



Meeting Date: July 2, 2025

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Submitted by: Michael Di Lullo, Chief Administrative Officer

Report No: CAO-17-2025

Subject: CMHC Housing Accelerator Fund – Policy Update

Recommendation:

THAT Report CAO-17-2025 regarding CMHC Housing Accelerator Fund – Policy Update be received;

AND THAT Council approve the following initiatives noted in the Report:

1. To direct staff to proceed with the hiring of a Full-Time Development Engineer; and,
2. To direct staff to amend the Development Charges By-Law 2024-064 and provide an incentive to increase housing.

Purpose:

To inform Council of two initiatives to expedite housing supported through the Housing Accelerator Fund program provided by the Canadian Mortgage and Housing Corporation (CMHC).

Background:

Council was informed through staff report CAO-07-2025 of the Municipality's funding through CMHC for the Housing Accelerator Fund whereby Middlesex Centre has obtained \$4,246,800.48. CMHC will provide the funding in four equal advances of \$1,061,700 annually, the first of which was received March 31, 2025. The second and third advances are conditional on demonstrating progress with the Action Plan, and the fourth advance is conditional on achieving the committed housing targets.

As staff have worked collaboratively with other local municipalities who have also received HAF funding through CMHC, the intent of this report is to update Council on two specific initiatives as we work through the Action Plan.

Analysis:

As previously stated, the funding is conditional on the Municipality completing certain initiatives – the initiatives highlighted in the Action Plan are identified below:

- End Exclusionary Zoning
- Eliminate Restrictions and Add Flexibility
- Design and Implementation Guidelines for Additional Residential Units (ARU)
- Affordable Housing Community Improvement Plan/Other Grant Programs to Encourage Diverse Housing Types
- Increase Process Efficiency through E-permitting and Other Digital Tools
- Prioritized/Enhanced Development Approvals Process for Rental and Affordable Housing

These initiatives are multi-faceted and are intended to drive transformational change. A presentation was provided to Council on June 18, 2025 from MHBC Consultants that provided an overview of the policy work that is being undertaken to complete some of the action plan items above. This work is being completed in partnership with the four other successful municipalities within the County for efficiency and cohesiveness.

Further to this, staff have put forward additional initiatives within staff report PLA-38-2025 relating to streamlining development approvals and are exploring the effectiveness of the funding allotment and how best to support the need for more housing. This report puts forward two initiatives to support the Action Plan and expedite housing in the Municipality.

Initiative One – Use of HAF Funding to offset development charges

Middlesex Centre recently adopted new development charge fees as per the background study approved by Council in 2024. One of the initiatives put forward is to standardize the increase in fees based on the type of development proposed to encourage the construction of more housing.

It has been brought to staff's attention that the Government has now stated that the DCA does not explicitly require municipalities to top-up reserve funds in situations where full or partial exemptions are provided. A further report will be forthcoming as more information is obtained from the Ministry.

As such, staff are proposing that an incentive be provided – using HAF funds – to offset development charges as laid out in the table below:

*Incentive for multi-residential developments will be applicable on top of applicable legislative discounts (e.g. discounts for rental developments).

Initiative	Single and Semi-Detached Dwelling	Multi-Residential* (Townhomes)	Multi-Residential* (Apartments)
Development Charge Incentive	5% reduction	10% reduction	15% reduction

Using the chart above, below is an example:

Single/Semi-Detached Dwelling (Urban Area)	
Current DC (2025)	\$40,194.99
Incentive (5%)	\$2,009.75
New DC with Incentive	\$38,185.24

Should developments be eligible for discounts under the Development Charges Act, e.g. discounts for purpose-built rental units based on number of bedrooms, the proposed development charge reduction would apply to the total development charge calculated after those statutory discounts.

