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Item No. 13.1.1
Audit and Finance Standing Committee
March 24, 2025

TO: Chair and Members of the Audit & Finance Standing Committee

FROM: Cathie O'Toole, Chief Administrative Officer

DATE: February 27, 2025

SUBJECT: 2024-2025 Affordable Housing Grant Program Funding - *Administrative Order 2020-008-ADM, Respecting Grants for Affordable Housing*

ORIGIN

The Affordable Housing Grant Program (AHGP) is an annual program of project-specific cash grants for eligible non-profit and charitable organizations in HRM. The 2024/25 application intake was from September 3 to December 2, 2024 as directed by Admin Order 2020-008-ADM Respecting Grants for Affordable Housing.

EXECUTIVE SUMMARY

This report, prepared for the Audit & Finance Standing Committee, recommends that Regional Council allocate \$4,652,318 from the Density Bonus Reserve, and \$623,400 from the Housing Accelerator Fund (HAF), to support 2024/25 AHGP projects. As set out in [Administrative Order Number 2020-008-ADM Respecting Grants for Affordable Housing](#), the CAO approves funding awards from the AHGP based on the available level of funding.

The allocation of funding from the Bonus Zoning Reserve will support projects within the Regional Centre, and the allocation of funding from HAF funds will support projects outside the Regional Centre. The projects which would be supported through the AHGP are important to increasing the supply of affordable housing, as well as maintaining existing affordable housing within HRM.

The HRM HAF Action Plan includes an initiative to expand the AHGP, as well as a target for the construction of 333 new units of affordable housing in HRM by 2026. If the recommended funding is allocated to the AHGP, the projects supported through the program will contribute to meeting the unit targets set out in the HAF Action Plan.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee forward this report to Halifax Regional Council and recommend that Halifax Regional Council:

1. Direct the Chief Administrative Officer to allocate \$4,652,318 from the Density Bonus Reserve Q640 to fund the Affordable Housing Grant Program; and
2. Direct the Chief Administrative Officer to allocate \$623,400 from the Housing Accelerator Fund (HAF) to fund awards under the Affordable Housing Grant Program.

BACKGROUND

Affordable Housing AO

The [Administrative Order Number 2020-008-ADM Respecting Grants for Affordable Housing](#) (Affordable Housing AO) describes how the Affordable Housing Grant Program (AHGP) will be administered. Eligible applications must be submitted by charities or non-profit housing providers. Funding may support new construction, renovations/repairs, building assessments, pre-development studies, and acquisitions of affordable housing. The Affordable Housing AO provides a list of criteria to consider when prioritizing projects and authorizes the CAO or their designate to approve AHGP grants and to execute contribution agreements. The [Affordable Housing Grant Program webpage](#) provides details on previous funding awards.

Program Funding Sources

Since the program's initiation in 2021, the AHGP has supported the construction of 205 units of affordable housing, the acquisition of 6 units of existing affordable housing by a non-profit housing provider, and the repair of 304 units of affordable housing.

In the first two rounds of the AHGP (2021/22, 2022/23), Regional Council funded awards through a withdrawal from the Bonus Zoning Reserve (collected as an incentive or bonus zoning charge in the Regional Centre) and supplemented by funds from the Planning and Development operating budget (covering projects outside the Regional Centre). For the third round of the AHGP (2023/24), on [May 21, 2024](#), Council approved the allocation of \$6,329,005 from HAF funds, alongside \$200,000 previously approved from the 2023/24 operating budget, to support affordable housing projects through the AHGP throughout the municipality. Under the HAF contribution agreement, HRM can expend HAF funds on a list of permitted uses, including new construction, repair and acquisition of affordable housing.

As of the writing of this report, there is \$6,754,603 available to be allocated in the Density Bonus Reserve. This number excludes funds which are in the Density Bonus Reserve but have been allocated in previous rounds of the AHGP. For the 2024/25 grant year, staff recommend the use of \$4,652,318 from the Density Bonus Reserve Q640 for projects inside the Regional Centre, and \$623,400 from HAF funds, to support projects outside the Regional Centre.

