

# **Federal Housing Accelerator Fund – Supporting Generational Transformation of Toronto’s Housing System**

**Date:** December 12, 2023

**To:** City Council

**From:** Deputy City Manager, Development and Growth Services

**Wards:** All

## **REASON FOR CONFIDENTIAL INFORMATION**

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Confidential Attachment 1 contains information explicitly supplied in confidence to the City of Toronto by the Canada Mortgage and Housing Corporation (CMHC).

## **SUMMARY**

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Addressing Toronto, Ontario and Canada’s housing crisis demands urgent action and new investments from all orders of government. It also requires a range of approaches and partnerships across all sectors focused on increasing housing supply, protecting existing homes and improving housing stability for residents. In terms of new supply, the City of Toronto recognizes that a range of new homes is needed across the full housing continuum to reduce pressures throughout the entire housing system, improve housing affordability and access, particularly for lower and middle-income households, and to support growth.

In December 2022, City Council adopted the [Housing Action Plan 2022-2026 \(Housing Action Plan\)](#), which focuses on enabling both market, non-market and mixed income housing production in order to achieve or exceed the provincial housing target of 285,000 new homes over the next 10 years. Acknowledging that more specific and targeted approaches are needed to address the unmet housing needs of low-and-moderate-income households, at its meeting of November 8 and 9, 2023, City Council adopted [Item EX9.3 – “Generational Transformation of Toronto’s Housing System to Urgently Build More Affordable Homes”](#), which updated the [HousingTO 2020-2030 Action Plan \(HousingTO Plan\)](#) and established a new supply target of 65,000 rent-controlled homes with a focus on increasing non-market housing supply. These homes will support and complement delivery of the Housing Action Plan targets. Item EX9.3

also outlined a range of actions and new and enhanced investments required from both the Government of Canada and Government of Ontario to complement City efforts and meet shared housing and growth targets.

On March 17, 2023, the Government of Canada, through the Canada Mortgage and Housing Corporation (CMHC) announced a new Housing Accelerator Fund (HAF) as part of the National Housing Strategy. HAF will provide \$4 billion in funding nationally to local governments and Indigenous communities until 2026-27 to accelerate the supply of housing across Canada, with a target of achieving 100,000 net new permitted housing units, over and above the estimated number of building permits that would have been issued without support from the program.

In accordance with Council direction through [Item - 2023.MM5.28](#), City staff submitted a HAF application to CMHC on June 14, 2023, followed by a revised submission in September, 2023. The City's HAF application included an action plan with a list of eight initiatives (Attachment 2) focused on increasing the supply of new homes; protecting existing homes and renters; revitalizing neighbourhoods across Toronto; and enhancing the City's capacity to accelerate the review, approval, and delivery of new homes through organizational re-alignment and new technology tools.

This report provides Council with an overview of the City's HAF application. It also seeks Council approval of the initiatives as well as proposed enhancements to address requests made by The Honourable Minister Sean Fraser, Minister of Housing, Infrastructure and Communities, to Mayor Olivia Chow, with respect to the City's HAF application. Further, the report seeks authority for the City to enter into a Contribution Agreement with CMHC, subject to the CMHC's final approval of the City's HAF application.

The report seeks City Council's approval of the recommendations for the City to receive approximately \$471 million in anticipated funding over four equal annual installments, beginning in Q4 2023. This funding is critical to supporting Toronto and Canada's shared housing objectives, including advancing delivery of the City's Housing Action Plan, HousingTO Plan and the federal National Housing Strategy targets. Specifically, HAF investments will provide Toronto with a predictable funding stream over the next three years, which is pivotal to unlocking projects and accelerating the delivery of new homes, particularly purpose-built affordable rental homes near transit.

In addition to scaling up new housing supply, federal HAF investments will enable the City to expand the [Multi-Unit Residential Acquisition \(MURA\) program](#) which has been successful in supporting the non-profit housing sector to acquire and convert market rental properties into permanently affordable rental homes for lower income residents.

