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**Item No. 15.1.1**  
**Halifax Regional Council**  
**May 21, 2024**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed  

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Cathie O'Toole, Chief Administrative Officer

**DATE:** May 16, 2024

**SUBJECT:** **Funding to the 2023/24 HRM Affordable Housing Grant Program - Administrative Order 2020-008-ADM, Respecting Grants for Affordable Housing**

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**ORIGIN**

The Affordable Housing Grant Program is an annual program of project-specific cash grants for eligible non-profit and charitable organizations in HRM.

The 2023/24 program opened for applications in September 2023, with a submission deadline of December 1, 2023.

**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*

**RECOMMENDATION ON PAGE 2**

## **RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Direct the Chief Administrative Officer to allocate \$6,105,444.31 from the Housing Accelerator Fund to fund affordable housing projects in the Regional Centre;
2. Direct the Chief Administrative Officer to allocate an additional \$23,561 from the Housing Accelerator Fund to fund affordable housing projects in the Suburban Area outside the Regional Centre but within the Urban Service Boundary; and
3. Delegate to the Chief Administrative Officer, or their delegate, the authority to administer grants to affordable housing projects from the funds allocated in recommendations #1 and #2, using the Administrative Order 2020-008-ADM, Respecting Grants for Affordable Housing as the basis for the grants, including:
  - (a) the eligibility considerations, and eligible and ineligible costs;
  - (b) the general requirements;
  - (c) the required and discretionary information for applications;
  - (d) the additional content for applications;
  - (e) project evaluations and application review; and
  - (f) conditions of payment and approval of grants; such as the authority to approve grants, determine the amount of such grants, and approve and execute contribution agreements for such grants.

## **BACKGROUND**

### **Funding Summary**

The Affordable Housing Grant Program (AHGP) was created in the fall of 2020 to disburse funds collected through the incentive or bonus zoning program. In previous rounds of the AHGP, Halifax Regional Council funded awards for projects in the Regional Centre through a withdrawal from the Bonus Zoning Reserve.

In October 2023, HRM signed a contribution agreement with the Canada Housing and Mortgage Corporation (CMHC) to participate in the Housing Accelerator Fund program (HAF). The contribution agreement commits HRM to increasing the number of residential permits issued during the term of the agreement in exchange for a transfer of funds from CMHC. HRM received approximately \$19 million in HAF funds in the fall of 2023 and anticipates a similar payment in the fall of 2024.

Under the HAF contribution agreement, HRM can expend HAF funds on a list of permitted uses, including (clause 5.1):

- Construction of affordable housing;
- Repair or modernization of affordable housing; and
- Land or building acquisition for affordable housing

On [November 14, 2023](#), Halifax Regional Council allocated \$200,000 from HAF to fund affordable housing projects in the Suburban Area outside the Regional Centre but within the Urban Service Boundary. This report requests an additional \$23,561 from HAF funds to be allocated to projects in the Suburban Area, and \$6,105,444.31 from HAF funds to be allocated to projects in the Regional Centre, in accordance with [Administrative Order Number 2020-008-ADM Respecting Grants for Affordable Housing](#) (Affordable Housing AO). Staff are not recommending any withdrawal from the Bonus Zoning Reserve for the 2023/24 Grant round.

As part of the 2023/24 budget deliberations, Halifax Regional Council also approved \$200,000 from Planning and Development's Operating Budget to provide additional funding to the 2023/24 AHGP

(“supplemental funds”). The supplemental funds can be used to support affordable housing projects located anywhere within the Municipality. Staff are recommending that these supplemental funds continue to be used to funds housing projects through the AHGP, which would reduce the required allocation from HAF funds.

**Affordable Housing AO**

The Affordable Housing AO describes how the AHGP will be administered and authorizes the CAO or their designate to approve grants under the AHGP and to execute contribution agreements. Eligible projects must be led by non-profit housing providers, and funding may support:

- New construction (design, materials, labour, design work, permit fees);
- Renovations (design, materials, labour, design work, permit fees);
- Property/Building Assessments;
- Purchase of land or existing housing; or
- Payment of Halifax Water Regional Development Charges.

Section 25 of the Affordable Housing AO provides a list of criteria to consider when prioritizing projects, including access to additional funding, providing deeply affordable housing, enhancing accessibility, improving energy efficiency, the experience and capacity of applicants, and balancing funding across communities.

**Previous Rounds of the Affordable Housing Grant Program**

In 2021/22, the AHGP awarded funds to 3 projects totaling \$815,245, distributed among two projects within the Regional Centre and one project outside the Regional Centre. This funding is supporting the construction of 81 affordable apartments and the rehabilitation of 4 affordable apartments. In the 2022/23 Grant year, HRM awarded \$1,229,833.27 to 6 affordable housing projects in the Regional Centre, and \$200,000 to 2 affordable housing projects outside the Regional Centre. This funding is supporting the construction of 9 affordable apartments and the rehabilitation of 37 affordable shared housing rooms and 63 affordable apartments.

For additional detail on previous funding awards, please see the [HRM Affordable Housing Webpage](#).

**DISCUSSION**

Staff invited non-profit housing providers to submit funding proposals between September 1 and December 1, 2023, and received submissions for 19 projects from 12 organizations. The total funding request was \$71,453,546.78, comprising \$20,886,355.31 for projects within the Regional Centre, and \$50,567,191.47 for projects outside the Regional Centre.

Staff evaluated the submissions with input from members of the Housing and Homelessness Partnership. Based on this review, staff are recommending funding for 10 of the projects, totalling \$6,529,005.31. This includes several projects that are partially funded by other funding partners.

Table 1 provides a summary of the applications.

