



City of
Peterborough

To: Members of the General Committee

From: Blair Nelson, Commissioner, Infrastructure, Planning and Growth Management

Meeting Date: March 10, 2025

Report: Housing Accelerator Fund 2 Program Update, Report IPGPL25-012

Subject

A report to provide an update on the successful Housing Accelerator Fund 2 application and receive approvals for associated budget transfers to support the initiatives committed through the program.

Recommendations

That Council approve the recommendations outlined in Report IPGPL25-012, dated March 10, 2025 of the Commissioner of Infrastructure, Planning and Growth Management as follows:

- a) That the Housing Accelerator Fund 2 Program Update, Report IPGPL25-012, dated March 10, 2025, be received; and
- b) That three capital projects be established, Housing Accelerator Funds be transferred to capital projects, and sources of funding in the existing projects be replaced with Housing Accelerator Funds, all as detailed in Chart 2 of Report IPGPL25-012.

Executive Summary

- Through Report IPSPL23-021 dated June 19, 2023, staff were directed to submit a Housing Accelerator Fund (HAF) application, approve the associated Action Plan, and administer any necessary agreements and attestations.

- On September 13, 2024 the City submitted its application for Round 2 of the Housing Accelerator Fund (HAF2). The City was notified that its application was successful with a potential for \$10.7 million in HAF2 funds.
- By way of agreement, the City committed to permit 1,410 housing units between January 1, 2025 and December 31, 2027 and to accelerate permitted units by implementing the following initiatives:
 1. Reduce or eliminate residential parking requirements
 2. End exclusionary zoning through as-of-right housing policy and allow four units per lot, as-of-right city-wide for all urban serviced areas and incentivize missing middle housing
 3. Increase process efficiency by implementing a public-facing e-permitting portal
 4. Implement a Community Planning Permit System
 5. Make City-owned land available and foster partnerships to develop housing
 6. Formalize processes and resources to support housing innovation and alternative construction methods
 7. Modernize the Affordable Housing Community Improvement Plan (AHCIP)
- To expedite the completion of the milestones for each of the HAF2 initiatives, HAF2 initiative budgets must be established, HAF2 funding must be transferred to budgets, and sources of funding in various HAF2 initiatives replaced with HAF2 funding, as further detailed in Chart 2 of Report IPGPL25-012.

Background

On March 17, 2023, the Government of Canada announced the Housing Accelerator Fund (HAF) which is a \$4 billion initiative funded by the Government of Canada and administered by the Canada Mortgage and Housing Corporation (CMHC).

The HAF is intended to drive transformational change in municipal policies and procedures and create supportive conditions for more housing supply over the short and longer term. Through the HAF programs, municipalities are to commit to change, show progress and be provided with funding in return. The key objectives of the HAF program are to accelerate and increase the supply of housing and provide greater certainty in the development approvals process.

Through Report IPSPL23-021, dated June 19, 2023, staff were directed to submit a Housing Accelerator Fund (HAF) application, approve the Action Plan, administer any necessary amendments and attestations, and execute agreements.

On August 16, 2023, staff submitted an application for an estimated \$24.0 million in HAF funding to accelerate the permitting of 1,820 housing units before September 1, 2026. The City was advised on February 29, 2024, that its application was not selected to receive funding.

On July 8, 2024, Minister Sean Fraser announced the launch of the second round of Housing Accelerator Funding (HAF2). With the launch of the HAF2, \$400 million in funds would be made available to municipalities to incentivize the implementation of local actions that remove barrier to housing supply and accelerate the growth of supply. All unsuccessful applicants from Round 1 were invited to apply and align their initiatives with the 10 HAF best practices (see Appendix A). City staff met with the CMHC Advisor and was provided feedback on the original application. It was suggested that some initiatives be merged, some dropped. Clear alignment of initiatives with the 10 HAF best practices and the lowering the HAF incentivized unit forecast was suggested.

