

FINANCE COMMITTEE REPORT

Report Date	May 13, 2024
Meeting Date	May 22, 2024

Chairman Sullivan and Members of Finance Committee

SUBJECT: Housing Accelerator Funding – 2024 Budget Amendment

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Finance Committee.

AUTHORIZATION

Primary Authors	Commissioner/Dept. Head	Chief Administrative Officer
Carrie Smith/Craig Lavigne	Amy Poffenroth/Kevin Fudge	J. Brent McGovern

RECOMMENDATION

It is recommended that members of the Finance Committee approve the 2024 Budget recommendation for funding received as part of the Housing Accelerator Funding.

EXECUTIVE SUMMARY

The City entered into an agreement on January 2, 2024, with Canada Mortgage and Housing Corporation (“CMHC”) for funding as part of the Federal Government program known as the Housing Accelerator Fund (“HAF”). The City will be eligible to receive funding in the amount of \$9,182,646.80 over four years effective 2024.

The City received the first of four payments in the amount of \$2,295,661.70. The purpose of this report is to seek Finance Committee approval of a 2024 Budget for the HAF since the funding was not finalized at the time the 2024 Operating Budget was approved.

PREVIOUS RESOLUTIONS

Common Council Resolution – December 18, 2023 – City of Saint John Housing Accelerator Fund 2024-206 Action Plan – CMNC Agreement #27,097,302

STRATEGIC ALIGNMENT

Council Priorities

Common Council has established five priorities for their 2021-2026 term. Affordable Housing aligns with the following Council Priorities:

- Grow:
 - Population Growth
 - Grow our population at a rate of 2% annually by the end of Council's term.
- Belong:
 - Livable Neighbourhoods
 - Facilitate a mix of affordable housing in all of our neighbourhoods.

Action is needed to increase the supply of housing and meet anticipated demand due to population growth goals and other demographic factors.

Municipal Plan

The HAF Plan supports the implementation of the Municipal Plan's vision of smart growth and complete communities, where the city's neighbourhoods are comprised of mixed income living and offer a range of diverse housing choices to meet different life cycle needs. The HAF Plan expedites the delivery of the Municipal Plan's neighbourhood revitalization program through initiatives that target key intensification areas, primary corridors, and opportunities to add "gentle density." The Plan further aligns with the General Housing Policies of the Municipal Plan (HS-1-11), Affordable Housing (HS-12-16), and Secondary Suites (HS-20-21).

10-Year Strategic Plan

The HAF Plan supports the 10-Year Strategic Plan (2023-2027+)'s population growth target of an additional 15,000 residents over 10 years. To adequately respond to this growth target, housing starts will need to double. The HAF Plan expedites several additional objectives and actions, including growing the tax base, sale of City landholdings, development of a North End Neighbourhood Plan, expansion of incentive programs, implementation of the Affordable Housing Action Plan, and obtaining external funding for infrastructure investment.

Affordable Housing Action Plan

The HAF Plan implements the 2022-2027 Affordable Housing Action Plan's objectives, in particular as it relates to cultivating a more responsive housing system and expanding the supply and range of affordable housing options.

REPORT

The City entered into an agreement on January 2, 2024, with Canada Mortgage and Housing Corporation ("CMHC") for funding as part of the Federal Government

program known as the Housing Accelerator Fund (“HAF”). The City will be eligible to receive funding in the amount of \$9,182,646.80 over four years effective 2024.

The City received the first of four payments in the amount of \$2,295,661.70. The purpose of this report is to seek Finance Committee approval of a 2024 Budget for the HAF since the funding was not finalized at the time the 2024 Operating Budget was approved.

Staff has prepared a budget for 2024 in the amount of \$3,305,582 for approval. The expenses incurred will be offset by a corresponding revenue from the HAF grant the City received. A detailed four-year budget has been prepared (Appendix A) and for the 2025-2027 budget years, the HAF budget will be included as part of the City’s annual operating budget.

SERVICE AND FINANCIAL OUTCOMES

Subject to compliance, the City will be receiving \$9,182,646.80. These funds will allow for the full implementation of the City’s HAF Action Plan and will be paid to the City according to the approximate timeline:

Advance	Estimated Date	Amount
First	January 2, 2024	\$2.29M
Second	February 2025	\$2.29M
Third	February 2026	\$2.29M
Fourth	February 2027* (conditional on achievement of housing supply growth targets)	\$2.29M*

Staff point out a few pertinent conditions of funding for Council’s awareness:

- A. As a condition of the fourth advance* only, the City must achieve the Housing Supply Growth Target (HSGT) and the Additional Targets.

Staff Comment: in the event that the City does not meet its HSGT of 1,124 units, CMHC has conveyed to staff that the fourth advance would be prorated based on performance.

- B. HAF Funding is subject to there being a Parliamentary appropriation for the fiscal year in which the advance is to be made.

Staff Comment: Staff will ensure that any new development incentives presented to Council for approval will ensure (as we do now) that we don't spend or pay out funding to developers that has not been budgeted, and in this specific instance that the City has yet to receive from CMHC.

- C. There are reporting requirements for this agreement, and staff will submit all mandatory reporting to CMHC at the appropriate times.

The City's HAF Action Plan estimates that additional full-time staff would be required to implement the plan, in addition to the budget set aside for external technical expertise where it otherwise cannot be provided through staff.

There is considerable flexibility from CMHC on how the City uses its funding. While the City must achieve all milestones and targets as set out in the agreement, the City can internally shift funding from one initiative to the other as required through the life of the agreement to meet its targets, and without the need to consult CMHC, or simply adjust how initiatives are delivered. As an example, if in the third year the City identifies that it is falling behind on a specific type of residential unit required by CMHC, it can move funding or staff assigned to a different initiative in the Action Plan to ensure the City can meet that faltering target. As a reference only, six of the eight actions have targeted permitted units required by CMHC. Initiative 7 (E-Permitting) and Initiative 8 (Governance Reform) do not have permitted targets and are instead aimed at capacity building.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

This has been reviewed by Finance and Growth and Community Services.

ATTACHMENTS

Appendix A – 2024-2027 HAF Budget Details