



Report to: Development Services Committee

Report Date: December 9, 2025

SUBJECT: CMHC Housing Accelerator Fund Update

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REVIEWED BY: Giulio Cescato, RPP, MCIP, Director, Planning & Urban Design ext. 2202

RECOMMENDATION:

1. THAT the report dated December 9, 2025, titled “CMHC Housing Accelerator Fund Update”, be received;
2. THAT the Housing Needs Assessment report dated March 2025, be received;
3. AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

On June 26, 2024, Markham City Council approved the Housing Accelerator Fund (HAF) Work Plan with seven (7) distinct Initiatives. Council also authorized a road map for program implementation going forward. The City has committed to supporting the delivery of 1,640 new housing units using \$58.8 million in HAF funding over the next 3 years, through the creation of partnerships, streamlined policies and improved processes.

Achievement of the City’s HAF targets will support Markham’s housing pledge of 44,000 units by 2031 to the Province that is intended more broadly to increase the supply of housing in Ontario by 1.5 million homes. It will also support Housing Choices: Markham’s Affordable and Rental Housing Strategy and, advance some of its key actions and objectives. The HAF has presented an opportunity for the City to set itself up for future success by prompting the consideration and implementation of partnerships, policies, tools and improved regulatory processes to advance the City’s strategic housing goals.

Staff committed to providing semi-annual progress updates to the Development Services Committee (DSC) regarding implementation of the HAF Work Plan. This report provides a detailed update of the progress made by each of the seven initiatives and their related milestones.

PURPOSE:

This report provides an update of the City’s progress with the commitments made as part of the Housing Accelerator Fund (HAF), including an update of the Amended Schedule A of the contribution agreement.

BACKGROUND:

In February 2022, the Federal Budget announced \$4 billion in funding for the Housing Accelerator Fund (HAF) with the goal of creating at least 100,000 more housing units.

In March 2023, the Canadian Mortgage and Housing Corporation (CMHC) launched the HAF program and application process. Local municipalities with populations of over 10,000 and delegated approval authority for land use planning and development approvals were eligible for the urban stream of funding.

On June 14, 2023, the City of Markham passed a Council resolution directing staff to submit a Housing Accelerator Fund (HAF) application requesting \$57.1 million in funding for the delivery of 1,900 units through a proposed Action Plan to deliver seven (7) initiatives.

On October 11, 2023, the federal Minister provided a letter to the City advising that the City consider enhancements to its HAF application. On Dec 13, 2023, a Council resolution was passed responding to the Federal Minister's request directing amendments, which were subsequently incorporated into the City's HAF Action Plan.

On January 25, 2024, the City entered into a contribution agreement with CMHC for \$58.8 million in HAF funding, with the goal of supporting the delivery of 1,640 housing units, including a target of approximately 193 affordable housing units, over the course of the 3-year program, measured by the issuance of building permits.

On June 26, 2024, Council passed a Council resolution authorizing staff to endorse the Housing Accelerator Fund (HAF) Work Plan, implement the seven (7) Action Plan Initiatives, as committed through the contribution agreement with CMHC, initiate the administrative, financial and procurement processes necessary to facilitate meeting HAF commitments, and report back to the Development Services Committee with an update on the progress of the work plan.

OPTIONS/ DISCUSSION:

The following section provides an overview of the City's progress of the seven initiatives in the HAF Action Plan.

1. The City's Progress under the HAF Action Plan Commitments

The HAF Work Plan outlined the proposed implementation of the City's Action Plan Initiatives, as well as the target timelines associated with the Initiative milestone commitments in the City's contribution agreement with CMHC. In the contribution agreement, the City committed to a target of 1,640 new housing units by the end of 2026, to be confirmed by building permits issued. The City's seven (7) Initiatives through which these commitments will be delivered are as follows:

Initiative 1: Public Partnerships – Direct Grant Stream

The City’s Action Plan requires the creation of at least 2 public partnerships through this initiative, to support new affordable and purpose-built rental housing. This was initiated by the December 4, 2024 Partnerships Approach Council report approval, which authorized staff to negotiate with government, non-profit, joint venture, and private sector organizations through the Direct Grant Stream. At the time of writing this report, 9 projects have met the Council approved criteria for this stream, and 6 are being finalized through agreements as partnerships.

