



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer
Jill Hogan, Commissioner, Development Services

Date: April 15, 2024

Report No: CORS-015-24

Subject: Housing Accelerator Fund Initiatives

Recommendation: THAT Council approve the Financial Incentive for Rental and Affordable Housing program as outlined in Appendix A;
AND THAT Council approve a new 2-year contract Affordable Housing Project Manager position to act as a dedicated staff resource for the implementation of a new Affordable Housing Strategy;
AND THAT Council approve a new capital project, C90030224 Housing Accelerator Fund (HAF) Initiatives, in the amount of \$1,349,300 to be funded from the Housing Accelerator Fund Grant.

EXECUTIVE SUMMARY

- The Town's application to the Housing Accelerator Fund (HAF) was successful and the Town is eligible for HAF funding in the amount of \$22,418,300.
- The HAF funding is contingent upon the Town undertaking and completing the initiatives outlined in the Town's HAF application and as previously presented to Council through ES-011-23.
- This report seeks Council approval of the Financial Incentive for Rental and Affordable Housing program as outlined in Appendix A.
- This report also seeks Council approval for a two-year contract Affordable Housing Project Manager to act as a dedicated staff resource for the implementation of a new Affordable Housing Strategy.

REPORT

Background

To address the housing shortage, the Government of Canada introduced a housing accelerator fund (HAF) in the 2022 Federal Budget that is intended to create more supply of housing at an accelerated pace and enhance certainty in the approvals and building process. The Town of Milton applied to receive funding under HAF, and in support of the application, included a proposed action plan that identified action items, initiatives and targets that the Town is willing to consider as part of the application process. Details of the Town's application and specific action plan were previously presented to Council through ES-008-23 and ES-011-23.

The Town's application to HAF was successful, contingent upon the execution of the proposed action plan and achievement of growth targets, and the Town is eligible for HAF funding in the amount of \$22,418,300, payable in four equal annual installments. Funding under the program will be administered by the Canadian Mortgage and Housing Corporation (CMHC).

The five additional initiatives that were included in the Town's HAF application, as requested by the Minister, were:

1. Permitting four units as-of-right town-wide;
2. Permitting four storeys as-of-right within 800 metres walking distance of Milton Transit lines;
3. Designate dedicated staff to implement an affordable housing strategy, which should involve liaising with non-market housing providers and other levels of government, guiding projects through the development and permitting process, and identifying lands for affordable non-market housing;
4. Delegate decision-making power for minor re-zonings, as well as approvals for affordable and modular housing, to Town staff;
5. Create incentives to encourage the development of purpose-build rentals and non-market housing.

This report provides additional details to Council and seeks Council approval for the implementation of initiatives related to Financial Incentives for Rental and Affordable Housing and the dedicated staff for an Affordable Housing Strategy. A separate staff report, DS-026-24, has been prepared to address the four storeys as-of-right within 800 metres

Background

walking distance of Milton Transit lines. Additional council approvals will continue to be sought in relation to the other initiatives as the programs are more fully defined.

Discussion

Financial Incentive for Rental and Affordable Housing Program

The Financial Incentive for Rental and Affordable Housing Program has been designed to address one of the initiatives outlined in the Town's HAF application and corresponding contribution agreement. The program has been structured to encourage and incentivize the creation of new rental housing developments and/or affordable residential units within the Town of Milton by providing a refund of applicable Building Permit Fees on qualifying developments. The program is available to developments meeting the following definitions:

"affordable residential unit" means a residential unit that meets the definition of an "affordable residential unit" as defined in the *Development Charges Act, 1997*.

"rental housing development" means development of a building or structure with four or more residential units all of which are intended for use as a rented residential premises.

For applications meeting one of these definitions, the Town will provide a rebate of the applicable Building Permit Fees up to a maximum of \$2,500 per unit. Qualifying developments will be required to enter into an agreement confirming the intent of the development and a commitment to retain the developments eligibility for a minimum of five years from the date an occupancy permit is granted. Should a development change so that it would no longer be eligible for the program, the amount of the reduction in fees would be immediately payable to the Town.

It is recommended this program be implemented immediately following approval of this report and be valid and applicable for all building permits issued following Council approval of the Program until March 31, 2026. In the HAF application process it is estimated that this program could incentivize up to 400 units at a total cost of \$1,000,000, to be funded from the HAF funding.

Dedication Staff Resource for Affordable Housing Strategy

Reporting to the Director of Planning Policy and Urban Design, the Affordable Housing Project Manager would be responsible for liaising with non-market housing providers and

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other levels of government, guiding projects through the development and permitting process, and identifying lands for affordable non-market housing.

Key factors impacting housing affordability that fall, in part, within the municipal sphere of influence include: supporting an adequate supply of market and non-market housing; protecting the existing affordable housing supply; and, promoting housing choice and diversity.

The Affordable Housing Project Manager will co-ordinate the Town's affordable housing-related initiatives through the implementation of a new Affordable Housing Strategy. The Affordable Housing Strategy will reinforce the Town's strategic goals and objectives while also supporting and complementing other plans and programs across all levels of government administration.

An adequate supply of market and non-market housing relies on the private sector, not-for-profit organizations, co-operatives and the Region of Halton. The Affordable Housing Project Manager will support the efforts of these housing partners by establishing regular opportunities for open dialogue about housing needs, identifying and discussing challenges and opportunities to the creation of affordable housing, sharing information, and communicating council priorities and objectives.

