



**City of Kingston
Report to Council
Report Number 24-187**

To: Mayor and Members of Council
From: Desirée Kennedy, Chief Financial Officer & City Treasurer
Resource Staff: Lana Foulds, Director, Financial Services
Date of Meeting: September 3, 2024
Subject: Housing Accelerator Fund Update

Council Strategic Plan Alignment:

Theme: Financial measures/budget

Goal: 1.1 Promote increased supply and affordability of housing.

Executive Summary:

On January 18, 2024, the City was awarded \$27,550,302 in Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator funding (HAF). HAF funding can be used to support four categories to achieve housing supply growth targets of up to 900 new units in the three years. These categories are investments in affordable housing, housing-related and community-related infrastructure and the implementation of action plan items such as a Community Improvement Plan.

The Mayor's 2024 budget allocated some of the HAF funds to several capital projects. Since that time, updated project timelines and estimates were provided and additional HAF contributions are required within the 2024 budget to support key initiatives and projects. City staff are recommending an amendment of \$3,695,000 in HAF contribution for a total of \$20,187,200 in the 2024 budget. This report is recommending that the Chief Financial Officer be delegated the authority to realign HAF funding and swap approved municipal funding to better support the eligible projects and categories. The remaining unallocated funds will be included as funding within the Mayor's 2025 budget process.

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Recommendation:

That Council approve a 2024 budget amendment to increase the Housing Accelerator Fund contribution by \$3,695,000 for a total of \$20,187,200 within the 2024 budget to support several affordable housing and housing-related infrastructure projects within the Housing Accelerator Fund program; and

That Council delegate to the Chief Financial Officer and Treasurer the authority to reallocate approved Housing Accelerator Fund related funding between programs and initiatives and to replace approved municipal funding with Housing Accelerator Fund monies where required over the three-year CMHC Housing Accelerator Fund eligibility period; and

That Council direct staff to submit a yearly report with information on Housing Accelerator Fund project allocation.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF

p.p. FINANCIAL OFFICER & CITY TREASURER

**Desiree Kennedy, Chief
Financial Officer & City
Treasurer**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services

Jennifer Campbell, Commissioner, Community Services

Neil Carbone, Commissioner, Corporate Services

Not required

David Fell, President & CEO, Utilities Kingston

Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives

Not required

Brad Joyce, Commissioner, Infrastructure, Transportation
& Emergency Services

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Options/Discussion:**Background**

In May 2023, Council approved Kingston's Strategic Plan for 2023 – 2026 with five themed pillars. One of those key pillars is Support Housing Affordability to increase the overall housing supply of all forms, price points and tenures with a target of 4,800 units, of which 10% being of affordable housing and supportive housing options.

To address the national housing crisis, the Government of Canada introduced a housing accelerator fund in the 2022 federal budget. The \$4 billion Housing Accelerator Fund (HAF) launched in March 2023 and is being delivered by Canada Mortgage and Housing Corporation (CMHC) on behalf of the Government of Canada. In August 2023, the City applied for \$60.5M in HAF funding for various initiatives to achieve supply growth targets. On January 18, 2024, it was announced that the City was awarded \$27,550,302 over the three-year term.

Investment eligibility criteria to achieve housing supply growth targets of up to 890 new units in the three years, include:

- Investments in HAF action plans
- Investments in affordable housing
- Investments in housing-related infrastructure
- Investments in community-related infrastructure that supports housing

Although the HAF program provides for investment within these four (4) categories, the City has been and will be investing primarily within the affordable housing and the housing-related infrastructure categories.

In anticipation of some of the initiatives, the Mayor's 2024 capital budget included \$14.4M in total HAF funding to support various housing and infrastructure initiatives.

Subsequent to the 2024 budget recommendations to use HAF funding to support housing and infrastructure projects, the following allocations were approved by Council through individual reports and projects:

- [Report Number 24-055](#) – Affordable Housing and Supportive Housing – Updates and New Projects, requested the approved affordable housing unit HAF funding be transferred to the 484 Albert and 620 Princess Street project, with an additional \$65.8K HAF funding.
- [Report Number 24-055](#) approved new HAF funding of \$445K for the 186 Hillendale Avenue project.
- [Report Number 24-096](#) – Capital Project Status Report – Fourth Quarter 2023 approved \$300K of HAF funding to support Utilities Kingston to expand service capacity modeling.
- [Report Number 24-179](#) – Additional Residential Unit Housing (ARU) Initiative approved use of \$1.25M on August 13th for these initiatives funded from HAF.

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As staff have been advancing a number of HAF projects, there have been some changes to estimated costs as well as new project opportunities that the City can capitalize on and maximize the federal and municipal funding. To accommodate this, staff are recommending an amendment to the 2024 budget by adding \$3,695,000 HAF contribution for a total of \$20,187,200. To support the HAF reallocation, staff are also recommending a delegation of authority for the CFO to reallocate approved internal reserve fund monies between projects. This will ensure that the City can respond quickly to potential project opportunities and most importantly, maximize federal and municipal funding.

Budget Amendments

Staff have been actively planning or implementing various initiatives to encourage housing unit growth. Council has endorsed action plan initiatives such as Rental Housing – Community Improvement Plan (CIP) and the incentives outlined in the Additional Residential Units (ARU) program. It is uncertain how much funding will be required to support the CIP program and the timing of the commitments resulting from these agreements. It is also unknown if there will be provincial funding that may be better suited for some of the projects, especially affordable housing, over the next couple of years therefore it is important for the City to have flexibility with its funding allocations.

The agreement eligibility requires funds to be expended within the multi-year period by December 11, 2027. To allow staff to respond to changing estimates in time and costs, a recommendation to delegate authority to the Chief Financial Officer or delegate is included in this report. The delegation will allow for the reallocation of HAF funds between approved HAF funded projects and/or replace approved municipal funding with grant funding.

The remaining \$7.4M of unallocated funds will be included as funding for projects within the Mayor's 2025 budget.

Council will be receiving separate reports on individual projects and initiatives that will include information on partnerships and HAF contribution. A yearly information report will be provided to Council with information on HAF funding commitment.

The City has successfully met its first reporting obligation with the submission of the Semi-Annual Agreement Report on June 12, 2024. As per the HAF agreement, the City will submit annual reports on the anniversary of the execution of the agreement (December 12, 2023) for the three-year funding period – the Annual Agreement Report will capture the use of HAF funding across the four designated cost categories.

Public Engagement

As part of the action plan incentives, staff consulted with representatives from the local building industry and other stakeholders for feedback on the planned and approved HAF supported initiatives.

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Financial Considerations

The funding reallocations and budget amendments recommended in this report are fully funded by the CMHC Housing Accelerator funding. Funds returned to municipal reserve funds will be included future Council reporting.

Contacts:

Lana Foulds, Director, Financial Services, 613-546-4291 extension 2209

Other City of Kingston Staff Consulted:

Amy Gibson, Manager, Housing & Homelessness

John Henderson, Housing Program Administrator

Troy Beharry, Partnership & Grant Development Manager

Brandon Forrest, Director, Business, Real Estate & Environment

Lisa Capener-Hunt, Director, Building Services & CBO

Tim Park, Director, Planning Services

Sukriti Agarwal, Manager, Policy Planning

Julie Runions, Director, Utilities Engineering