*Table 1: Summary of 2023/24 AHGP applications and evaluation*

Location	Number of applications received	Total application amount	Staff Evaluation			
			Projects recommended for full funding	Projects recommended for partial funding	Projects not recommended for funding	Total recommended funding

Regional Centre	11	\$20,886,355.31	4	4	3	\$6,305,444.31
Outside Regional Centre	8	\$50,567,191.47	1	1	6	\$223,561
					<b>Total:</b>	<b><u>\$6,529,005.31</u></b>

Of the recommended projects:

- 5 grants would support renovations or repairs to 75 shared housing rooms and 85 apartments rented below the Average Market Rent;
- 4 grants would support new construction, with an anticipated total of 115 new homes, including 8 shared housing rooms, that would be rented below the Average Market Rent; and
- 1 grant would support the purchase of an existing 6-unit building for affordable housing.

**Next Steps**

Under Section 4 of the Affordable Housing AO, the CAO approves funding awards to the AHGP. If Halifax Regional Council approves the recommended allocation of HAF funds and the use of the Affordable Housing AO as the basis to grant the funds, the CAO will consider whether to approve the recommended projects for funding.

If the CAO approves the recommended projects, staff will work with HRM Legal Services to prepare contribution agreements for the recommended projects. Staff anticipate that some contribution agreements would be subject to conditions, such as achieving contributions from primary funding partners and property conveyance.

**FINANCIAL IMPLICATIONS**

In October 2023, HRM received its first installment of HAF funds, which amounted to \$19,827,250. Provided HRM meets its HAF permit targets and initiative milestones, 3 additional HAF installments of \$19,827,250 are expected in the fall of 2024, 2025 and 2026.

Staff are recommending the allocation of \$6,329,005.31 from HAF Funds to the 2023/24 AGHP, in support of the HAF Initiative 8 – Expanding the Affordable Housing Grant Program, comprising \$200,000 in HAF funds previously allocated on November 14, 2023, plus an additional \$6,129,005.31. As of the writing of this report, there is \$6,695,351.73 available in the Bonus Zoning Reserve. Funding the 2023/24 AHGP through HAF funds would mean that funds in the Bonus Zoning Reserve remain available to fund affordable housing projects and other public benefits in the Regional Centre in the future.

If Council approves the recommended allocation of an additional \$6,129,005.31 from the HAF funds to the 2023/24 AHGP, the total remaining funds from the 2023 HAF installment would be \$13,498,244.70. Staff consider that this amount 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 2024, and in line with the direction provided by Regional Council on June 6, 2023<sup>1</sup>

Total funding for the grant program would be \$6,529,005.31, comprised of \$6,329,005.31 via HAF funds in addition to \$200,000 from the approved 2024/25 operating budget for Planning and Development.

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<sup>1</sup> [Housing Accelerator Fund - June 6/23 Regional Council | Halifax.ca](https://www.halifax.ca/council/2023/06/06/2023-06-06-regional-council-meeting)

There are non-profit housing providers recommended to receive property tax relief that are not currently enrolled in the HRM Non-Profit Tax Relief Program. Staff anticipate that the number of applications for tax relief will increase in 2025/26, along with increases to assessment values due to improvements to existing and increased supply of affordable housing funded through the Affordable Housing Grant Program. In combination, capital grants funding is expected to increase the annual cost of the Tax Relief Program independent of any other applications to the Tax Relief Program. 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. Tax relief is not a one-time contribution but rather a recurring operating grant provided annually; the value of tax relief trends upwards as assessment values increase due to market conditions or major capital investment, including recapitalization.

### **RISK CONSIDERATION**

The Action Plan included in HRM's HAF contribution agreement commits to 11 Initiatives to meet HRM's housing growth targets in various ways. Initiative 8 is to expand the Affordable Housing Grant Program. In addition to changes to the Affordable Housing AO approved by Halifax Regional Council on November 14, 2023, staff advise that funding the 2023/24 AHGP through HAF funds will support the milestones under this initiative, and that doing so early on in the program, any building permits realized as part of this initiative, will help to support our growth targets.

While staff support the allocation of \$6,129,005.31 from HAF funds, in addition to \$200,000 previously allocated on November 14, 2023 for a total of \$6,329,005.31, there is a need to monitor allocations to ensure sufficient funds remain available to accomplish HRM's HAF Action Plan, which is described in the contribution agreement. Considering the quality of the 2023/24 applications and the acute stresses on the Halifax housing market, staff advise that funding the recommended projects would be a prudent and efficient use of HAF funds.

Staff advise that future allocations from HAF funds should occur primarily during budget deliberations, to ensure a comprehensive and holistic approach.

### **COMMUNITY ENGAGEMENT**

Community engagement for this year's Grant was consistent with the intent of the HRM Community Engagement Strategy. The level of community engagement was achieved through the following:

- Staff outreach to past applicants and known non-profit housing providers;
- A dedicated webpage; and
- Social media publicity and reminders of the Grant's 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*" (Affordable Housing AO s. 25 (e)). A representative from HRM's Environment and Climate Change team participated in reviewing the applications and commented on this criterion. Five of the 10 recommended projects are renovations of existing housing. Staff do not anticipate significant improvements to energy efficiency to arise from these projects, nor from the purchase of a 6-unit building to be offered as affordable housing.

The remaining 4 projects are new construction that would offer energy efficiency beyond what is required by the *Building Code*.

There are no other environmental implications identified.

### **ALTERNATIVES**

1. Regional Council may approve the allocation of an alternative amount from HAF funds . Doing this may require a supplemental report.
2. Regional Council may approve no allocation to the AHGP from HAF funds.
3. Regional Council may direct that AHGP awards supporting projects in the Regional Centre be funded through a withdrawal from the Bonus Zoning Reserve. Doing this will require a recommendation from the Audit and Finance Standing Committee and may require a supplemental report.

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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