
HALDIMAND COUNTY

Report ECW-01-2025 Canadian Housing Infrastructure Fund Application For Consideration by Council in Committee on February 25, 2025



OBJECTIVE:

To overview implications and obtain Council direction relative to a potential submission to the Canadian Housing Infrastructure Fund program.

RECOMMENDATIONS:

1. THAT Report ECW-01-2025 Canadian Housing Infrastructure Fund Application be received.

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Approved: Cathy Case, Chief Administrative Officer

EXECUTIVE SUMMARY:

Haldimand County is currently considering the potential submission of an application through the federal government's Canada Housing Infrastructure Fund (CHIF). The application would be under CHIF's direct delivery stream and as a condition of application will require Haldimand to implement measures to promote new housing supply and denser neighbourhoods. Specifically, in order to meet the conditions to apply, the municipality will be required to adopt zoning for "four units as-of-right" (4AOR) per lot in all low-density urban residential areas with municipal servicing.

The four units as-of-right" (4AOR) condition will have to be considered by Council and, if acceptable, the intent is to move forward with an application for the Caledonia Wastewater Treatment Plant construction.

BACKGROUND:

On April 16, 2024, the Government of Canada released Budget 2024 which provided \$6 billion in federal funding over 10 years to establish the Canada Housing Infrastructure Fund (CHIF).

The CHIF aims to accelerate the construction and upgrading of housing-enabling drinking water, wastewater, stormwater, and solid-waste infrastructure, directly supporting the creation of new homes and increasing densification. This investment is part of the Government of Canada's commitment to address the impacts of the housing crisis on communities of all sizes across Canada.

The CHIF program is delivered through two funding streams:

Direct delivery stream

Housing, Infrastructure and Communities Canada (HICC) will deliver up to \$1 billion over eight years directly to eligible recipients, such as municipalities and Indigenous communities, to address pressing infrastructure needs and enable more housing.

Provincial and territorial agreement stream

HICC will provide \$5 billion over 10 years to the provinces and territories to administer and deliver funding to their communities to support provincial and territorial priorities while advancing federal housing objectives. To receive funding, the provinces and territories were to enter into bilateral agreements with the federal government with the agreements finalized by January 1, 2025, for the provinces, and April 1, 2025, for the territories. At this time it appears that Ontario has not finalized an agreement with the federal government for the additional funding.

CHIF's direct delivery stream requires municipalities to implement measures to promote new housing supply and denser neighbourhoods. To be eligible to receive funding, municipalities and regional governments in the provinces will be required to adopt two conditions under either CHIF streams:

- Adopt zoning for "four units as-of-right" per lot in all low-density urban residential areas with municipal servicing (i.e., water and sewer) in communities with populations greater than 30,000; and,
- Implement a three-year freeze on increasing development charges above the rates that were in effect as of April 2, 2024 (when CHIF was initially announced) in municipalities or regional governments with populations greater than 300,000, according to Statistics Canada.

Under the provincial and territorial agreement stream, the provinces will require applicable municipalities and regional governments to implement the two measures listed above. In addition, provinces and territories will be required to commit to the following key housing-enabling actions:

- Work with Canada to develop the federal housing design catalogue and support municipalities in implementing measures to enable the adoption of standardized designs within 18 months of the catalogue's publication;
- Implement the 2025 and future National Model Codes within 18 months of their publication—as per the Reconciliation Agreement on Construction Codes—work with Canada to support the exploration of housing supply actions, such as single egress construction, modular construction, tiny homes, and code digitalization, which are already under consideration for the 2030 codes update; and
- Endorse the federal government's blueprint for a Renters' Bill of Rights and Home Buyers' Bill of Rights, to strengthen renting and home buying systems, including the Bills' overarching principles, which are: ensuring everyone has a safe and affordable place to call home, fostering fairness and transparency, addressing inequity and discrimination, and safeguarding the home buying and renting systems.

CHIF's direct delivery stream is intended for projects with a high level of readiness, as projects must be substantially completed by September 2031. This stream is meant to support pressing infrastructure needs in communities to increase housing development. Projects under the direct delivery stream must be between \$1 million and \$100 million in total eligible costs. Municipalities subject to housing conditions must have already met the housing conditions set out by CHIF, prior to submitting an application.

ANALYSIS:

The federal government's Canada Housing Infrastructure Fund (CHIF) is directly targeted at accelerating the construction and upgrading of housing-enabling drinking water, wastewater, stormwater, and solid-waste infrastructure, which in turn directly supports the creation of new homes and increased densification. This investment is part of the Government of Canada's commitment to address the impacts of the housing crisis on communities of all sizes across Canada.

The increased densification is achieved in smaller municipalities by requiring the adaptation of zoning for "four units as-of-right" per lot in all low-density urban residential areas with municipal servicing and in larger municipalities by implementing a three-year freeze on increasing development charges. These conditions have to be satisfied before the application can be submitted.

The choice faced by County staff and Council is whether the "four units as-of-right" zoning condition is acceptable to the County as a whole given that staff have little insight into the chances of a successful application.

Four Units As-of-Right

As noted above the CHIF's direct delivery stream requires municipalities with populations greater than 30,000 to adopt zoning for "four units as-of-right" (4AOR) per lot in all low-density urban residential areas with municipal servicing. This population condition applies to Haldimand County and would have the effect of increasing housing options by adopting municipal zoning that permits 4AOR which has the effect of allowing more "missing middle" homes, including duplexes, triplexes, townhouses, and other multi-unit apartment blocks.

This zoning would have to be permitted on all lots in all low-density urban residential areas (i.e. the stable residential neighbourhoods throughout our six urban areas).

