of an application, upload supporting documents, view feedback, and make payments using an online portal
- the elimination of paper applications moving between City departments
- the implementation of standardized employee processes and workflows in AMANDA resulting in smoother transactions for the customer
- improved data integrity and records and information management
- the ability to leverage data driven insights for continuous improvement of development applications in the future

In order to support this implementation, the City will be releasing a newly redeveloped Permits Online 2.0 portal in 2025, as part of the AMANDA 7 Program (a separate multi-year initiative). Permits Online 2.0 will provide applicants with a modernized cloud-based tool that is accessible, mobile friendly and easy to navigate. Other enhancements for building and trade permits will also be provided under this initiative, such as online appointment scheduling, and expanding self-service options.

Digital transformation of the application process is anticipated to enhance customer satisfaction with development application submission due to providing electronic processing options which are more convenient for applicants. It is important to note that the City will meet its requirements in accordance with the Accessibility for Manitobans Act by continuing to accept the submission of paper applications, where requested. In these cases, the City will scan the documents into AMANDA to digitize them on the back-end and the application will then progress through the same workflow as an application received electronically.

This initiative will be delivered in multiple releases, with groupings of application types becoming available for electronic processing and online access throughout 2025. The final release is scheduled to be implemented by December 15, 2025.

Additional information on development applications can be found at Development applications and definitions - Planning, Property and Development - City of Winnipeg

**Initiative #8 – Housing Needs Assessment**

As a condition of the City and CMHC funding agreement, the City is required to complete a housing needs assessment by December 1, 2025 and include a reoccurring scheduled review date moving forward. This project is currently under way.

The housing needs assessment will summarize past research and publicly available data and serve as an update to the City's 's 2020 Housing Needs Assessment. Drawing on the comprehensive data in the 2020 report, information will be updated and framed in the current context. This project will include community engagement to add additional context to the data points and qualitative analysis. Additionally, the City will share relevant research findings with Manitoba Housing Renewal Corporation and End Homelessness Winnipeg Inc., as all three organizations are currently conducting housing needs assessments within their respective jurisdictions.

The objectives of the Housing Needs Assessment Initiative are as follows (next page):

| ***Objectives*** |
|---|
| ***Identifying Housing Demand and Supply***: Understanding the current and future demand for housing, as well as the existing supply. This includes analyzing population growth, demographic changes, and trends in household formation. This will involve identifying future housing supply needs so the City can respond to housing demand over a set period of time (e.g. 5 years, 10 years, 25 years) |
| ***Assessing Housing Affordability***: Evaluating the affordability of housing for different income groups and household sizes. This involves analyzing income levels, housing costs, and the availability of affordable housing options. |
| ***Addressing Special Housing Needs:*** Identifying the housing needs of special populations, such as seniors, low-income families, people with disabilities, and those experiencing homelessness. |
| ***Inform housing and related policies and activities***: to ensure these policies are meeting the most present needs. |

**Financial Status of the Program**

The first installment of HAF was received in December 2023 and the second installment is expected in the first quarter of 2025. On March 21, 2024, Council approved a budget of $27.5 million - $25 million for a grants incentive program and $2.5 million to hire staff and consultants to deliver the programming. The budget for HAF (in millions) is as follows:

| | | | |
|---|---|---|---|
| **Funding (in millions)** | | | **$61.2** |
| **Expenditure** | | | |
| **Program Administration** | | **$** | **0.4** |
| **Initiative** | | | |
| 1 and 2 | Zoning By-Law and Local Area Plan Amendments | $ | 0.6 |
| 3 | Grants Incentive Program | | |
| | General applicants | $ | 42.0 |
| | Portage Place | $ | 5.0 |
| | SCO | $ | 5.0 |
| | Forks | $ | 2.0 |
| 4 | Land Enhancement Office | $ | 1.0 |
| 5 | City Concierge Affordable Housing | $ | 1.4 |
| 6 | Infrastructure Support | $ | - |
| 7 | Digitize Development and Permit Approvals | $ | 3.7 |
| 8 | Housing Needs Assessment | $ | 0.1 |
| **Total Expenditure** | | | **$61.2** |

**FINANCIAL IMPACT**

## Financial Impact Statement

**Date:** November 25, 2024

**Project Name:**

**First Year of Program** 2025

**Housing Accelerator Fund – 2025 Proposed Initiatives**

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|
| **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 | $ 33,700,000 | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | $ 33,700,000 | - | - | - | - |
| 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 Services
- 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