Minimum Requirements

To be eligible for incentive funding from HAF2, the applicant must:

- Develop an action plan as part of their HAF application, including satisfying the prescribed minimum number of initiatives as outlined in section seven (7);
 - Under HAF2, all action plan initiatives should align to the 10 HAF Best Practices published on the CMHC website;
 - The purpose of the action plan is to outline a housing supply growth target and the specific initiatives that the applicant will undertake to grow housing supply and speed up housing approvals;
- Commit to implementing 4 units as-of-right bylaws as part of the action plan, or have already implemented 4 units as-of-right prior to application submission;
- Commit to a housing supply growth target within their action plan that increases their average annual rate of housing growth by at least 10% above levels without HAF2 incentives and an annual City-wide housing growth rate exceeding 1.1%.
- Complete or update a housing needs assessment report and include a reoccurring scheduled review date within the report to ensure that the needs assessment is kept current.

City's HAF2 Application

On September 13, 2024 the City submitted its application for Round 2 of the Housing Accelerator Fund. The City's HAF2 application meets the minimum application

requirements and consists of a diverse set of seven initiatives focused on unlocking housing development by making systemic changes to municipal policies and procedures and providing incentives for development of additional dwelling units, missing middle and affordable housing. A housing needs assessment was completed as part of the application, with a commitment to update every five years. The application targeted 1,410 permitted units over three years with an estimated \$14.6 million HAF2 funding going toward implementing the initiatives and incentivizing affordable housing, through the modernized Affordable Housing Community Improvement Plan (AHCIP). The initiatives are as follows:

1. Reduce or eliminate residential parking requirements

A key part of implementing the City's vision for growth is to promote reduced dependence on the automobile and ensure that standards for parking are current. This initiative implements the recommendations of the Residential Parking Standards Review prepared by Paradigm Transportation Solutions Limited in 2023. Key features of this initiative include approval of By-law 25-008 on February 3, 2025 to both reduce the requirement for on-site residential parking in the Zoning By-law and incentivize further parking reductions, updating the City's cash-in-lieu of parking policy to provide greater flexibility for development in Strategic Growth Areas where the ability to provide on-site parking is limited, and implementing an on-street overnight parking program. This initiative will enable greater densities and reduced land area requirements (and associated cost) for on-site parking facilities for new residential and mixed-use developments.

2. End exclusionary zoning through as-of-right housing policy and allow four units on a lot, as-of-right city-wide for all urban serviced areas and incentivize missing middle housing

This initiative aims to address a housing gap between single detached dwellings and mid-rise apartment buildings by amending the Zoning By-law to eliminate exclusionary zoning (zoning that only permits single and semi-detached dwellings) to also permit duplexes, triplex and fourplexes as-of-right. The initiative also will establish programs to rebate part of the Development Charges applicable to duplexes, triplexes and fourplexes, to rebate building permit fees for 2nd, 3rd and 4th units on a property, and to offer interest-free loans of up to \$10,000 per unit to support construction of 2nd, 3rd and 4th units on properties. The initiative will also create a public-facing registration system for all new rental units.

3. Increase process efficiency by implementing a public-facing e-permitting portal

This initiative provides an on-line development approval application process that works directly with the City's main property data and approvals system (Amanda) to create a seamless and more efficient method of applying for and issuing planning approvals and building permits. Since May 2024, most Building Permit processes have been launched along with the pre-consultation process for land

use development applications. This initiative will expand e-permitting to all development and building permit types and will see the launch of processes for receiving, reviewing and managing communications for new planning and land-use development applications. Once complete, the Amanda Portal will enable the online receipt, circulation and review of applications and will help automate the application communication process both among City staff and between the City, applicants and external commenting agencies. Furthermore, the Amanda Portal will promote decision making transparency by allowing applicants to track the progress of their applications in real time and by enabling live, publicly accessible application status reporting and development approval statistics to the City's website (on-line dashboard).

The Amanda Portal project is being conducted in tandem with the Plan-Build Peterborough service, an in-person service providing technical planning and building support to development applicants and property owners. The initiative includes ongoing monitoring of the Amanda portal implementation and Plan-Build Peterborough service to optimize their functionality and efficiency based on user experience.

4. Implement a Community Planning Permit System (CPPS)

The City has hired Dillon Consulting in partnership with SGL Planning Ltd. to prepare a secondary land use plan and Community Planning Permit By-law for the City's Strategic Growth Areas. A CPPS is a land use planning tool that establishes as-of-right zoning and site plan permissions to promote intensification in key areas and create more efficient and streamlined development approval process (45 days). The tool provides the City opportunity to define classes of development approvals to be delegated to staff to speed up the creation of housing. Where the CPPS applies, it will satisfy the City's obligation to update its Zoning By-law to implement the new Official Plan.

