Agenda – Executive Policy Committee – January 21, 2025

REPORTS

Item No. 16 Multi-Family Sustainable Housing Infrastructure Program (MSHIP)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. 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.

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

DECISION MAKING HISTORY:

COUNCIL DECISION:

On December 12, 2024, Council concurred in the recommendation of the Executive Policy Committee, as amended, which included the following recommendation:

13. That the Public Service be directed to report back to Council with additional details on the Multi-Family Sustainable Housing Infrastructure Program (MSHIP) for Council approval and enactment of the program bylaw in January 2025.

ADMINISTRATIVE REPORT

Title: Multi-Family Sustainable Housing Infrastructure Program

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Mahé, M. Dryburgh	S. Armbruster	L. Gavrilova-Crozier, Acting CFO	M. Dryburgh, Acting CAO

EXECUTIVE SUMMARY

On December 12, 2024, Council approved the principles of the Housing Accelerator Fund Multi-Family Sustainable Housing Infrastructure Program (MSHIP), a program intended to support infrastructure and servicing upgrades that will facilitate new housing development.

Council directed the Public Service to report back in January 2025 with additional details on MSHIP and for enactment of a by-law to amend the Housing Accelerator Fund Grant Program By-law No. 64/2024 to include MSHIP. This report provides a full overview of MSHIP with a corresponding by-law for enactment by Council.

RECOMMENDATIONS

1. 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.

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

REASON FOR THE REPORT

In December 2024, Council directed the Public Service report back in January 2025 with additional details on MSHIP for approval, and enactment of a by-law to amend the Housing Accelerator Fund Grant Program By-law No. 64/2024 to include MSHIP.

Only Council can enact by-laws.

IMPLICATIONS OF THE RECOMMENDATIONS

Adoption of the recommendations above will allow the Housing Accelerator Fund Multi-Family Sustainable Housing Infrastructure Program to be implemented by April 15, 2025, as required within the City's HAF contribution agreement with the Canada Mortgage and Housing 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.

Council has approved the establishment of a program to support infrastructure and servicing upgrades to facilitate new housing development as one of eight initiatives to be funded under the HAF. The City's HAF contribution agreement with CMHC requires this infrastructure program to be implemented by April 15, 2025. This program is expected to support 698 of the 3,166 total incremental permitted housing units that must be created in Winnipeg under the HAF over a three-year period.

MSHIP Rationale and Scope

- Water and sewer capacity constraints are a key barrier to housing development in certain areas of the City. In many cases, developers face high infrastructure costs to alleviate these constraints which have rendered several projects unviable from a market perspective.
- The MSHIP will provide funding to developers to help defray their cost of local water, wastewater and land drainage infrastructure investments that are necessary to support construction of high-density sustainable multi-family housing in targeted areas of the City where the existing servicing capacity is a constraint that is preventing the housing development from occurring.

MSHIP Program Principles

The MSHIP will invite proposals from developers to fund investments in local water, and sewer infrastructure that are required to support new high-density multi-family housing development. Eligible investments include water mains, wastewater and land drainage sewer mains and related infrastructure work.

Eligibility Criteria:

- The proposal must involve local water or sewer infrastructure investment that is required to support new multi-family housing, involving a minimum of 50 units.
- The proposal must support new housing development that is capable of obtaining a building permit by September 30, 2026.

- The proposal must support new multi-family housing developments that are situated along Corridors that are identified in Complete Communities 2.0, within the newly adopted Malls and Corridors Plan Development Overlay, future frequent and rapid transit lines, in proximity to a transit station along the Southwest Rapid Transit Corridor as well as affordable housing to be constructed on surplus City land. A corresponding map that defines eligible areas is included as Schedule “A” of the by-law (Appendix “A”).
- Proposals must clearly demonstrate that the existing City water and/or sewer infrastructure servicing capacity for the property in question is a barrier to allowing the housing development to occur, to the satisfaction of the Director of the Water and Waste Department.
- The proposal must include a servicing report, stamped and signed by a qualified engineer, which shall outline the infrastructure upgrades required to support the housing development to the satisfaction of the Director of the Water and Waste Department.
- Projects must include a minimum of 10 percent of the housing units rented at 30 percent of the median renter income level for the geographic area for at least 10 years, in line with CMHC’s Mortgage Loan Insurance Criteria program.
- Projects that include a higher level of affordable housing involving at least 30 percent of the total units rented at < 80 percent of Median Market for the geographic area are eligible to apply for additional capital grants under a future HAF capital grant program and Tax Increment Financing under the Affordable Housing Now program.

