

FINANCIAL MANAGEMENT COMMITTEE

TO: *MAYOR AND COUNCILLORS*

SUBJECT: SU: CMHC HAF PROGRAM

RECOMMENDATION:

THAT the report titled “SU: CMHC HAF Program” dated October 15, 2024, of the Open meeting of the Financial Management Committee, be received for information.

REPORT

The Financial Management Committee, at its meeting held on October 15, 2024, received and adopted the attached report providing a mid-term, Year 1 Status Update (SU) on the Burnaby Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (HAF) Program.

On behalf of the Financial Management
Committee,

Councillor P. Calendino
Chair

Councillor A. Gu
Vice Chair

TO: FINANCIAL MANAGEMENT COMMITTEE (FMC)
FROM: GENERAL MANAGER PLANNING AND DEVELOPMENT AND
DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF
FINANCIAL OFFICER
SUBJECT: SU: CMHC HAF PROGRAM
PURPOSE: To provide a mid-term, Year 1 Status Update (SU) on the Burnaby
Canada Mortgage and Housing Corporation (CMHC) Housing
Accelerator Fund (HAF) Program.

RECOMMENDATION

THAT the report titled “SU: CMHC HAF Program” dated October 15, 2024, be received for information.

1.0 EXECUTIVE SUMMARY

The City of Burnaby has been awarded up to \$43,409,600 in Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (HAF) funding, payable in up to four equal annual advances of \$10.9 million from 2024 - 2027. Advances are contingent upon: (1) completing an agreed upon Action Plan and (2) achieving agreed upon housing targets. CMHC has rigorous reporting requirements that monitor both initiative milestones and housing unit delivery.

Previous reports on the Burnaby HAF Program were submitted to closed Council meetings in accordance with Section 90(1)(k) of the Community Charter as commercial negotiations with CMHC were active at the time. With the CMHC Contribution Agreement executed, the Action Plan underway, and for transparency purposes, the City is publicly sharing details of the City’s Action Plan and related CMHC HAF Program information and will continue to do so in future.

This report provides a mid-term, Year 1 (2024) progress update on Burnaby’s HAF Program, up to Period 8 (August 11).

2.0 POLICY SECTION

The pursuit of additional new market and non-market housing units in Burnaby aligns with several City policies, including:

- *Corporate Strategic Plan (2022)*,
- *HOME: Housing and Homelessness Strategy (2021)*,
- *Burnaby Housing Needs Report (2021)*,

- *Mayor’s Task Force on Community Housing Final Report (2019),*
- *Burnaby Social Sustainability Strategy (2011),*
- *Burnaby Economic Development Strategy (2007), and*
- *Official Community Plan (1998).*

3.0 BACKGROUND

On March 17, 2023, the federal government launched the HAF, a \$4 billion program administered by the CMHC to encourage and support action by local government to accelerate the supply of new housing. HAF funding provides an incentive to local governments to commit to improving land use planning and development approvals to increase housing supply and speed up housing approvals.

3.1 CMHC Application and Funding Support

Council at its closed meeting of June 5, 2023 authorized the submission of the funding application to the CMHC HAF Program and authorized staff to execute a HAF Funding Contribution Agreement with CMHC. The City submitted its application on June 14, 2023, and was notified by CMHC that it was successful in securing up to \$43,409,600 in HAF funding on December 14, 2023. CMHC issued a media release¹ announcing the award of funding on December 19, 2023.

3.2 Burnaby’s HAF Program

Under the CMHC HAF Program, Burnaby has committed to completing a HAF Action Plan comprising seven local initiatives, achieving a set of Housing Supply Growth Targets and Additional Targets, and submitting a Housing Needs Assessment Report. The terms of the HAF Contribution Agreement further require that HAF program funds be spent on the HAF Action Plan and three other spending areas that address the region’s increasing housing demand. For communication and reporting purposes, each of these 10 items (the seven initiatives and three other spending areas) is referred to as a “project”, and all 10 projects are referred to as Burnaby’s “HAF Program”. On March 2, 2024 the City consented to the disclosure of Burnaby’s Action Plan as approved by the CMHC. By providing this consent, the City provided CMHC with the authority to share it with the public. A description of the 10 HAF projects is provided in Attachment 1.

Zoning reforms and approval process improvements will increase housing diversity and affordability to better respond to the diverse needs of the community. The funding will enable gentle density and missing-middle housing, streamline the development process with the use of technology and process improvements, and support the Burnaby Housing Authority in the delivery of new non-market housing.²

These 10 projects are grouped into four permitted spending/investment areas:

¹ <https://www.cmhc-schl.gc.ca/media-newsroom/news-releases/2023/helping-build-more-homes-faster-burnaby>

² [CMHC media release](#)

- HAF Action Plan initiatives;
- affordable housing;
- housing-related infrastructure that supports housing; and
- community-related infrastructure that supports housing.