Moreover, all levels of government, not-for-profit organizations, private developers and individuals all play a role in the creation of housing. As enablers of housing development, municipalities can support the creation and retention of affordable housing by ensuring that planning policies, regulations and incentive programs are aligned with affordable housing targets and objectives. The Affordable Housing Project Manager will actively ensure that Town policies, processes, and regulations work together to support and enable cost-effective and timely delivery of housing. The Project Manager will also help to leverage available resources and financial tools in a coordinated way to support affordable housing goals, while building the Town's corporate and community capacity and awareness of affordable housing needs.

It is recommended that an Affordable Housing Project Manager be appointed for a 2-year full time contract funded from proceeds of the HAF Contribution.



Financial Impact

As noted above, the HAF Contribution Agreement will provide to the Town a total of \$22,418,300 in equal installments over the next four years to help support growth in housing and housing options within the community. This funding is conditional upon the Town's progress on the implementation and achievement of the Commitments identified in the Contribution Agreement which include:

- Completion of the initiatives; of which two are the subject of this report;
- Achievement of the Housing Supply Growth Target and Additional Targets; and
- Submission of a Housing Needs Assessment Report.

The initiatives identified in this report will require additional investment by the Town, at an estimated total of \$1,349,300. This amount is contingent on the amount of rental and affordable housing development that occurs during the period, and is inclusive of the budget for the staff position as well as related capital surcharge for the programs.

Investment in these initiatives will ensure that the Town remains in compliance with the requirements of the Contribution Agreement and are intended to help incentivize and support the development of rental and affordable housing within Milton.

Staff will continue to work through the other required program initiatives and will seek Council approval as necessary to ensure that the Town benefits from this additional funding. Future recommendations on the intended use of the remaining funds will be presented to Council as progress on the commitments is achieved.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

Jill Hogan
Commissioner, Development Services

For questions, please contact: Melanie Wallhouse Ext. 2314
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 & Financial Consulting

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 Director, Policy Planning &
 Urban Design

Attachments

Appendix A: Financial Incentive for Rental and Affordable Housing Program

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.



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Financial Incentive for Rental and Affordable Housing Program

Purpose: This program provides a financial incentive for the development, redevelopment, rehabilitation and/or adaptive reuse of buildings resulting in the creation of new rental housing development(s) and/or affordable residential units.

Policy Statement: The program has been developed as a requirement of Initiative 7 of the Approved Action Plan identified in the Housing Accelerated Fund Contribution Agreement between the Town of Milton and the Canada Mortgage Housing Corporation with the intention to remove systemic barriers to housing supply and boost supply in the Community. This Building Permit Rebate Program is designed to encourage and incentivize the creation of new rental housing developments and/or affordable residential units within the Town of Milton.

Definitions:

“affordable residential unit” means a residential unit that meets the definition of an “affordable residential unit” as defined in the *Development Charges Act, 1997*.

“rental housing development” means development of a building or structure with four or more residential units all of which are intended for use as a rented residential premises.

Description:

The Financial Incentive for Rental and Affordable Housing Program will provide a financial rebate of applicable Building Permit Fees for developments meeting the program requirements as follows:

Development Type	Amount of Rebate (as a % of Town of Milton Building Permit Fee)	Maximum Rebate per Unit
Affordable Residential Unit	100%	\$2,500
Rental Housing Development	100%	\$2,500

Note: The grant is only applicable on the Town of Milton Building Permit Fees and does not apply to any portion of Development Charges payable. In no circumstance will the grant provided by this program exceed the total amount of building permit fees payable on the development.

Review and evaluation of an application under the Financial Incentive for Rental and Affordable Housing Program, along with a decision on approval, will be completed by Town staff. Any rebate in the building permit fees would be applied upon execution by the applicant of a rental housing development/affordable unit agreement and any fee rebate will be provided upon issuance of the associated building permit.



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Specific Program Requirements:

1. An application must be submitted to the Town at the time of building permit application to which the rebate of building permit fees will apply.
2. Such application shall include sufficient details and evidence of the development and proposed operations for Town staff to determine to its satisfaction, eligibility for the program.
3. Any outstanding obligations or requests to comply and/or other charges from the Town (including tax arrears) must be satisfactorily addressed prior to the rebate of building permit fees.
4. Town staff, officials, and/or agents of the Town may inspect any property that is the subject of an application for this financial incentive program offered by the Town.
5. If, within five years of receiving an occupancy permit, any part of a development which received benefit from this rebate program is changed so that it would no longer be eligible for the program, the amount of the reduction is immediately payable to the Town.
6. Where a building permit creates multiple new units, the per unit building permit fee will be calculated by dividing the total building permit fee by the number of residential units, regardless of the number of bedrooms or area of each unit.
7. The Applicant must enter into a rental housing development/affordable unit agreement confirming the development meets the requirements of this rebate program before a rebate will be provided.

Term of this Program:

The program outlined herein will be valid and applicable for all building permits issued following Council approval of the Program until March 31, 2026.

Reporting

Reporting of the Financial Incentive for Rental and Affordable Housing Program will be included with the capital variance statements and any reporting required under the Housing Accelerator Fund Contribution Agreement.

Funding

The cost to the Town of the Financial Incentive for Rental and Affordable Housing Program will be funded from the monies received through the Housing Accelerator Fund Contribution Agreement and will be reported through the Town's capital project for Housing Accelerator Fund Initiatives.