## **RECOMMENDATIONS**

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The Deputy City Manager, Development and Growth Services recommends that:

1. City Council authorize the Deputy City Manager, Development and Growth Services, to negotiate and execute, on behalf of the City, a Contribution Agreement under the

Housing Accelerator Fund (the "Contribution Agreement") and/or any related agreement(s) and amendments with the Canada Mortgage and Housing Corporation ("CMHC"), the Government of Canada or any other federal entity necessary for the receipt and expenditure of funding under the Housing Accelerator Fund on the terms and conditions outlined in Confidential Attachment 1 to the report (dated December 12, 2023) from the Deputy City Manager, Development and Growth Services, and such other or amended terms and conditions as are satisfactory to the Deputy City Manager, Development and Growth Services, in consultation with the Executive Director, Housing Secretariat and the Chief Planner and Executive Director, City Planning, and in a form approved by the City Solicitor, subject to Canada Mortgage and Housing Corporation's final approval of the City Housing Accelerator Fund application.

2. City Council approve receipt of the Housing Accelerator Fund program funds, in accordance with the terms and conditions of the Contribution Agreement and any related agreements, directives or program guidelines.

3. City Council approve the initiatives outlined in Attachment 2 to the report (dated December 12, 2023), from the Deputy City Manager, Development and Growth Services as submitted to the CMHC in the City's application for the Housing Accelerator Fund, and the proposed enhancements to the City's application outlined in Attachment 3 to the report (dated December 12, 2023) from the Deputy City Manager, Development and Growth Services, and authorize the Mayor to submit the enhancements to the City's application outlined in Attachment 3 in response to the letter from The Honourable Minister Sean Fraser, Minister of Housing, Infrastructure and Communities.

4. City Council direct the Chief Financial Officer and Treasurer to establish a Housing Accelerator Reserve Fund and direct all funding received through the federal Housing Accelerator Fund (HAF) program to the Housing Accelerator Reserve Fund to support the implementation of the City's action plan as approved by CMHC and/or all other initiatives/costs permitted under the HAF program, in each instance on terms satisfactory to the Chief Financial Officer and Treasurer, in consultation with the Deputy City Manager, Development and Growth Services and the Executive Director, Housing Secretariat, with funding towards eligible projects and initiatives allocated through the annual budget process.

5. City Council authorize the public release of Confidential Attachment 1 to the report (dated December 12, 2023) from the Deputy City Manager, Development and Growth Services, at the discretion of the Deputy City Manager, Development and Growth Services.

## **FINANCIAL IMPACT**

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As outlined earlier, and subject to Council approval of the recommendations in this report, CMHC's approval of the City's application, as well as the HAF program conditions being met (outlined in Confidential Attachment 1), the City of Toronto anticipates receiving the following funding allocations from CMHC:

Funding Year	Estimated Funding Allocation (\$)	Estimated Funding Allocation (%)
First Advance 2023/24 (Effective Date – March 31, 2024)	\$ 117,777,490	25%
Second Advance 2024/25 (April 1, 2024 – March 31, 2025)	\$ 117,777,490	25%
Third Advance 2025/26 (April 1, 2025 – March 31, 2026)	\$ 117,777,490	25%
*Fourth Advance 2026/27 (April 1, 2026 – March 31, 2027)	\$ 117,777,490	25%
*Fourth allocation subject to meeting 11,780 net new permitted unit target		

The City will prioritize the approximately \$471 million in funding to create approximately 11,780 net new permitted residential homes over the next three years (2023-26). These homes include net new rent-geared-to-income (RGI), affordable and supportive units located within mixed-income, mixed-use, transit-oriented, complete communities.

CMHC has also confirmed that HAF funding can be used in conjunction with other CMHC or federal government programs, unless expressly prohibited. As such, the City will use every opportunity to ‘stack’ programs and optimize HAF funding to support delivery of its 65,000 rent-controlled homes target outlined in Item EX9.3.

Funding allocations for eligible projects and initiatives will be considered through the annual budget process.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as contained in the Financial Impact Section.

**EQUITY IMPACT**

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The City's HousingTO Plan envisions a city in which all residents have equal opportunity to develop to their full potential. It is centred in a human rights-based approach to housing, which recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive and sustainable communities.

By implementing the HAF initiatives, the City will be able to accelerate the delivery of a range of new homes for residents across Toronto. Creating a range of new homes will increase opportunities for low-and-moderate-income households, including Indigenous residents and those from equity-deserving groups to access safe, secure and adequate homes.

