

HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 15.1.9
Halifax Regional Council
September 28, 2021

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: September 14, 2021

SUBJECT: Expansion of Affordable Housing Grant Program

ORIGIN

On May 18, 2021 Regional Council passed the following motion:

“THAT Halifax Regional Council request a staff report detailing the financial implications and scope to expand support for affordable housing developments outside of the Regional Centre by registered non-profit groups or charities beginning in 2021/22.”

LEGISLATIVE AUTHORITY

- *Halifax Regional Municipality Charter (HRM Charter)*

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...

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

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Direct the Chief Administrative Officer to allocate \$200,000.00 from the 2021/22 operating budget for Planning and Development to affordable housing projects throughout the municipality; and

RECOMMENDATION CONT'D ON PAGE 2

2. Authorize the Chief Administrative Officer, or delegate, to administer grants to affordable housing projects throughout the municipality from the funds allocated in recommendation #1 using the eligibility criteria, application process, approval process, and conditions of payment and approval set out in Administrative Order 2020-008-ADM, Respecting Grants for Affordable Housing, including the authority to approve grants, determine the amount of such grants, and approve and execute contribution agreements for such grants.

BACKGROUND

The *HRM Charter* defines affordable housing as “housing that meets the needs of a variety of households in the low to moderate income range”. The broad nature of this definition exemplifies how affordable housing encompasses a large range that can address deep affordability for our most vulnerable populations as well as moderate affordability for our lower income working population. Affordable housing is most often tied to housing that addresses “Core Housing Need” or when no more than 30% of low to moderate income households’ gross income is spent on housing. This includes the cost of mortgage/rent, monthly heat (includes gas, oil, and electricity), water, and utilities.

Government funding support for affordable housing developments is one of the most effective ways to reduce housing costs and increase the supply of affordable housing. While the Federal and Provincial governments currently form the leading role in providing funding incentives, HRM has been playing an increasingly larger role in supporting the development of affordable housing in the non-profit sector, through leading projects through:

- the Rapid Housing Initiative,
- our property tax relief program,
- waiving the majority of municipal related construction fees; and
- the inclusion of the Affordable Housing Surplus Land category in [Administrative Order Number 50 Respecting the Disposal of Surplus Real Property](#); and
- the development and Affordable Housing Grant program.

Affordable Housing Grant Program

On September 30, 2020 Regional Council approved [Administrative Order 2020-008-ADM, Respecting Grants for Affordable Housing](#) (Affordable Housing AO), which provides guidance for a Municipal Affordable Housing Grant program. The grant program aims to support the rehabilitation and construction of affordable housing units. The program allows for funding for projects undertaken by a non-profit organization or registered charity, as well as partnerships between private developers and non-profit organizations.

The Affordable Housing Grant Program was created to allocate monies collected through the incentive or bonus zoning program. Incentive or bonus zoning allows the Municipality to require developments to provide public benefits in exchange for greater development rights. This program currently only exists within the Regional Centre. With the exception of developments that include the preservation of registered heritage properties, a minimum of 60% of the public benefit must be in the form of cash-in-lieu for affordable housing. As part of HRM’s 2021/22 budget approval, \$200,000 of the cash-in-lieu collected for affordable housing, through the Regional Centre’s Incentive or Bonus Zoning program was allocated to this year’s Affordable Housing Grant program.

The Affordable Housing AO directs that “*monies that have been collected through incentive or bonusing zoning program for affordable housing shall only be used for projects within the Regional Centre*”. Therefore, the monies collected through the Regional Centre incentive or density bonusing program can’t be used to support developments outside of the Regional Centre.

Staff are recommending that an additional \$200,000 be allocated to affordable housing grants throughout the municipality, in addition to the funding already allocated from Regional Centre’s Incentive or Bonus Zoning program. Staff advises that, because of increased revenues associated with development activity this year, this additional \$200,000 can be allocated out of the surplus funds. As such affordable housing

grants can be allocated a total of \$400,000: \$200,000 will be allocated to projects within the Regional Centre under the Affordable Housing AO, and the remaining \$200,000 would be allocated anywhere within the Municipality, including suburban and rural communities.

The Affordable Housing AO only addresses the expenditure of funds contained in the Bonus Zoning Reserve, which does not include the additional \$200,000 from the Planning & Development operating budget. Therefore, staff are recommending that the CAO be authorized to administer this additional \$200,000 for projects anywhere within the Municipality using the same eligibility criteria, application process, and approval process as set out in the Affordable Housing AO. These applications will be considered in tandem with the applications received under the Affordable Housing AO.

Future Affordable Housing Grant Program

While an increase in annual revenues allows for these grants to affordable housing 2021/22, a permanent funding source and program will need to be created if Regional Council wishes to extend the program beyond this fiscal year. As discussed as part of the Regional Plan Review, staff are currently considering the development of an interim bonus zoning program for areas outside of the Regional Centre. Once this program is established, it will create a new revenue source.

Further, as part of the 2022/23 budget discussions, staff will continue to explore additional tools to support funding a permanent, region wide affordable housing grant program.

FINANCIAL IMPLICATIONS

There are no funds budgeted in Planning and Development's operating budget for a municipal wide affordable housing grant program. P&D is currently projecting an operating surplus, due to the strength of building permit revenue, which would offset the increased cost for this program in 21/22. A permanent funding source would need to be secured should the grant program proceed into future years. This will be further considered through the business planning cycle for 2022/23.

The 4- year estimated financial implications are summarized as follows:

Fiscal Year	2021/22	2022/23	2023/24	2024/25
Operating – Cost Centre	\$200,000	\$200,000	\$200,000	\$200,000

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report, beyond the need to secure a permanent funding source as noted above.

COMMUNITY ENGAGEMENT

Staff have not undertaken community engagement specific to this report, however, they have and will continue to consult with the Halifax Housing Partnership and affordable housing providers about the Municipal role in supporting the rehabilitation and construction of affordable housing. Further consultations will be carried out as the grant program is implemented and refined in response to feedback from key stakeholders.

ALTERNATIVES

1. Regional Council may direct the CAO to allocate an alternative amount of funding from the 2021/22 operational budget for Planning and Development to affordable housing projects throughout the municipality. Doing this may require a supplemental report and may impact the ability to allocate funds through the 2021 affordable housing grant program.
2. Regional Council may direct the CAO to not allocate \$200,000.00 from the 2021/22 operational budget for Planning and Development to affordable housing projects throughout the municipality and as such focus the 2021 affordable housing grant program to projects located within the Regional Centre.

ATTACHMENTS

No attachments.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Jillian MacLellan, Principal Planner, Regional Planning, Planning and Development
902.717.3167