The County's low-density urban residential areas are largely characterized as Urban Residential Type 1 (R1) zones. This zoning permits single detached dwellings, as well as up to two (2) secondary suites (if developing two, one must be in the primary dwelling and the second can be in either the dwelling or in a detached building). The secondary suites are regulated in the zoning by-law (setbacks, height, size, parking) to ensure that the character of the property/primary dwelling are respected. So, while up to three (3) dwelling units could be developed as-of-right in low-density urban residential areas, the neighbourhood remains relatively stable in terms of appearance and function.

Important considerations relative to the implementation of 4AOR zoning are as follows:

- Applying this zoning is required for all low-density urban residential areas. That means this provision would apply equally from Caledonia to Jarvis to Dunnville. The CHIF website does acknowledge that a blanket 4AOR zoning is not always the most effective approach due to *site-specific constraints* and allows municipalities to identify *limited exceptions* to the zoning requirements. The types of exceptions that would be acceptable are not defined but staff do not believe that they are intended to be at the neighbourhood or community scale. As such, exceptions based on the rationale of 'small community', 'historical low density/slow growth area' or 'long standing neighbourhood character' are likely not going to be accepted. Further, the CHIF website notes that Housing, Infrastructure and Communities Canada reserves the right to accept or not accept the proposal;
- The zoning change (or commitment to) is not conditional upon funding approval, but rather, is a pre-requisite to. More specifically, municipalities are required to have implemented 4AOR zoning, or have made a commitment to implementing zoning changes to allow 4AOR, to submit an application under the CHIF;

- While there is the possibility that this type of requirement could be imposed at some point by the Federal or Provincial government (similar to what has transpired with secondary suites for example), at this point it remains a choice for municipalities;
- To enact these changes, staff would be required to initiate a general amendment to the County's Official Plan as well as the Zoning By-law and take that through a public consultation and public meeting process. Given the funding deadline of March 31st, it would require that Planning staff initiate this work immediately which would require other divisional initiatives or application work to be paused or delayed from starting.

Potentially Eligible Projects

Eligible projects under CHIF are directly tied to enabling increased housing supply. For a project to be eligible, applicants must demonstrate in their application that there is a housing need, or that growth is expected in the community where the project will take place.

Eligible projects must also support increased capacity of municipal infrastructure related to drinking water, wastewater, stormwater, or solid waste management. Both capital and planning projects are eligible under CHIF.

Capital infrastructure projects include new construction, rehabilitation or expansion projects that result in tangible infrastructure, including hybrid and natural infrastructure, for the following systems:

- **Drinking water systems**, including drinking water treatment facilities, storage assets, pump stations, local and transmission pipes, and natural infrastructure. Examples include a project that increases the treatment capacity of a water treatment plant to accommodate population increases or a project that reduces water losses (leakage) in a drinking water network which reduces total water use and frees up capacity at the water treatment plant to accommodate community growth.
- **Wastewater systems**, including wastewater storage and treatment facilities, lagoon systems, pump/lift stations, sanitary force mains and sewer pipes, combined sewer pipes and natural infrastructure. Examples include a project that expands the linear infrastructure (e.g., sewer pipes) of a sanitary sewer system to accommodate community growth; or a project increasing the treatment capacity of a lagoon to accommodate housing densification efforts.
- **Stormwater systems**, including stormwater drainage pump stations, management facilities, pipes and natural infrastructure. Examples include a project that increases stormwater capacity, such as use of dry ponds in a public park in proximity of a planned housing development. The project would result in less stormwater entering the water network, extending system capacity to accommodate community growth in the nearby development.
- **Solid waste management systems**, including landfills, organic waste processing, waste sorting, and thermal treatment. Examples include a waste diversion project that diverts organic waste (e.g. food or yard waste) away from a landfill. This would increase the lifespan of the landfill to process waste from the growing communities it services.

Planning projects primarily consist of studies, plans or design work. For a planning project to be eligible for funding, it must support a future capital project that would be considered eligible under CHIF and align with its objectives.

The maximum federal cost share that CHIF may contribute toward municipal or regional governments, public sector bodies, and not-for-profit organizations projects is 40% of total eligible expenditures.

Staff have reviewed all current and future capital projects that could be eligible under the CHIF. From that analysis, the following two projects would fit the parameters of the application and have sufficient financial impact to possibly justify the 4AOR zoning requirements:

- New Caledonia Wastewater Treatment Plant (\$32 million) which provides new wastewater treatment capacity for Caledonia; or,
- Caledonia North Water Storage Expansion (\$8.2 million) which increases the storage capacity of the inground reservoir which receives water from Hamilton to accommodate population increases.

If Council decides to move forward with an application, including the 4AOR, the most suitable project in staff's view would be the Caledonia Wastewater Treatment Plant construction.

Essentially, staff are requesting direction from Council with respect to proceeding with consideration of 4AOR to allow eligibility for applying for funding of the Caledonia Wastewater Treatment Plant, noting there is no guarantee that the application for funding will be successful. Consideration should be given to whether or not such a significant and permanent change to the Official Plan and Zoning By-law, ultimately changing the landscape in current low density areas, is warranted compared to the potential offsetting funding for a major capital project that could be realized, opening up debt capacity for other projects.

FINANCIAL/LEGAL IMPLICATIONS:

The new Caledonia Wastewater Treatment Plant is currently shown in the 2025 Approved Water & Wastewater Rate Supported Operating Budget and Capital Forecast with budgets for the initial phase of \$32 million in 2027 and the expansion of \$25 million in 2033. The funding source for both phases is development charges debt.

Given the timing restrictions for project completion the intent would be to apply for the initial phase of \$32 million under the CHIF direct delivery stream.

If the County was successful in such a grant application for this project, it would open up the debt capacity that is planned to be utilized for this project.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

REFERENCES:

None.

ATTACHMENTS:

None.