Housing Accelerator Fund

The HAF is a three-year, federal funding program administered by the Canadian Mortgage and Housing Corporation (CMHC) aimed at expediting the construction of housing by directing funding directly to municipalities. HRM's HAF Action Plan includes an initiative to expand the AHGP, which is being achieved through program updates and funding support. The HAF contribution agreement includes a three-year Housing Supply Growth Target of 15,467 permitted units between October 2023 and October 2026, 2.15 percent of which (333 units) are required to be affordable units. Staff report back to CMHC annually on permit volumes on each anniversary of the program.

Awards for projects under the 2023/24 grant year, along with this report's recommendation for funding for the 2024/25 grant year, are anticipated to support the number of affordable housing permits ahead of October 2026 to help meet the HAF unit targets.

DISCUSSION

The Regional Centre Plan's incentive or bonus zoning requirements apply to most new developments with over 2,000 square metres of floor area. Non-profit developers are exempt from the requirement. Developments must pay at least 60% of the required public benefit as cash in lieu of affordable housing, which is paid into the Bonus Zoning Reserve and, for properties located within the Regional Centre, can only be used to fund affordable housing projects within the Regional Centre. Section 9 of [Administrative Order Number 2020-007-ADM Respecting Incentive or Bonus Zoning Public Benefits](#) describes the options for expending funds in the Bonus Zoning Reserve. Options include supporting affordable housing through the AHGP, or through contribution agreements between the Municipality and other levels of government or

non-profit housing providers. As of January 7, 2025, HRM's Bonus Zoning Reserve contains \$6,754,603.

The recommended allocation of funding in the Bonus Zoning Reserve for developments located within the Regional Centre, may only be awarded to projects within the Regional Centre, whereas the allocation of funding from HAF may be awarded to projects anywhere in the municipality. In both the 2022/23 and 2023/24 grant years, operating budget from HRM Planning and Development was used to cover projects outside the Regional Centre.

Municipal contributions are generally layered on top of substantial financial incentives from other levels of government, primarily through programs operated by Canada Mortgage and Housing Corporation and the Nova Scotia Department of Growth and Development. Affordable housing can also be the result of projects that do not receive a grant from the Municipality, as incentives from other levels of government are accessible by both for-profit and non-profit developers. Non-profit housing providers also benefit from eligibility for the Municipality's Tax Relief for Non-Profit Organizations Program and the waiving of municipal fees related to construction for residential developments by non-profit or charitable organizations.

Project Evaluation and Next Steps

Staff evaluated eligible applications which were received by December 2, 2024. Project proponents submitted 29 applications, with a total funding request of \$38,515,118, comprising \$24,391,343 for projects within the Regional Centre, and \$14,123,775 for projects outside the Regional Centre.

Prioritization criteria (from Section 25 of the Affordable Housing AO) used in the evaluation process include:

- access to additional funding;
- providing deeply affordable housing;
- enhancing accessibility;
- improving energy efficiency; and
- the experience and capacity of applicants.

Staff evaluation was supported by feedback from a review team comprised of members of the Housing and Homelessness Partnership. This included representatives from Canada Mortgage and Housing Corporation, Nova Scotia Department of Growth and Development, and the Community Housing Transformation Centre with regard to project eligibility for complementary funding. The review team also included representatives of the United Way, and various municipal business units, including Public Safety, Finance and Asset Management, Diversity and Inclusion, and Environment and Climate Change.

A summary of projects which staff are recommending for funding is included in Table 1. The recommendation includes 8 projects located inside the Regional Centre and 2 located outside the Regional Centre. Most of the recommended funding would contribute to the creation of affordable housing through new construction.

Table 1: Projects recommended for funding

Project type	Applicant	Units	Recommended funding
<i>Inside the Regional Centre</i>			
New construction	YWCA Halifax	59	\$2,270,000
	Shelter Nova Scotia	22	\$1,100,000
	Mi'kmaw Native Friendship Centre	60	\$500,000
	Mi'kmaw Native Friendship Centre	8	\$400,000
Repair/renovation	Adsum House	4	\$268,673
	Kabuki Housing Co-operative	8	\$70,012
	Longhouse Housing Co-operative	13	\$23,400
	Vihara Housing Co-operative	4	\$20,233
<i>Outside the Regional Centre</i>			
New construction	Affirmative Ventures	30	\$353,400
	Akoma Holdings	8	\$270,000

Assuming approval of the funding by Regional Council, the CAO may approve AHGP grants and execute contribution agreements in accordance with the AHGP AO. Staff will also provide feedback to unsuccessful applicants towards their potential re-application in a future grant round.