Due to the substantial Direct Grant Stream uptake, funding from Initiative 5 was reallocated to Initiative 1, as permitted in the City’s contribution agreement with CMHC to provide flexibility where needed. This reallocation was ultimately insufficient to support the 9 funding requests totaling approximately \$127 million. As such, 3 of the projects were placed on a waiting list, should additional HAF allocation or funding become available.

At the time of writing this report, 4 of the 6 contribution agreements under negotiation have been fully executed with the City, representing an estimated 1,370 new purpose-built rental units, including 317 affordable, exceeding the HAF affordable target of 193 units. If all 6 agreements are finalized, unit commitments would increase to approximately 1,963 purpose-built rental units total, including 470 affordable units. With additional funding, all 9 projects could represent approximately 3400 purpose-built rental units in total, far exceeding the overall HAF target.

The 4 partnerships finalized to date represent a range of organizations, project scales and types, as outlined in the following chart:

Chart A

Organization	Project Address	Affordable Rental Units Proposed (approx.)	Total Rental Units Proposed (approx.)	HAF Funding Allocation
1. MICAH	5933 14th Avenue	161	161	\$10,000,000
2. Neamsby Investments Inc. (Remington)	5933 14th Avenue	Land donation to MICAH	658	\$18,000,000
3. St. Mark’s Koinonia Housing Corporation (St. Mark’s Coptic Church)	455 Ferrier Street	156	390	\$ 1,738,862
4. JD Development	3195 Denison Street	0 (17 CMHC affordable)	161	\$ 1,200,000
Subtotal		317	1,370	\$30,938,862

Through these finalized partnerships, the City has exceeded the initiative target of 190 units and is on-track to substantially increase the purpose-built rental and affordable housing stock in Markham. The related HAF spend for 2025 is an estimated \$22 million, out of the approximate \$30 million allocation. This is a substantial portion of the City’s current \$29.4 million HAF disbursements, making subsequent CMHC tranches, and critical support from other orders of government and lenders, key to the success of these projects.

Initiative 2: Additional Residential Units (ARUs) and Incentives Program

This initiative consists of three (3) components. The first component is being jointly led by the Policy, Zoning and Special Projects teams and involves updating the City's Official Plan and Zoning By-laws to implement the Federal Minister's request that builds on the provincial framework for additional residential units (ARUs) (i.e., to legalize four (4) units as-of-right city-wide where zoning permits single detached, semi-detached or row house dwelling units), with some restrictions. The Proposed Official Plan and Zoning By-Law Amendments were considered at a statutory Public Meeting on September 9, 2025; by the Development Services Committee on October 14, 2025; and, at a second Public Meeting on October 21, 2025. A decision on the Proposed Amendments is anticipated at the December 16, 2025, Council meeting.

The second component led by Building Standards is focused on preparing community outreach packages to assist and support homeowners interested in constructing ARUs on their properties. These packages will provide design guidance and information on the approvals process. A consultant was retained in November 2024 and is working with Building Standards to prepare three separate ARU guides: secondary suites, coach houses and garden homes, and 3 and 4 unit buildings. These guides are expected to be completed November 2025.

The third component consists of an incentive program for ARUs led by the City that will entail a rebate on the building permit fee. Staff are working with Finance to develop the incentive program for ARUs. The program has an estimated budget allocation of \$700,000 which will incentivize approximately 140 applications at a minimum. The Incentive Program is anticipated to be launched in January 2026, subject to meeting HAF Action Plan contribution agreement timelines.

Initiative 3: Major Transit Station Areas (MTSAs) - Policy Update

The main focus of this initiative involves the update of official plan and zoning by-law policies to permit buildings of up to four (4) storeys in height on lands that permit residential dwelling units within MTSAs (which are not designated Greenway and are not within the Special Policy Area of MTSA 12 Enterprise BRT Station and MTSA 15 McCowan BRT Station). The boundaries for the MTSAs were delineated by York Region as part of their Official Plan update with input and feedback from local municipal Councils. The York Regional Official Plan was approved by the Province in 2022, with a total of 22 identified MTSAs for the City of Markham. With the removal of planning responsibilities from the Region since July 1, 2024, the MTSA policy framework was absorbed by Markham's Official Plan. A statutory public meeting was held on December 3, 2024 and feedback received from the meeting was incorporated into the draft Official Plan and Zoning By-law Amendments. A staff report was brought to the Development Services Committee on May 13, 2025.