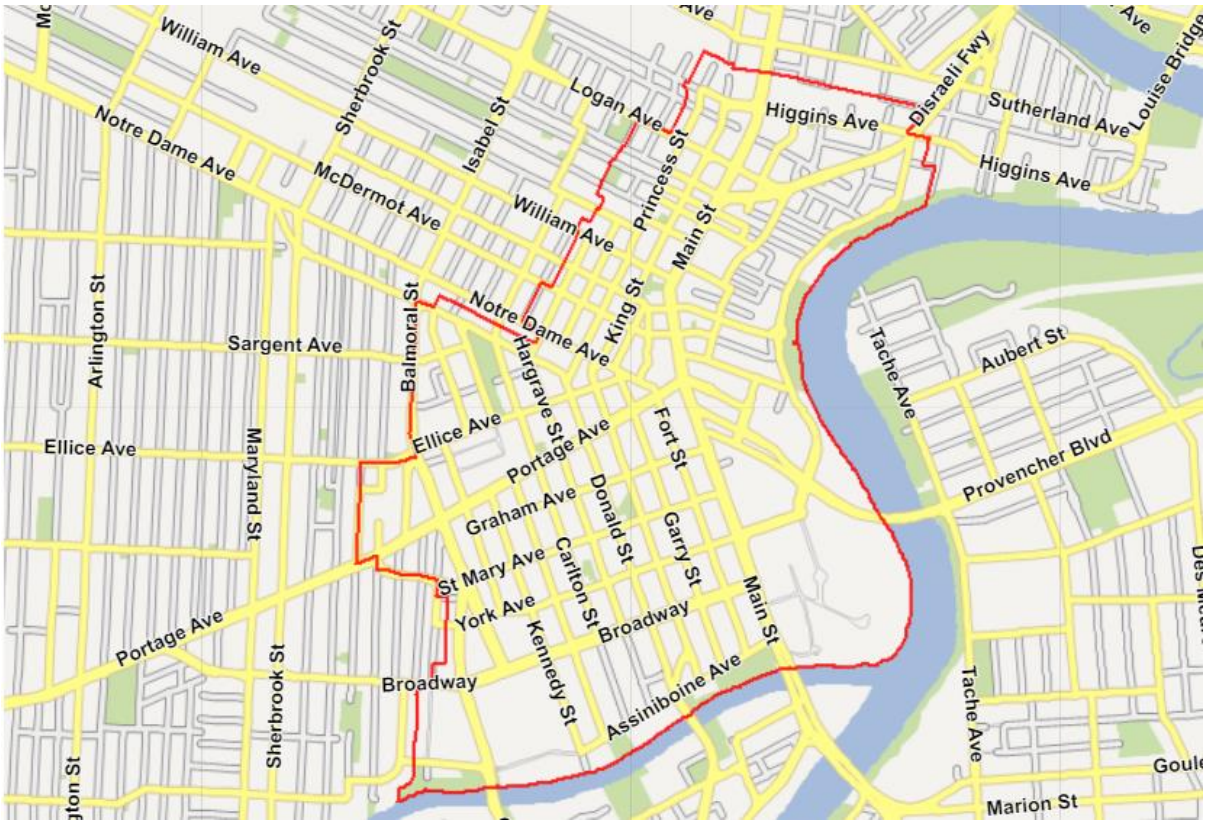
**SUBMITTED BY**

Department: Office of the Chief Administrative Officer
Prepared by: Richard Mahé, Acting HAF Manager
Matt Dryburgh Senior Manager, Economic Development and Policy

Date: November 25, 2024

Attachments:
Appendix A – Amended Housing Accelerator Fund Capital Grant Program By-law No. 64/2024
Appendix B – Amended Affordable Housing Now By-law No. 14/2022
Appendix C – Amended Tax Increment Financing Policy No. FI-015
Appendix D – Amended Heritage and Economic Development Incentive Program By-law No. 64/2022
Appendix E – November 23, 2023 HAF Council motion
Appendix F – Process flowchart of Affordable Housing Concierge Service
Appendix G – Map of Downtown Boundaries
Appendix H – Affordable Housing Criterial

## Appendix G – Map of Downtown Boundaries



## Appendix H – Affordable Housing Criteria

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

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

**Note-** The CMHC monthly rent amounts listed here are for Winnipeg as whole. Affordable projects requesting City support must use rental amounts specific to the CMHC 'zone' the project is located in.