



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.:

From: Director of Development Services

Date: August 30, 2023

Subject: SRDS CMHC Housing Accelerator Fund Grant

PURPOSE:

The purpose of this report is to seek Council's endorsement of the City's application to the Canada Mortgage and Housing Corporation (CMHC) Housing Accelerator Fund (HAF).

BACKGROUND:

The Housing Accelerator Fund (HAF), administered by the Canada Mortgage and Housing Corporation (CMHC), provides incentive funding to local governments to increase housing supply across Canada. The HAF program is intended to support the development of complete, low-carbon and climate-resilient communities that are affordable, inclusive, equitable and diverse.

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

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. Housing Action Plans will also be included in the contribution agreement and municipalities are required to commit to the plan over the life of the program.

Local governments are required to identify seven 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 by nature, anticipated to continue to incent units long-term, impact a large portion of developable land, improve development predictability and stability, or otherwise present the potential of improving the broader housing system.

There is one application window for the HAF with an application deadline was on August 18, 2023, and 25% funding payments will be made upon funding approval and annually for three years, subject to program conditions being met.

DISCUSSION:

If successful, the HAF would provide the City with the ability to fund and implement many of the initiatives outlined in the Official Community Plan at an accelerated pace. The incentive-based funding will further support the provision of affordable housing options in the community. The HAF program is anticipated to be a very competitive program, and to increase probability of success the following initiatives are proposed based on the program's evaluation criteria:

- 1. Affordable Housing Reserve Fund and Policy:** This goal of this initiative is to expand and update policy for the use of the City's Affordable Housing Reserve Fund. The funding program can provide the necessary "seed funding" to bolster the reserve fund to incent and support the provision of affordable units.
- 2. Land Acquisition and Disposition Assessment and Affordable Housing Partnership Strategy:** This initiative is intended to provide a framework to guide opportunistic land acquisitions and dispositions that can support affordable housing.
- 3. Development Application Streamlining:** This initiative involves undertaking additional development application streamlining to reduce the timelines for processing and approval of new developments to create more housing supply at an accelerated pace.
- 4. Density Bonusing and Pre-Zoning for Multi-Residential in Key Growth Centres:** This initiative involves developing a new density bonusing policy and pre-zoning for multi-residential zoning in key growth centres within the City including in City Centres, Urban Corridors, and Neighbourhood Centres as identified in the OCP.
- 5. Missing Middle: Plex Readiness:** This initiative will undertake zoning amendments to pre-zone to increase allowable density in several neighborhoods, to increase plex-development opportunities into existing low to medium density zones.
- 6. Supportive Housing Policy and Bylaws (Community Amenity Contribution Policy, DCC Reduction Bylaw):** This initiative will create a detailed CAC Policy, as recommended in the OCP, so that it may be amended more frequently to respond to community amenity needs, market conditions and revisions to Provincial legislation. This initiative also includes a DCC Reduction Bylaw to support non-market housing.
- 7. Accessory Dwelling Unit (ADU) Strategy:** This initiative involves implementing a series of zoning bylaw amendments to permit additional ADU's (secondary suite, carriage house, garden suites) in the City through amendments to various City bylaws.

HAF Funding

The HAF program is not per-capita or project based and funding would be determined given the number of additional units the City would commit to permitting over the next three years as a result of HAF funding. The number of additional units is the difference between baseline projections of what would be achieved without HAF funding and anticipated projections of what would be achieved with the support of HAF funding. The HAF program allows funding to be used in broad ways, including investments to support the HAF action plan, support for affordable housing, community amenities and infrastructure needed to facilitate residential growth.

There are three components of the HAF funding framework: (1) base funding, (2) top-up funding and (3) an affordable housing bonus.

1. Base funding is designed to incent all types of supply across the housing spectrum.
2. Top up funding is designed to incent certain types of housing supply.
3. 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	+	Close to Transit \$15K/unit	+	\$19K/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 without a suite 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 put forward in the Action Plan.

POLICY ANALYSIS:

This grant aligns with the OCP goals and policies for providing housing for all, and creating strong neighbourhoods. Further, this support housing targets in the Housing Needs Assessment R used to inform the OCP Affordable Housing objectives 1-6.

FINANCIAL IMPLICATIONS:

The amount of the funding application 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 3-

year funding program between the winter of 2023 and 2026. The City's HAF application is anticipated to be in the \$12-\$15 million range.

Should the city be successful the financial budget will have to be amended to reflect the grant funding and action plan.

ADMINISTRATIVE IMPLICATIONS:

There will be impacts on other city departments workload to implement the grant and the action plan over the next three years. The grant does provide funding for consultants and temporary staff resources.

STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Buildings and Landscape - Update Subdivision Bylaw, including offsite frontage improvements
- Affordable Housing - Explore approaches to develop affordable housing: Clarify municipal role in housing affordability
- Affordable Housing - Explore approaches to develop affordable housing: Review potential of city property for housing partnerships with BC Housing
- Affordable Housing - Explore approaches to develop affordable housing: Develop strategy for housing amenity fund
- Buildings and Landscape - Update Zoning Bylaw - review maximum building heights
- Buildings and Landscape - Review and update land use regulations and bylaws for consistency with OCP

PUBLIC ENGAGEMENT:

Staff has worked internally on the action plan and funding with our consultants. Discuss details of how you are sharing this with the public.

Public engagement is incorporated into the action plan initiatives and will be conducted should the City's application be successful.

OPTIONS:

1. **THAT** Council endorse the Housing Accelerator Fund Action Plan that includes the proposed seven initiatives, generally outlined in the City's application under the CMHC Housing Accelerator Fund program:

Affordable Housing Reserve Fund and Incentive Program
Land Acquisition and Disposition Assessment and Affordable Housing Partnership Strategy
Development Application Streamlining
Density Bonus and Pre-zoning for Multi Residential in Key Growth Centres
Missing Middle Plex Readiness

Supportive Housing Policy and Bylaws (Community Amenity Contribution Policy, DCC Reduction Bylaw)
Accessory Dwelling Unit Strategy;

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

2. THAT Council provide alternative direction to staff.
3. THAT Council not move forward with the grant application.

Prepared by: Marianne Wade, Director of Development Services

Concurrence: Geoff Garbutt, M.P.I., MCIP, RPP, City Manager (CAO)