CMHC has placed priority on housing unit creation within the first three years of the program (2024, 2025, 2026).

3.3 CMHC Contribution Agreement and Requirements

The City's use of HAF funding must be in accordance with the executed Contribution Agreement and Action Plan, which has an effective date of December 4, 2023.

The Contribution Agreement states the City may receive up to four annual funding advances (2024, 2025, 2026, 2027), with each payment being up to \$10.9 million or up to 25% of the total approved funding for the four-year program. CHMC issued the first tranche of funding to the City early in 2024 as an upfront advance to support the roll out of the City's Action Plan. Each subsequent CMHC advance requires the submission of satisfactory progress reports to CHMC on an annual and semi-annual basis, with submissions required to include:

- attestation letters (annual and semi-annual);
- capital projects reports (annual and semi-annual);
- HAF funding use reports (annual);
- permit data reports (annual);
- updates on Action Plan commitments (annual); and
- updates on initiatives and milestones (annual).

Performance is measured annually in accordance with CMHC requirements for both unit delivery and initiative milestones.

The requirement to submit a Housing Needs Assessment report was waived because the City had completed this report in 2021, which was within two years of the 2022 federal budget announcement (April 7, 2022).

CMHC also has three additional high-level requirements:

- within **2 years** of agreement effective date (December 4, 2025), complete all Action Plan initiatives;
- within **3 years** of agreement effective date (December 4, 2026), achieve housing supply growth target and the additional targets (or the fourth year of funding is lost); and
- within **4 years** of agreement effective date (December 4, 2027), spend all HAF funding.

Any unspent HAF funding at the end of the four-year program is required to be returned to CMHC.

3.4 New Reserve and Expenditure Plan

Council at their closed meeting of December 11, 2023 authorized the creation of a new non-statutory reserve to hold the monies received from the CMHC for the HAF Program and approved incorporation of a proposed four-year program expenditure plan into the Draft 2024-2028 Financial Plan. Council also directed staff to initiate hiring activities in support of the HAF Action Plan. A summary of the approved HAF expenditure plan is provided in Attachment 2.

The approved expenditure plan includes new staff positions in the Planning and Development, Corporate Services, Engineering, Lands and Facilities and People and Culture departments to accelerate housing unit delivery, expedite development approvals, and support development of associated infrastructure and amenities. Approximately 31% of approved HAF expenditures are earmarked for new staff, with an additional 3% for non-staff operating costs, such as consulting.

The remaining HAF funding, approximately 66%, is earmarked for capital projects, including new technology that would assist in streamlining development approvals and infrastructure projects required to support the delivery of additional housing units. This funding would primarily be utilized by the Engineering, Parks, Recreation and Culture and Information Technology departments.

4.0 GENERAL INFORMATION

4.1 Project Progress to Date

Overall, the Burnaby HAF Program is on schedule, with significant progress on all projects in the first year of the program, including completion of 18 of 19 milestones. A summary of project progress is provided below and in Attachment 3.

Four projects that have the potential to quickly generate more new housing units have completed:

- **Project 1 (Laneway Housing and Suites in Semis):** The zoning bylaw amendment for laneway homes and suites in semis was adopted on September 11, 2023;
- **Project 2 (Additional Units in Low Density Neighbourhoods):** The Small-Scale Multi-Unit Housing (SSMUH) R1 District zoning for additional units in low-density neighbourhoods was adopted by Council on June 10, 2024;
- **Project 3 (Burnaby Housing Authority [BHA]):** The BHA Board of Directors held its first board meeting on August 20, 2024; and,
- **Project 4 (Development Approval Processes):** Numerous process efficiencies have been implemented, with much of the work supporting the first two projects.

The remaining six projects are well underway:

- **Project 7 (pre-zoning project)** is proceeding on schedule. Pre-zoning of single-family properties to permit SSMUH development was adopted by Council on June 10, 2024 and put into effect on July 1, 2024. Additional opportunities for pre-zoning are currently being reviewed.
- **Project 5 (Zoning Bylaw Update)** is well underway and on track to be completed on time.
- **Project 6 (Technology Solutions)** is in-progress and has seen some work advance faster than expected (i.e. new features and enhancements to the City’s existing permitting system, EnerGov). The overall initiative is on track to support expedited permit processing and housing delivery within the program timeframe.
- **Project 8 (Affordable Housing)** is in-progress, with a new staff member hired to expedite affordable housing delivery.
- **Project 9 (Housing-Related Infrastructure)** is in-progress, with seven residential lanes fully designed for improvements, tendered, and anticipated to begin construction imminently, and a further 16 to 24 lanes undergoing design this Fall.
- **Project 10 (Community-Related Infrastructure)** is in-progress and over twelve park sites have been identified for park enhancements.

