



REQUEST FOR DECISION

Agenda Item Number: 3.1

Meeting Date: 8/1/2023

Author: N. Henderson

TO: Mayor and Council

FROM: Planning and Development Services Department

SUBJECT: CMHC Housing Accelerator Fund Application

RECOMMENDATION:

THAT Council direct staff to submit a Housing Accelerator Fund application that includes the initiatives as generally outlined in the Council Report dated August 1, 2023, along with all additional required documentation to the Canada Mortgage and Housing Corporation; and

THAT Council authorize the Chief Administrative Officer to enter into any contribution agreements or amending agreements that may be required should the District be approved for funding under the program.

PURPOSE

The purpose of this report is to seek Council's endorsement of the District's application to the Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (HAF), and to provide an opportunity for Council input on the required Action Plan ahead of the August 18, 2023 application deadline. A presentation from Nancy Henderson of Urban Systems Ltd. will provide additional information.

The proposed HAF Action Plan aligns with several of Council's strategic priorities and contributes to the District's commitment to increase housing choice. If successful, the contribution the District receives from the HAF will be used to support initiatives to achieve the District's goal of providing improved housing diversity and affordability. In addition to the completion of the five proposed actions, HAF's incentive-based funding can be used to upgrade infrastructure to facilitate housing, support affordable housing, acquire land and/or construct amenities to support growth.

The proposed HAF actions are aligned with Council's Strategic Priorities, the District's current OCP policy which aims to diversify the housing stock across the housing spectrum, provincial initiatives aimed at increasing housing supply, and recent efforts to modernize the development approval process. If the application is successful, the District would be eligible to receive several millions of dollars to be used to both implement the Action Plan and invest in a number of future investments aimed at supporting the costs of growth associated with increasing housing supply.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On June 13, 2023, Council directed staff to amend the 2023 Budget by approving the expenditure of up to \$50,000 from the accumulated unspent surplus to complete the Housing Accelerator Fund grant application (RC-23/06/13-007).

CHIEF ADMINISTRATIVE OFFICERS COMMENTS

Approved for Council's consideration.

REPORT

BACKGROUND

At the federal level, the Housing Accelerator Fund (HAF) provides incentive funding to local governments to increase housing supply across Canada. The HAF program is a \$4 billion fund intended to support the development of complete, low-carbon, and climate-resilient communities that are affordable, inclusive, equitable and diverse. The HAF aims to see the creation of 100,000 new housing units across the country over a four-year period.

HAF is unique from other National Housing Strategy initiatives given that it incentivizes municipalities to apply transformational changes and offers municipalities the flexibility on how to use funding to support housing growth.

Evaluation Criteria

Applications to the HAF will be assessed on set evaluation criteria. Local governments must demonstrate how they will:

1. Create housing supply at an accelerated pace
2. Foster complete communities
3. Support affordable and diverse communities
4. Provide housing across the entire housing continuum
5. Support the development of low-carbon and climate-resilient communities

Application Deadline and Funding Timeline

The HAF application intake is now open and closes on August 18, 2023. There is one application intake for the HAF, and 25% of funding payments will be made upon funding approval and annually thereafter for three years, subject to program conditions being met.

HAF Action Plan

Applications to the HAF must include an Action Plan with housing supply growth targets and initiatives to grow housing supply and speed up housing approvals. Housing Action Plans must align with program objectives and supported priorities and should reflect best practices in urban planning. Action Plans will also be included in the contribution agreement and municipalities are required to commit to and report on the activities during the four-year program.

Local governments with a population under 10,000 are required to identify five initiatives to form the HAF Action Plan. The [HAF application guide](#) includes a menu of initiatives that are aligned with the objectives of the HAF program. While the type of initiatives supported by the HAF program vary, initiatives should generally be long-lasting, anticipated to continue to incent housing units long-term, impact a large portion of developable land, improve development predictability and stability, or otherwise present the potential of increasing housing supply across the housing spectrum. Scoring associated with the application evaluation is heavily weighted towards actions that will result in additional housing supply early in the funding program.

A balance between supply-focused initiatives and other systemic initiatives to support more long-lasting improvements to the broader housing system should also be considered when developing the Action Plan. While local governments are encouraged to select initiatives from CMHC's list of recommended actions, there is flexibility to consider innovative initiatives that contribute to more housing supply. Current projects underway since the HAF was announced in April 2022 may be included in the Action Plan. Based on the above, the following actions are proposed to form the District's application to the HAF:

- 1. Downtown Redevelopment Implementation Strategy:** This initiative involves building on the previous Peachland Downtown strategies with clear actions, analysis, and implementation strategy to remove barriers to redevelopment.
- 2. Development Approvals Process Improvements:** This initiative aims to make improvements to the development approvals process and reduce regulatory barriers by modernizing District processes, bylaws, and procedures. The intent includes improving development application processing procedures, thereby fast-tracking approvals for missing middle housing, downtown redevelopment, and affordable housing.
- 3. Missing Middle Strategy and Infrastructure Capacity Review:** This initiative involves deriving a strategy that allows the District to move away from neighbourhoods exclusively zoned single-detached housing by encouraging and permitting townhomes and plexes in various areas throughout the District, particularly in the new Ponderosa and New Monaco neighbourhoods, as well as along Beach Avenue adjacent to downtown between 6th and 13th Avenues. An assessment of the District's infrastructure capacity will be undertaken to identify where improvements are needed to ensure available capacity for missing middle development.
- 4. Encouraging and Incenting Secondary Suites and ADUs:** This initiative aims to encourage and incent legalization of unauthorized suites and the development of new secondary suites and Accessory Dwelling Units (ADUs) or garden suites within the District's low-density residential zones. The initiative is recommended to be paired with an incentive program and a community engagement campaign to increase awareness of the program and guide homeowners through the approval processes.
- 5. Affordable Housing Reserve Fund and Affordable Housing Policy:** The goal of this initiative is to develop an Affordable Housing Policy and a Housing Reserve Fund that will allow the District to encourage and support the provision of affordable housing units in the community. The funding program can provide the necessary "seed funding" to bolster a reserve fund to incent and support the provision of affordable units, including land acquisition and disposition, and the consideration of DCC reduction bylaws and funding the associated costs of such programs.

HAF Funding

There are three components of the HAF funding framework: (1) base funding, (2) top-up funding, and (3) an affordable housing bonus. Base funding is designed to incent all types of supply across the housing spectrum. Top-up funding is designed to incent certain types of housing supply. An affordable housing bonus is designed to incentivize communities that can increase their share of affordable housing units relative to the total projected permitted units with the support afforded by the HAF.

The amount of HAF funding a successful applicant will receive is based on a formula which prescribes a dollar value for each net-new building permit set out in the housing supply growth target. All units created from HAF initiatives will receive base funding of \$20,000 per unit. To incent certain types of units, all housing types except a single detached dwelling with no secondary suite or ADU will receive additional top-up funding. In addition to the base funding and top-up funding, units that are considered affordable will

receive an additional bonus. The following provides an overview of the HAF funding formula – Baseline + Top Up + Affordable.

Base		Top Up		Affordable						
\$20K/unit	+	<table border="1" style="width: 100%;"> <tr> <td style="text-align: left;">Close to Transit</td> <td style="text-align: right;">\$15K/unit</td> </tr> <tr> <td style="text-align: left;">Missing Middle¹</td> <td style="text-align: right;">\$12K/unit</td> </tr> <tr> <td style="text-align: left;">Other</td> <td style="text-align: right;">\$7K/unit</td> </tr> </table>	Close to Transit	\$15K/unit	Missing Middle ¹	\$12K/unit	Other	\$7K/unit	+	\$19K/unit
Close to Transit	\$15K/unit									
Missing Middle ¹	\$12K/unit									
Other	\$7K/unit									

For example, a single detached dwelling with a suite that came online as a result of a HAF initiative would equate to \$64,000 while a single detached dwelling would equal only \$20,000. The funding formula seeks to incentivize affordable multi-unit developments, providing less of an incentive for single detached homes. The amount of funding is determined by the growth targets and unit projections put forward in the Action Plan. Building permits that would be typically issued over the course of the program without HAF funding would not be eligible for HAF incentive funding, HAF funds the portion of units over and above the typical supply of housing.

IMPLICATIONS/RELATED ISSUES/RISK

Financial

The HAF program allows municipalities to use funding to pay for the implementation of the action plan and support investments in infrastructure and increase in affordable housing units provided that these initiatives all lead to facilitating residential growth.

The amount of the funding application is in development as it relates directly to the number and housing type of the projected additional units that would come on stream as a result of the proposed actions over the course of the three-year funding program between the winter of 2023 and 2026. The District’s HAF application is anticipated to be in the range of \$5 to \$8.7 million.

The grant application is being prepared by Urban Systems Ltd. and is funded from accumulated unspent surplus. If the application is not successful, the required housing target analysis will benefit other projects and priorities.

Operational

Despite the District’s efforts to increase the efficiency and effectiveness of its development approvals processes, it is anticipated that the internal capacity to complete all the identified actions in-house will be limited. The Planning and Development Services Department has several initiatives planned for 2023 – 2026. Currently, there are limited resources to complete the initiatives in the HAF Action Plan. If the District’s application is successful, it is recommended that the HAF funding be used to consider the addition of a contract term position to manage the implementation of the HAF actions or to assist with current staff responsibilities to free up staff time to manage the project. The services of consultants will also be required to assist in completing the identified initiatives. Both term positions and consultant services are fully fundable by the program and would enable the District to complete tasks earlier in the program resulting in a higher probability of application success.

REVIEWED & APPROVED BY Darin Schaal, Director of Planning and Development Services

REVIEWED & APPROVED BY Joe Creron, CAO