Access to good quality, safe, affordable housing is an important determinant of health and improves the social and economic status of an individual. Good quality, affordable

housing is also the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole.

## **DECISION HISTORY**

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At its meeting on November 8 and 9, 2023, City Council adopted Item EX9.3 – “Generational Transformation of Toronto’s Housing System to Urgently Build More Affordable Homes”. The report updated the HousingTO 2020-2030 Action Plan’s supply target to 65,000 new rent-controlled homes and outlined several recommended actions for all orders of government to improve housing outcomes for residents.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX9.3>

At its meeting on September 28, 2023, the Planning and Housing Committee adopted, with amendments, "HousingTO 2020-2030 Action Plan - 2022-2023 Annual Progress Update". The report includes recommendations to improve access to rent-geared-to-income and affordable rental homes; a request to negotiate and enter a Memorandum of Understanding with Co-operative Housing Federation of Toronto Inc.; pre-development funding for CHFT Development Society Inc.; and re-iterates intergovernmental requests for capital and operating funding by 2030.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH6.1>

At its meeting on May 10, 2023, City Council adopted with amendments, "Expanding Housing Options in Neighbourhoods: Multiplex Study - Final Report", permitting multiplex housing across the City and adding more new low-rise housing at a scale similar to the existing context. City Council also requested that staff report back on the feasibility of a program that incentivizes owners of multiplexes to make one of the four units affordable to rent or purchase. <https://secure.toronto.ca/council/agenda-item.do?item=2023.PH3.16>

At its meeting on May 10, 2023, City Council adopted with amendments, "Housing Now Initiative - 2023 Progress Update", which included recommendations to help 'unstuck' Housing Now projects that can be quickly activated with program enhancements including: regulatory/policy changes to upzone sites and optimize height and density; providing flexibility on the unit types, size and tenure while maintaining at least 33% affordable rental units on a program-wide basis; and increasing grant funding and taking a geographic-specific approach to each site due to local sub-market difference which impact project feasibility. <https://secure.toronto.ca/council/agenda-item.do?item=2023.PH3.6>

At its meeting on March 29, 2023, City Council adopted, "Moving Fast on the Housing Accelerator Fund", which directed the Executive Director, Housing Secretariat and the Chief Planner and Executive Director, City Planning to prepare a submission to the Canada Mortgage and Housing Corporation's Housing Accelerator Fund.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.MM5.28>

At its meeting on March 21, 2023, Executive Committee adopted, "Housing Action Plan 2022-26 - Priorities and Work Plan", which included mention of 'tower in the park' sites that may provide opportunities to accommodate more housing through infill

development. An Apartment Infill Study is to be undertaken, which will focus on streamlining the process for building new housing on underutilized sites and will be brought to Planning and Housing Committee in 2024.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX3.1>

At its meeting on November 23, 2022, City Council adopted with amendments, "Update on Bill 23, More Homes Built Faster Act, 2022", for information and included a summary of City staff feedback on Bill 23 and the results of the Standing Committee's consideration of the bill. <https://secure.toronto.ca/council/agenda-item.do?item=2023.CC1.2>

At its meeting on November 9, 2021, City Council adopted "New Multi-Unit Residential Acquisition (MURA) Program to Protect Existing Affordable Rental Homes", to establish an ongoing rental housing acquisition program that would provide dedicated financial support to non-profit housing organizations or community land trusts, to facilitate the purchase and conversion of at-risk private market affordable housing to permanently affordable rental homes. <https://secure.toronto.ca/council/agenda-item.do?item=2021.PH28.3>

At its meeting on July 28, 2020, City Council endorsed the "Expanding Housing Options in Neighbourhoods (EHON)" work plan report and endorsed City Planning proceeding with several priority initiatives in 2020-2021, including developing permissions for new types of accessory housing such as Garden Suites.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH15.6>

At its meeting of December 17-18, 2019, City Council adopted PH11.5 "HousingTO 2020-2030 Action Plan" as the framework to address Toronto's housing and homelessness challenges by 2030. This Plan includes a number of actions and targets to address critical needs across the housing spectrum including emergency shelters and transitional housing, social and supportive housing, market and affordable rental housing and home ownership.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

## COMMENTS

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### The Housing Accelerator Fund (HAF)

#### Program Overview

On March 17, 2023, the Federal Government launched the HAF - a \$4 billion initiative announced in Budget 2022. The fund is intended to help local governments speed up development approvals, update permitting systems, introduce zoning reforms to encourage more density, incentivize development near public transit, and encourage more affordable housing, to support the federal objective of fast-tracking the creation of 100,000 new homes across the country.