Proposal Selection Process:

Projects will be evaluated by a review committee that will consist of diverse members of the Public Service, as well as externals, as required (ie. Province of Manitoba). Evaluation of MSHIP projects will also include the Department of Water and Waste. As overall program funding will be limited, individual proposals will be evaluated and ranked against one another other using the following weighted criteria:

<u>Readiness to Construct: 50 percent</u>
The ability of a project to proceed on accelerated timelines is a key evaluation factor. This includes:

- Assessment of operational feasibility, such as securing capital and operational funding.
- Evaluation of the developer's and/or partners' experience.
- Demonstrated ability to obtain a building permit by September 30, 2026.
- Projects with required zoning approvals, construction drawings, and plans in place will be prioritized over those without.

<u>Social and Environmental Impact: 20 percent</u>
Projects will be evaluated based on their impact, with particular emphases on meeting goals related to affordable housing and reconciliation with Indigenous partners. The social impact of a project will be assessed by considering elements including:

- Indigenous-lead projects.
- Non-profit-lead projects.
- Surpassing minimum affordability requirements.
- Inclusion of accessible housing units.

- Surpassing minimum requirements for energy efficiency.

Financial Feasibility and Efficiency of Funding: 20 percent

As the City is aiming to deliver a target number of housing units within a short timeframe, financial feasibility and efficiency of HAF dollars will be evaluated to maximize impact. This will include:

- How many units the project will create.
- Funding request per unit.
- Determining if the project is in-need of funding, or if it could move forward without additional funds.

Planning Alignment: 10 percent

Evaluation of each project will include the degree to which they align with the following City of Winnipeg policies:

- OurWinnipeg 2045
- Complete Communities 2.0
- Winnipeg Transit Master Plan
- Poverty Reduction Strategy

Funding:

- The total program budget for MSHIP is proposed to be $12 million (to be funded from the third HAF installment).
- Successful projects will receive up to $10,000 per unit towards eligible infrastructure costs.
- Funding will not exceed the lesser of the total cost of the infrastructure required or $3 million per project.
- Projects that wish to include affordable levels defined to be 30 percent of the total units rented at <80 percent of Median Market Rent for the area for at least 20 years, may apply for additional grants under the HAF Grant Program in addition to MSHIP. However, the total contribution from the HAF Grant Program and MSHIP shall not exceed $5 million per project.

Timeline

- April 15, 2025 - Program launch, details made available on City website
- September 1, 2025 - October 31, 2025 - Application intake window
- November 3, 2025 - December 18, 2025 - Project adjudication period
- December 19, 2025 - January 16, 2026 - Projects to receive conditional letters of approval
- September 30, 2026 - Deadline for projects to obtain a building permit

Program Bylaw

As MSHIP is a HAF granting initiative, the Public Service recommends that a Multi-Family Housing Infrastructure category be added to the by-law governing the HAF Grants Program. Corresponding amendments have been incorporated into the by-law, with associated definitions and the following key points added:

Grant Categories:

Multi-Family Housing Infrastructure Grant: Up to $10,000 per unit

- For eligible infrastructure costs in multi-family housing developments that are situated along Corridors that are identified in Complete Communities 2.0, within the newly adopted Malls and Corridors Plan Development Overlay, future frequent and rapid transit lines, in proximity to a transit station along the Southwest Rapid Transit Corridor as well as affordable housing to be constructed on surplus City land.
- Funding will not exceed the lesser of the total cost of the infrastructure or $3 million per project.
- Projects must include at least 10 percent of total units in line with CMHC Mortgage Loan.
  Insurance Criteria (30 percent of median renter income; which is currently $1,100 per month) for ten years.
- Projects must obtain a building permit by September 30, 2026.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 9, 2025

Project Name:

Multi-Family Sustainable Housing Infrastructure Program

First Year of Program **2026**

	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	$ -	$ -	$ 12,000,000	$ -	$ -
Less: Incremental Revenue/Recovery	$ -	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ 12,000,000	$ -	$ -
Less: Existing Budget Amounts	-	-	12,000,000	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Direct Costs represent the total proposed expenditures for the Housing Accelerator Fund Multi-Family Sustainable Housing Infrastructure Program (MSHIP).

Funding is available through the existing Housing Accelerator Fund Grant Program budget.

Sheri Faderon for R. 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
- Water and Waste
- Property and Development
- Corporate Communications

OURWINNIPEG POLICY ALIGNMENT

Goal: Good Health and Well-Being
4.4 Affordable and Supportive Housing Options Enable collaborative partnerships that provide a continuum of existing or new affordable housing, making use of municipal supports such as fiscal, regulatory and measurement tools to ensure those most in need have increased access throughout the resident and building life-cycle. LG, ER, EP, SE, CB

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 Acting Deputy Chief Administrative Officer

Date: January 9, 2025

Attachments:

Appendix A – By-law to Amend the Housing Accelerator Fund Capital Grant Program By-law No. 64/2024