

COMMON COUNCIL REPORT

M&C No.	2024-322
Report Date	December 05, 2024
Meeting Date	December 09, 2024
Service Area	Growth and Community Services

Her Worship Mayor Donna Noade Reardon and Members of Common Council

SUBJECT: HAF Grant Policy Amendment

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	Chief Administrative Officer
Andrew Reid	Amy Poffenroth/Pankaj Nalavde	J. Brent McGovern

RECOMMENDATION

That Common Council amend the Housing Accelerator Fund (HAF) Grant Program Policy as generally presented to Council at their December 9th, 2024, meeting.

EXECUTIVE SUMMARY

Staff has reviewed Common Council's requested change to the HAF Grant Program. This report proposes a minor amendment to the policy to provide an earlier grant disbursement milestone for eligible conversion and renovation projects under the respective Construction Challenges and Revitalizing Rental project streams. The HAF Grant Program already allows for progress payments for new construction through the Construction Challenge Grant and Missing Middle Housing Grant stream.

PREVIOUS RESOLUTION

On October 28, 2024, Common Council adopted the HAF Grant Program as recommended by the Growth Committee and presented to Council.

At the same meeting, Council resolved that the CAO be directed to review and report back to Council on the concept of allowing progress payments to be made to successful applicants under the Housing Accelerator Fund Grant Program.

REPORT

Subsequent to the Growth Committee and Council approval of the new HAF Grant Policy in October, Common Council requested that staff investigate potential amendments that would allow progress payments for any successful applicants.

Staff has reviewed the existing policy and consulted with Canada Mortgage Housing Corporation staff administering the Housing Accelerator Fund program

on the request. Under the City's HAF Grant Program Policy, "the Program" already permits progress payments for all new construction projects, with 100% of grant funds disbursed upon the completion of foundation. However, renovation projects, through the "Revitalizing Rental" grant stream, are only disbursed upon the full completion of the project. Similarly, conversion of institutional/commercial buildings, through the "Construction Challenges" grant stream, are only disbursed upon the full completion of the project.

The proposed amendment to the Program (Attachment 1 - redlined) targets conversion and renovation projects to allow for 50% of grant funds to be disbursed sooner, at the successful completion of the pre-drywall inspection under the approved building permit. The remaining 50% of grant funds will be disbursed once the development has been fully completed.

All other eligibility criteria will be required to be met and there are no other changes proposed to the Program policy. While minor, this change would provide that conversion and renovation projects receive funding sooner, during construction, and therefore have an oversized impact. The change will allow 50% of funding to be counted as equity toward the project. The change also brings the policy into alignment with the Affordable Housing Grant Program, which provides the same 50%/50% disbursement milestones for conversion projects.

It is unlikely for a renovation/conversion project to not move forward once reaching the first milestone for disbursement. Should the first 50% of funds be disbursed and the project not be completed in accordance with the building permit, Section 6 of the Agreement provides that the developer is liable to reimburse the entire grant amount.

The purpose of the HAF Grant is primarily to help generate new housing supply and meet the terms of the HAF Agreement with Canada Mortgage Housing Corporation. Fewer renovation/conversion projects are anticipated, as new construction is anticipated to drive the bulk of new housing supply. Nevertheless, for the few conversion/rehabilitation projects that are approved, this policy change will have a positive effect.

The amended policy and grant agreement template will take effect for all projects that have yet to enter into a grant agreement with the City.

STRATEGIC ALIGNMENT

Common Council has established five priorities for their 2021-2026 term. The HAF Grant Program will contribute toward the following Council Priorities by helping to incentivize new housing supply to meet the unprecedented current growth levels.

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.

SERVICE AND FINANCIAL OUTCOMES

The proposed amendment will provide 50% of grant funds sooner, while holding back the remaining 50% until completion for rehabilitation/conversion projects.

- For rehabilitation projects under the Revitalizing Rental stream, this means a maximum of \$25,000 paid out upon successful completion of the pre-drywall phase of the project.
- For conversion projects under the Construction Challenges stream, this means a maximum of \$75,000 paid out upon successful completion of the pre-drywall phase of the project.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

The proposed adjustment to the disbursement timeline has been reviewed with CMHC staff associated with implementing the Housing Accelerator Fund project. The proposed amendment to the policy will not conflict with the City's HAF Agreement.

In determining the appropriate milestone for 50% disbursement, staff sought input from the Growth and Community Services team.

General Counsel Office and Finance have also reviewed the proposed amendment.

ATTACHMENTS

Attachment 1 – Proposed Amendments (red-lined)

Attachment 2 – Amended HAF Grant Policy (December 9, 2024)

Attachment 3 – HAF Grant Agreement (red-lined)

Attachment 4 – Amended HAF Grant Agreement Template (December 9, 2024)