The CPPS will allow the City to support increased density in exchange for affordable housing and/or community amenities. The streamlined process will also consolidate the pre-application process into one step, significantly reducing the effort and time necessary overall. The Secondary Plan and CPPS are to be complete by second quarter of 2026.

5. Make City-owned land available and foster partnerships to develop housing

This initiative aims to leverage surplus and underused public land for housing redevelopment, establish a municipal land inventory and management policy for promoting the best and highest use or disposition of municipally owned land, prioritizing the development of affordable housing. The initiative will also establish a framework to undertake partnerships with developers to facilitate development. This initiative will enable residential development projects which would otherwise not proceed without the benefit of municipal lands and/or partnership, prioritizing affordable housing.

6. Formalize processes and resources to support housing innovation and alternative construction methods

This initiative will establish a dedicated and specialized process to facilitate expedient permit approvals for alternate forms of housing such as Modular, Prefabricated, Mass Timber and other innovative housing construction methods and to facilitate building systems pre-approval. This initiative will also support creation of design guidelines for low-rise infill developments including accessory dwelling units and multiplexes to support as-of-right zoning permissions and introduce expedited review process for standardized designs. Dedicated staff will be assigned to this separate stream of approvals to expedite the building permit approval process.

7. Modernize the Affordable Housing Community Improvement Plan (AHCIP)

Peterborough's current Affordable Housing Community Improvement Plan (AHCIP) isn't meeting the supply challenge for affordable housing options. This initiative will update the AHCIP to:

- Redefine Affordability Standards so that the affordable housing market rents (AMRs) align with CMHC standards, housing that costs less than 30% of a household's before-tax income for both purpose built rental and ownership housing;
- Shift from program-based incentives to per-unit incentives to simplify budgeting for developers;
- Offer financial incentives based on the average amount of financial incentives given per development project in neighboring municipalities (estimated at \$40,000-\$80,000 per unit);
- Scale up incentives for developers offering a great number of affordable units (taking into consideration the total number of units created: the more affordable units provided, the larger the incentive per unit);
- Provide greater incentives for projects with longer-term affordability agreements;
- Expedite approval processes for projects utilizing the AHCIP; and,
- Offer discounted or low-cost public land for affordable housing developments.

The City was notified that its application was successful with a potential for \$10.7 million in HAF2 funds. The City has received 25% of the total funding up front (\$2,672,589). The second and third payments are contingent on successful implementation of the initiatives (ie: the milestones for each of the seven initiatives must be achieved on a set schedule, most of which are in 2025, as outlined in Appendix B). The final payment

would be released to the City only if 1,410 housing units are issued building permits within the 3-year HAF timeline (between 2025-2027).

Chart 1 Commitment of New Permitted Units:	
Current Dwelling/Housing Stock: 39,040	
Total Projected Permitted Units by December 31, 2027	
Housing Type	
Single Detached	300
Multi-unit – Missing Middle (ie low-rise, triplex, 4-plex)	515
Multi-unit – Other (i.e. high-rise)	595
Total	1,410
Affordable Units (included above)	244

Funding the HAF2 Initiatives

As a housekeeping matter, the HAF2 funding must be distributed to the appropriate capital budgets, exchanging the existing funding sources where appropriate. Three new capital projects will be created with a total of \$1,086,000 HAF2 funds, aligning funding to achieve the agreement commitments. HAF2 grant funding of \$1,340,068 will be transferred to three existing capital projects. In return \$1,140,068 of capital levy and \$200,000 capital levy reserve will be transferred to the Incentives for Affordable Housing project. Finally, the remaining \$246,521 HAF2 funds will be directed to the Incentives for Affordable Housing project. Chart 2 details the budget redistribution and the corresponding funding sources. This will enable the HAF2 funding to support the HAF2 initiatives and ensure the funding is spent within the necessary timeframes, freeing up capital levy which can be used to support housing development through the Incentives for Affordable Housing program beyond the HAF2 program timelines.