The program has two application streams including a large/urban stream for municipalities with populations greater than 10,000, and a small/rural/north/indigenous stream for populations less than 10,000 (based on 2021 census data). Program priorities include the development of affordable, inclusive, equitable and diverse communities that are low carbon and climate resilient.

Applications for HAF funding were required to include an action plan with a minimum of seven initiatives, with objectives that create systemic housing system changes, such as growing affordable housing supply and speeding up development approvals. Each initiative must commit to a housing supply growth target within the action plan that increases the average annual growth rate by at least 10%, and the growth rate must be at least 1.1%.

### **Funding Methodology**

The HAF program is focused on driving transformational change and creating the conditions for more housing supply over the short and long term. The HAF program's funding methodology includes three components to determine the amount of incentive funding per successful applicant:

- Base funding - (CMHC estimated base funding as \$20,000 per HAF incented permitted unit). Incent all types of supply across the housing spectrum. The per unit amount is multiplied by the number of HAF incented units.
- Top-up funding - (CMHC estimated top-up funding as \$7-15,000 per HAF incented permitted unit, based on housing type). Incent certain types of housing supply and depends on the type of housing and the associated projected increase in the number of permitted units. There is no top up funding for single detached homes. The value ascribed to each category will be multiplied by the associated projected increase in the number of permitted units.
- Affordable housing bonus – (CMHC estimated the affordable housing bonus as \$19K per unit, multiplied by the increase in the share of affordable housing units across all initiatives and the total projected permitted units with HAF). Rewards an applicant that can increase its share of affordable housing units relative to the total projected permitted units with the support afforded by the HAF. The percentage growth will be multiplied by the ascribed value and then by the total projected permitted units with the support afforded by HAF.

### **Ongoing Reporting Requirements**

Successful applicants are required to provide CMHC with regular reporting throughout the HAF program cycle. Reporting requirements include progress on the initiatives and commitments outlined in the action plan; the way in which funding was spent; and micro-level building permit data for residential buildings.

### **City of Toronto HAF Funding Application**

At its meeting of March 9, 2023, City Council adopted [Item – 2023.MM5.28](#) and authorized staff to prepare a submission to CMHC to participate in the HAF program.

The City of Toronto submitted its HAF application to CMHC on June 14, 2023, followed by a revised submission in September 2023. As part of this submission, and following consultation with CMHC, the City requested funding to create approximately 11,780 net new permitted residential units over the next three years (2023-2026).

The City also provided projections for the number of permitted homes based on year and housing type (multi-unit housing in close proximity to rapid transit, missing middle multi-unit housing, other types of multi-unit housing and affordable homes) for 2023-2026.

The City's HAF application outlines eight initiatives (details in Attachment 2) that would create more housing faster, including purpose-built rental and affordable housing, in neighbourhoods across Toronto.

While the City alone does not have direct control over the number of built units, the HAF funding will further the City's shared goal of increasing housing supply, particularly affordable housing within complete, inclusive and livable communities.

To participate in the HAF program, approved applicants are required to enter into a Contribution Agreement with CMHC in which they agree to the commitments and to undertake the initiatives set out in the action plan. For approved applications, CMHC will confirm the total amount of funding available to incent new housing supply, expectations on progress reports, and the planned schedule of payments.

City staff are now seeking Council's authority to enter into a Contribution Agreement to implement the initiatives in the action plan. Once approval is obtained by Council, and CMHC approves the City's application, the City will sign the contribution agreement with CMHC.

## **Federal Request to Enhance the City's HAF Application**

On November 22, 2023, The Honourable Sean Fraser, P.C., M.P., Minister of Housing, Infrastructure and Communities, issued a letter to Mayor Olivia Chow regarding the City's HAF application (Attachment 4).