The Development Services Committee supported the proposed Official Plan and Zoning By-law Amendments at the May 13, 2025 meeting, with modifications to the Zoning By-law for two of the MTSAs. The residential established neighbourhood low rise (RES-ENLR) zones that are presently within MTSA 15 McCowan BRT Station and MTSA 17 Montgomery BRT Station, are

currently designated Residential Low Rise under Markham's Official Plan and only permits detached dwellings under the in-force Zoning By-law 2024-19, as amended. Among the concerns raised at the Development Services Committee meeting was the potential impacts to the character of established low-rise residential neighbourhoods with the introduction of four-storey height opportunities in these neighbourhoods. The Development Services Committee directed Staff to exempt low-rise residential areas on the north side of Highway 7, within the Montgomery BRT Station MTSA area from the as-of-right four storey permissions, modifying the Zoning By-law Amendment and accompanying Schedule "A". The removal of these two areas from the Zoning By-law Amendment equates to approximately 0.67% of the total geographic area of the 22 MTSA's in the City of Markham.

Both the Official Plan Amendment and Zoning By-Law Amendment was adopted by Council and came into effect on June 24, 2025. No Notice of Appeal objecting to the passing of the Amendments was filed.

Initiative 4: Inclusionary Zoning (IZ) in PMTSA's

Through this initiative, the City would implement Inclusionary Zoning in identified Protected Major Transit Station Areas (PMTSA's). The work involves preparing financial models for IZ scenarios, facilitating engagement sessions, and drafting the IZ Assessment Report which will inform the proposed Inclusionary Zoning Framework prior to the development of Inclusionary Zoning policies and a zoning by-law for Markham. On November 10, 2025, staff provided an update to DSC on the project with preliminary findings of the IZ Assessment Report and to confirm proceeding with the phased approach which would introduce the policy framework for IZ. A public meeting will be held on the recommended phased approach with a draft Official Plan and Zoning By-law Amendment on December 9, 2025 followed by a recommendation report to Council in Q1 2026. The work is to be completed by the end of December 2026.

Initiative 5: Incentive Program for Affordable Housing – Development Charge Deferral Policy

At the time of the last HAF update, this initiative was to be implemented as a Development Charge Rebate Program, open to all developers proposing affordable housing, with the potential to include purpose-built rental housing, as authorized through the December 4, 2024 Partnerships Approach. Then on June 26, 2025, York Region Council approved a Development Charges Deferral for Non-Luxury Rental Buildings Policy, requiring the participation of local municipalities for implementation. It responded to the economic challenges of not only delivering affordability but purpose-built rental housing. As a result, the City brought forward a Development Charge Deferral for Long-Term Rental Housing Policy in general alignment with York Region's, which was approved by Council on August 7th, 2025.

Because these changes impacted the Initiative 5 scope, it is now being implemented through the Development Charge Deferral for Long-Term Rental Housing Policy, supporting the low rental supply in Markham. At the time of writing this report, 2 rental projects are under review with the

aim of being finalized through deferral agreements, to represent 972 new purpose-built rental units in total. When finalized, this would exceed the 300 unit target for this initiative by the end of 2026.

As the City will be forgoing substantial Development Charge revenue for projects approved through this policy, the residual Initiative 5 funding allocation, once the Initiative 1 and 5 projects are finalized, will help support the legal costs associated with the Development Charge deferral agreements, until such time that the allocation runs out.

Initiative 6: Enhance Markham's Electronic Development Application System

This Initiative is focused on updating the City's electronic development application system (ePlan Project Dox) and introducing a new feature with an Automated Zoning Compliance Software Solution to streamline the development process, improve customer service and process residential units more efficiently. The first component of this initiative is to develop planning workflows in the City's development review software, Project Dox. Staff worked with the vendor, Avolve, to develop and configure the heritage permit workflow, the first of three workflows. Avolve has been the vendor for ePLAN Project Dox since its introduction. The heritage permit workflow was completed in September 2024. Staff are currently working with the vendor to develop the second workflow to utilize the Best-in-Class solution and develop partial approval for site plan and subdivision phasing plan. It has been configured in the Testing Environment and is under User Acceptance Testing (UAT) in November 2025. This workflow is scheduled to go live in December 2025. The third workflow development will start upon completion of the second workflow which is similar to the second workflow but without the partial approval feature. The third workflow is expected to be completed by June 2026.

The second component of this initiative involves an Automated Zoning (AI) Compliance service. The contract award was approved by City Council on October 22, 2024 and Archistar was retained. After completion of the procurement process and signing of agreements, the project officially started in April 2025. Staff are currently working with the vendor on Phase 6 of the project in User Acceptance Testing (UAT) and is expected to be launched by December 2025 for internal users. Projected public user launch and access will occur in Q1 of 2026.