Chart 2 – Housing Accelerator Funding – Recommended Budget Transfers

Ref	Project	Questica Project	Approved Budget Pre-HAF Transfers (000's)	HAF Grant Transferred to Project (000's)	Funding source Transferred to Incentives for Affordable Housing	Budget Transferred to Incentives for Affordable Housing (000's)	Funding Sources After Transfers (000's)	Project Budget After Transfers (000's)
a	b	c	d	e	f	g	h	i
1	On Street Parking Permit Program	Q# 25-023	\$300,000	\$ 300,000	Capital Levy	(\$300,000)	HAF Grant	\$300,000
2	Incentivize Missing Middle Housing	NEW PROJECT	\$0	\$1,000,000		\$0	HAF Grant	\$1,000,000
3	Partnership Policy for Housing Development	NEW PROJECT	\$0	\$50,000		\$0	HAF Grant	\$50,000
4	Zoning By-law Update (Community Planning Permit System)	Q# 19-101	\$542,068	\$440,068	Capital Levy	(\$440,068)	HAF Grant Infrastructure Planning Reserve	\$440,068 \$102,000 \$542,068
5	Official Plan Secondary Plans (Community Planning Permit System)	Q# 19-102	\$600,000	\$600,000	Capital Levy Capital Levy Reserve	(\$400,000) (\$200,000)	HAF Grant	\$600,000
6	Housing Innovation and Alternative Construction Methods	NEW PROJECT	\$0	\$36,000			HAF Grant	\$36,000
7	Incentives for Affordable Housing	Q# 15882	\$1,010,000	\$246,521	Capital Levy Capital Levy Reserve	\$1,140,068 \$200,000 \$1,340,068	Capital Levy Capital Levy Reserve HAF Grant Transfer Between Cap and Op Housing Reserve Affordable Housing Partnership Reserve	\$1,140,068 \$200,000 \$246,521 \$310,000 \$550,000 \$150,000 \$2,596,589

Relation to Other City Initiatives

On December 9, 2024, Council received the final report of the Mayor’s Task Force for Housing Creation (Report COU24-003) which contained 15 recommendations, actions that the City can take to foster and accelerate housing creation in the city. Of the 15 recommendations, seven were approved on that date while direction was given for staff to report back to Council in April 2025 with options to implement the remaining eight.

Several of the Task Force recommendations overlap with commitments made in the City’s HAF2 Action Plan while other Task Force recommendations are distinct from the HAF2 Action Plan. Throughout 2025, staff will be working to implement both the HAF2 Action Plan and the Task Force recommendations. Given the City’s commitment to strict milestone timelines in the HAF2 Action Plan, where staff capacity is limited due to workload, implementation of HAF2 initiatives will need to take priority over implementation of the Task Force recommendations. Where staff capacity is available, however, HAF2 initiatives and Task Force recommendations will be implemented concurrently to maximize their impact on housing creation.

Strategic Plan

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Pursue service excellence in governance to support long-term fiscal sustainability of the City while respecting the impact of decisions on taxpayers.

Implementation of HAF2 initiatives will enhance customer service and streamline development approvals to encourage on existing City services thereby increasing their long-term financial sustainability and minimizing the need for new infrastructure to support growth.

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Support review/update of City's by-laws to make them effective and efficient, meeting the needs of our growing City.

Implementation of HAF2 initiatives will streamline the City's land use approval tools and regulations to support faster development approvals of priority housing forms in strategic locations to address the City's current and long-term housing needs.

Strategic Pillar: Community & Well-being

Strategic Initiative: Work proactively with provincial and federal governments to explore all options and seize opportunities to provide housing support for people experiencing homelessness, and to respond to mental health challenges, addictions, and the need for family physicians.

Federal support through the HAF2 program will enable the City to provide incentives for affordable housing and missing middle housing to help meet community needs.

Budget and Financial Implications

The approval of the HAF2 funding will enable the City to implement the HAF2 initiatives without additional direct budget requirements. The achievement of 1,410 permitted housing units however, may require additional investment over and above the HAF2 funding. Such investments, if required, will be detailed in future reports to Council.

Conclusion

With approval of the recommendations in this report, staff will proceed to implement the HAF2 initiatives to meet the City's agreement commitments.

Attachments

Appendix A: HAF 10 Best Practices

Appendix B: Approved HAF2 Action Plan

Submitted by,

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