The letter acknowledges the City's bold actions to address the housing and homelessness crisis including legalizing multiplexes and removing restrictive zoning measures. This includes:

- transforming the City of Toronto's administrative structure and increasing capacity to expedite the approval of new development applications;
- expanding "Missing Middle" housing options and allowing increased density; and
- protecting rentals and increasing the climate performance of homes and affordability for more renters.



Minister Fraser's letter also requested that the City to address eight suggested improvements to the HAF application, before making a final decision on the City's HAF application:

- Increase minimum allowable density and minimum allowable height within walking distance to transit. Consider the merits and opportunities of the legislation introduced by the provincial government in British Columbia and advocate alignment with Ontario's approval of Toronto's Protected Major Transit Station Area Official Plan;
- Streamline the issuance of building permits through innovative digital technologies which enable more automation and conserve valuable staff time;
- Where enabled by legislation, empower City staff in decision-making to ensure routine matters do not have to be decided on by Council, and where constrained by legislation move forward on ways to expedite the process, including and in particular for modular and non-market affordable housing as well as allow them more flexibility with development applications;
- Significantly increase the percentage of land in the City with 4 storey as-of-right zoning;
- Commit to reducing restrictions requiring angular planes and rules regarding the "no net new shadow" policy that restricts apartments to areas further from parks and schools;
- Introduce processes and policies that enable the faster approvals and greater options of housing for students, including both apartment and dormitory style units on- and off-campus, whether owned by post-secondary institutions or the private operators; and eliminate parking requirements for such units within walking distance of a campus, while leveraging existing parking lots to redevelop into housing for students.
- Where enabled by legislation, establish pre-approved designs including for four-unit multiplexes, and accessory dwelling units like garden and laneway suites; and,
- In implementing HAF initiatives, work with Toronto's world-class foundation and philanthropic community to leverage funding for the City's Multi-Unit Residential Acquisition program.

## **City of Toronto's Proposed Responses and Actions to Address Minister Sean Fraser's Requests**

City staff across the Housing Secretariat, City Planning and Toronto Building Divisions worked collaboratively to address Minister Fraser's requests. Attachment 3 to this report outlines the City's proposed responses (and future actions) to address the Minister's requests and enhance the City's HAF application.

Subject to Council's approval, Mayor Olivia Chow will officially respond to the Minister's letter and seek to finalize the HAF application process. Finalizing the process will allow the City to access the approximate \$471 million in funding, over four equal annual installments, as outlined in the Financial Impact section of this report.

## **Conclusion and Next Steps**

The City of Toronto is focused on strengthening Toronto's housing system to better address the housing needs of a range of households, especially lower and moderate-income households, while creating more equitable, inclusive, and sustainable communities. While the City continues to dedicate a significant number of City-owned sites and financial investments to address the housing and homelessness crisis, new and enhanced policy and financial tools from all orders of government are urgently needed to meet shared housing and growth targets.

Federal investments through HAF are welcomed and will help advance these shared housing and growth targets. Specifically, HAF funding will support the City to expand its efforts to accelerate the planning review and approval of new homes. It will also enable the City and its partners to ensure that some approved units can get to construction in the current challenging macro-economic environment with record high construction costs and interest rates. Additionally, HAF funding will also support shared City and federal climate action targets. At the local level, they will also help implement the City's TransformTO strategy and Toronto Green Standards performance targets, which are critical to the City achieving zero emissions buildings by 2040.

Subject to Council's approval of the recommendations in this report, the City will be able to finalize its HAF application with CMHC and immediately accelerate its efforts to make a generational transformation of Toronto's housing system and increase housing affordability for residents.

## **CONTACT**

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## **SIGNATURE**

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Jag Sharma  
Deputy City Manager, Development and Growth Services

## **ATTACHMENTS**

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Confidential Attachment 1: HAF Contribution Agreement- Key Terms and Conditions

Attachment 2: City of Toronto's Housing Accelerator Fund Initiatives Submitted to  
CMHC

Attachment 3- Proposed Enhancements to the City's Housing Accelerator Fund  
Application

Attachment 4 – Copy of Letter from The Honourable Sean Fraser, Minister of Housing,  
Infrastructure and Communities, addressed to Mayor Olivia Chow (dated November 22,  
2023)