Using the chart above, below is an example of incentives ‘stacked’ with legislative discounts:

Purpose-build rental Apartment with 10 two-bedroom units (Urban Area)	
Current DC (2025) (\$28,040.25 x 10 units)	\$280,402.50
After DC Act Discount (20% for 2 bedroom)	\$224,321.60
Incentive (15%)	\$33,648.24
New DC with all incentives	\$190,673.36

The following conditions will apply to the application of these incentives:

- Timing
 - o This incentive program would only last for the duration of the HAF program – for Middlesex Centre, this is four years (2025-2029)
- Upset Limits
 - o There would be an upset limit based on the type of application received, particularly surrounding multi-unit proposals where the maximum amount provided would be \$100,000.00 per property/development
 - o A cap of up to \$750,000.00 will be put in place per year for this program
- DC Exemptions
 - o Based on recent information that municipalities are not obligated to supplement any exemptions, the incentive offered is a straight application to the rate and does not factor any fee adjustments
 - o The HAF funding would be used to fund the applicable reductions to ensure the Municipality’s DC reserve funds are not underfunded
- Construction timing
 - o Construction must commence within 6 months of issuance of a building permit, otherwise the permit will be revoked (and benefits will be lost)

Note that Affordable Housing, Non-Profit Housing, and most recently Long-Term Care developments are currently exempt from all development charges based on the DC Act;

however, staff are currently exploring additional support for these forms of development through grant programs associated with the Community Improvement Plan.

Initiative Two – Addition of development services staff

To expedite the application process, staff are proposing the inclusion of a new full-time staff member joining the development team. The intent behind this initiative is to dedicate more resources to the planning and development application process with the goal of completing and executing applications in a timely manner. Currently, many applications are sent out for peer review by a third-party firm and comments are returned for staff review and coordination. Having a development engineer in-house that is experienced and dedicated to review development applications with an engineering lens will be more efficient and will reduce the time that is taken between the municipality and applicant with the result to bring applications before council for approval, or execute development agreements faster. There may be some requirement to have external peer reviews for more specialized needs such as geotechnical, hydrogeological, noise & vibration etc. however staff are of the opinion that this added resource will expedite the application review process.

The Development Review Engineer would report to the Manager of Planning and Development and would be working closely with the Development Review Coordinator, focused on the review and preparation of technical comments on development applications, including site plans, plans of subdivision, as well as zoning bylaw amendments, minor variances, and official plan amendments as applicable. They would also provide design expertise and technical guidance to the Municipality on design and construction standards, specifications, and policies, as well as liaise directly with the development community and consultants to resolve concerns and expedite development reviews.

A portion of the HAF will be used to offset the cost of this FTE for the duration of the agreement, and following the expiry of the term, the position will be paid through by the levy. This role also aligns with the service review which was completed in 2023.

Bill 17 Development Charge Impacts

If Council approves the proposed development charge initiatives, staff recommend amending DC By-Law 2024-064 to incorporate changes introduced in Bill 17. Notably, Bill 17 does not require municipalities to follow the standard amendment process for these updates. Instead, the Municipality must amend the by-law and notify the public accordingly of the passage.

Key amendments noted include:

- Exemptions: Long-term care homes will be exempt from development charges.
- Interest-free installments: No interest will be applied to installment payments for rental properties and institutional developments.

- Rate adjustments: For site plan and zoning by-law amendments, if the calculated charge exceeds the DC rate in effect at the time of payment, the Municipality must apply the lower rate.

Based on the above, these policy updates will be included in an amending by-law and brought to Council for ratification. Staff are targeting this by-law to come into effect on September 1, 2025

Financial Implications:

In review of the two incentives being proposed, a cost breakdown would be as follows:

1. Incentive

Using the current building permit statistics, there have been 39 permits issued up to the end of May 2025 (combination of single-family and townhouses). Had the incentives proposed above been applied to these permits, the impact would have been an approximate reduction of \$89,000.00 in DCs collected on the 39 permits issued.

There are no apartment permits issued to-date.

2. New FTE

The cost for a FTE Development Engineer is approximately \$136,966.00 per year.

This position would be paid by from the HAF for the first four years and following the expiry of the program, would be paid through the levy (similar to most full-time roles).

Strategic Plan:

This matter aligns with following strategic priorities:

- Balanced Growth

The HAF is incentivizing local governments to do what they can to get more housing built. Middlesex Centre has consistently been one of the faster growing communities in Southwestern Ontario; however, this funding will enable more diversified housing in the Municipality and the infrastructure required to support sustainable growth.

Attachments:

N/A