4.2 Expenditures to Date

As shown in Attachment 4, as of Period 8 (August 11), \$979,241 or 9% of the overall Year 1 (2024) budget has been spent, leaving \$9,873,159 or 91% still available to year end. Staff costs and capital costs are tracking similarly, with all ten projects being under 15% spent. Some underspending should be expected in Year 1 due to program ramp-up requirements including recruitment time, program planning for infrastructure, issuing Requests for Proposals, and the time required for other project management tasks. Staff intend to carry over unspent Year 1 funding to Year 2, to continue with project delivery and implementation as planned.

4.3 Recruitment Activities to Date

As noted above, Burnaby is investing heavily in new staff to accelerate delivery of new homes and supporting infrastructure and amenities. As shown in Attachment 5, 20 of 26 (77%) new HAF-related staff positions have been filled in five departments to support five projects. Staff will continue efforts to recruit the six remaining positions, and also review options to use the underspent staff funds to support HAF Program objectives.

4.4 Permits Issued to Date

Table 1 below shows the annual housing targets for the HAF Program.

While new permitted units as of August 31, 2024 represent 20% of the 2024 target, staff have reviewed in-stream projects and project year end permitted units will be higher than the CMHC target of 3,023 new units.

Table 1 – Annual Housing Targets (Issued Permits)			
Year	Total # of Housing Units	YTD (Aug. 31, 2024)	Projected to Year End
2024	3,023	606 ³	4,600
2025	3,822		
2026	4,495		
Total	11,340		

4.5 CMHC Reporting to Date

The first report, the CMHC period one semi-annual report, consisting of a signed attestation letter and a capital projects report was submitted and accepted by CMHC in June 2024.

5.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

For continued transparency and to meet CMHC program requirements⁴ on publicly sharing program progress, staff intend on continuing to share additional HAF program-related information as it becomes available through a new HAF program webpage on www.burnaby.ca.

6.0 FINANCIAL CONSIDERATIONS

As indicated by the pattern of expenditures over the first eight periods of 2024, the City has significantly increased its capacity to accelerate delivery of housing units and supporting infrastructure. By Period 8, the majority of new staff positions funded by the HAF Program are in place. The Community-Related Infrastructure project is on track to meet the 2024 budget, with over \$800,000 in commitments recorded. Implementation of Housing-Related Infrastructure is steadily accelerating with design and construction of residential laneways underway. Based on progress to date, the HAF Program’s rate of expenditure is expected to continue increasing over the remaining months of 2024 and into 2025.

To ensure the overall success of Burnaby’s HAF Program, it is crucial to meet specific project and program milestones. It is reiterated that future annual HAF advances are conditional and receiving the fourth and final advance of up to \$10.9 million depends on meeting housing target commitments by the end of the third year. Additionally, any unspent funds by the end of the fourth year must be returned to CMHC.

³ The 606 gross new dwelling units include 389 multi-family, 65 duplex, and 152 single family dwellings (SFDs). The 152 SFDs includes 84 laneway homes. There is a further permit for 376 units that is ready-to-issue, awaiting fees to be paid and applicant pickup.

⁴ Section 6.2(iii) of CMHC Contribution Agreement.

Staff will continue to closely monitor the HAF Program, including milestones and expenditures, on a monthly basis and as part of the City’s annual financial planning process. Staff will seek Council direction and approval, as required, for any necessary reallocation of program resources. This approach will help minimize potential future tax draw implications as the program enters its fourth year.

Respectfully submitted,

E.W. Kozak, General Manager Planning and Development and Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

ATTACHMENTS

- Attachment 1 – Description of Burnaby’s 10 HAF Projects
- Attachment 2 – Summary of HAF Expenditure Plan
- Attachment 3 – HAF Project Status Table
- Attachment 4 – Financial Summary
- Attachment 5 – Staffing Summary

REPORT CONTRIBUTORS

This report was reviewed by Richard Mester, Manager, Business Process and Reporting; Karin Hung, Director, Strategic Initiatives; Lee-Ann Garnett, Deputy General Manager, Planning and Development.