FINANCIAL IMPLICATIONS

To support the 2024/25 AHGP, staff are recommending the allocation of \$4,652,318 from the Density Bonus Reserve, to support projects inside the Regional Centre, and \$623,400 from HAF funds to support projects outside the Regional Centre. As of the writing of this report, there is \$6,754,603 available for allocation in the Bonus Zoning Reserve, which excludes funds that have been committed through previous AHGP rounds but have not yet been disbursed. This recommendation would leave \$2,102,285 in the Density Bonus Reserve. The funding recommendations responds to the prioritization and evaluation process, which included input from municipal departments and other funders on the status of funding support for specific projects. Maintaining a balance in the reserve allows for allocation in future rounds of the AHGP to maintain program viability.

The list of successful applicants, and their recommended level of funding was determined in an effort to ensure project viability and to maximize the total number of new, affordable units incented by the program.

Staff consider that the amount of HAF funds remaining is sufficient to continue work on the 11 initiatives in HRM's HAF Action Plan through to the next anticipated installment in the Fall of 2025, and in line with the direction provided by Regional Council on [June 6, 2023](#). Staff are returning to Council during 2025/26 Budget and Business Planning to consider further allocation of HAF funds.

Sites owned by non-profit housing providers may enroll in the HRM Tax Relief for Non-Profit Organizations Program. Staff anticipate that the number of applications for tax relief may increase, along with increases to assessment values due to improvements to existing and increased supply of affordable housing funded through the AHGP. Unless there is a program or policy change, staff anticipate that such awards of tax relief will be in perpetuity based on continued property ownership by non-profit housing providers. Tax relief is an annual, recurring, operating grant; the value of tax relief trends upwards as assessment values increase due to market conditions or major capital investment, including recapitalization.

RISK CONSIDERATION

As noted above, staff support allocating \$4,652,318 from the Density Bonus Reserve Q640, and \$623,400 from HAF to fund awards under the 2024/25 AHGP. It is acknowledged that there is a need to continually review the program to ensure that funds are released in a way that ensures that the AHGP remains financially sustainable, especially following the completion of the HAF program. While annual remittance into the density bonus reserve has averaged \$1,950,000 over the past three years, interest in the program and the value of applications has increased substantially in the 2023/24 and 2024/25 grant rounds. A review of the AHGP including administrative improvements, program expansion and an analysis of funding sustainability is currently underway, with results expected to come to Regional Council in Spring 2025.

Given the ongoing housing crisis, and the large number of viable applications received this year, staff advise that funding the 2024/25 AHGP projects is a timely and efficient use of funds in the Density Bonus Reserve, and that a substantial amount is also remaining for future rounds of the program, with approximately \$2,102,285 remaining available to fund future rounds of the AHGP with the possibility of additional funding from future installments of HAF through 2026.

COMMUNITY ENGAGEMENT

Community engagement is not required for the AHGP, although engagement through this year's AHGP intake was consistent with the Inform level of engagement based on the [Planning & Development Public Engagement Guidebook](#). Community engagement was achieved through the following:

- Staff outreach to past applicants and known non-profit housing providers;
- Pre-application meetings prior to submission;
- A dedicated webpage; and
- Email reminders of the intake deadline.

ENVIRONMENTAL IMPLICATIONS

The Affordable Housing AO prioritizes projects that “include energy efficient design and components that substantially exceed the requirements of the National Building Code” (s. 25 (e)).

ALTERNATIVES

1. Regional Council may approve the allocation of an alternative amount from the Density Bonus Reserve and/or HAF funds to support the 2024/25 AHGP.
2. Regional Council may approve no allocation to the 2024/25 AHGP from the Density Bonus Reserve and/or HAF funds.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter (HRM Charter), clause 79A(1)(a)

79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if

- (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;
- (b) the expenditure is in respect of an emergency under the Emergency Management Act; or
- (c) the expenditure is legally required to be paid

Administrative Order 2020-007-ADM, Respecting Incentive or Bonus Zoning Public Benefits

Administrative Order 2020-008-ADM, Respecting Grants for Affordable Housing

Regional Centre Land Use By-law, Part XV: Incentive or Bonus Zoning

ATTACHMENTS

None

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