Initiative 7: Parking and Transportation Demand Management (TDM) Standard Update

Through this initiative, the City is establishing parking standards and TDM requirements tailored by parking zones. These TDM measures aim to support and complement the updated parking standards for new developments, while promoting sustainable modes of transportation. An online engagement survey and two additional stakeholder meetings were held to gather feedback on the draft parking and TDM recommendations. The Best Practices and Parking Needs Assessment Report has been completed, and the draft technical reports summarizing the updated parking standards and TDM requirements will be finalized by the end of November 2025. The updated standards and requirements will be incorporated into the City's Comprehensive Zoning By-Law Amendment, which is anticipated to be brought forward to the DSC in February 2026 for Council endorsement. The project remains on track and is expected to be completed in December 2026.

Housing Needs Assessment

The Initiatives are supported by an update to the Housing Needs Assessment (HNA), as required by the HAF program, which will identify the City's housing gaps, opportunities and changes that have taken place since the previous assessment in 2019. The City retained SHS Consulting in November 2024 to carry out this study. The HNA update includes an analysis of current demographic, economic and housing market conditions and patterns of housing affordability in Markham and a description of the current gaps between housing demand and supply. It includes an assessment of the economic and demographic forces that will drive future housing demand in Markham, including detailed forecasts of household growth and housing demand to 2051, and an analysis of the potential implications of the gap between projected demand and anticipated supply in the city. The HNA identifies key trends and challenges shaping the current and future housing conditions in the City of Markham. The final assessment report can be found in Appendix 4.

The status of the City's seven (7) Action Plan Initiatives and the related milestones and timelines can be found in Appendix 1.

2. Amended Schedule A of the Contribution Agreement

The contribution agreement was very clear that milestones had to be met and any delays would impact the funding. However, in working with CMHC, we were allowed to apply for date change requests for milestones that anticipated a delay of more than three months. In June this year, staff reached out to CMHC with date change requests for the various milestones associated with some of the Initiatives. CMHC reviewed these requests and reached out to staff in July this year with an Amended Schedule A that outlines the changes to the approved date changes. These changes can be found in Appendix 2.

3. Update of HAF Expenditure

The City has been approved for \$58.8 million in HAF funding and has received a total of \$29.4 million in two equal tranches, as outlined in the contribution agreement.

The City is forecasting total expenditures of \$20,780,254.75 by the end of December 2025 (see Appendix 3), the majority of which will be allocated to Initiative 1. The total expenditure represents approximately 71% of the total funding of \$29.4 million received to date. The HAF funding has also been utilized for various purposes, including legal fees, partnership allocations, consultant fees and vendor costs for the different initiatives, and salaries for approved staff.

NEXT STEPS:

Staff will continue to advance all HAF Initiatives to meet the various targeted milestones and will closely monitor the use of funds. The second annual report is required to be submitted to CMHC in February 2026. Staff will report back to Council in Q2 2026 to provide the next semi-annual update as committed to in the HAF Work Plan report in June 2024.

FINANCIAL CONSIDERATIONS:

This report does not have any financial impact to the Operating Budget or Life Cycle Reserve Study.

HUMAN RESOURCES CONSIDERATIONS:

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The HAF Work Plan supports the City’s Strategic Plan across all goals as the Action Plan Initiatives have a broad impact across the organization. It facilitates the achievement of safe, sustainable and complete communities and enhances services, and supports people and resourcing needs. Through engagement, it will provide opportunities to create a diverse, thriving and vibrant City. Finally, it supports sound and responsible fiscal management which is crucial to ensuring efficient service delivery and contributes to all strategic goals. The HAF program will help to implement the goals and actions in the City’s Housing Strategy.

BUSINESS UNITS CONSULTED AND AFFECTED:

Key impacted City departments including Financial Services, Building Standards, Legal Services and Engineering were consulted on this report.

RECOMMENDED BY:

Giulio Cescato, RPP, MCIP
Director of Planning and Urban Design

Trinela Cane
Acting Commissioner of Development Services

ATTACHMENTS AND APPENDICES:

- Appendix 1: Status of HAF Initiatives and Milestones
- Appendix 2: Amended Schedule A
- Appendix 3: HAF Financials
- Appendix 4: Markham Housing Needs Assessment – Final Draft