



The Corporation of the City of Courtenay

# Staff Report

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**To:** Council  
**From:** Director of Development Services  
**Subject:** CMHC Housing Accelerator Fund Round 2 Application

**File No.:** 6630-01  
**Date:** September 11, 2024

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## **PURPOSE:**

To seek Council's endorsement of the City's application to the Housing Accelerator Fund (HAF) Program (Round 2), administered by the Canada Mortgage and Housing Corporation (CMHC). The deadline for the application submission is September 13, 2024.

## **BACKGROUND:**

CMHC opened round two of the HAF on July 15, 2024 and the intake closes on September 13, 2024. Staff have retained Urban Systems to support the application process and have been attending CMHC seminars on HAF Round 2. To be eligible for the second round of the HAF program, the applicant must have applied under the first round and been declined for funding. Further, the City must commit to a housing supply growth target that increases the issuance of residential building permits in the average annual growth rate of residential dwelling units to achieve 10% or better during the three year period of HAF and have an updated Housing Needs Assessment report.

The City of Courtenay applied for the initial round of CMHC's Housing Accelerator Fund in the fall of 2023 and was unsuccessful. Since this time, the City's Housing Need Report has been updated through the CVRD's Regional Growth Strategy service (as of August 2024), which has helped inform the preliminary dwelling unit projections for the HAF Round 2 Action Plan. The proposed HAF round 2 Action Plan projects a housing supply growth rate during the three year period of HAF to achieve between 30-40% increase in building permit issued to create residential dwelling units. Currently, the city has been issuing building permits that create approximately 400 residential dwellings units per year and with the HAF Round 2 Action Plan staff estimate 130 additional residential units that could be created.

No changes have been made to the incentive funding framework for the HAF program since the first intake. 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 program budget for the HAF (Round 2) is \$400 million and is intended to drive transformational change in land use planning and development approvals across Canada. The HAF program aims to see the creation of 112,000 new housing units across the country over a four-year period.

The HAF program allows funding to be used in broad ways, including investments to support the implementation of the action plan and support investments in affordable housing, housing-related

infrastructure, and housing-related infrastructure provided that these initiatives all lead to facilitating residential growth.

The proposed HAF actions are aligned with: Council's Strategic Priorities, the City's current OCP policy which aims to diversify the housing stock across the housing spectrum, and provincial initiatives aimed at increasing housing supply. If the application is successful, the City 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 such as upgrading infrastructure to facilitate housing, support affordable housing, acquire land and/or construct amenities to support growth.

**DISCUSSION:**

Staff have received feedback from CMHC on the previous application which was evaluated as a strong application, but unsuccessful due to the oversubscription of the grant program nation wide.

Since the Round 1 application in fall 2024, dramatic provincial housing legislative changes have occurred notably Bill 44 (*Housing Statutes (Residential Development) Amendment Act*). Bill 44 required the City to revise Zoning Bylaw No. 2500, 2007 to remove restrictive zones and replace these zones to permit three to four residential units under R-SSMUH. This was an initiative in Round 1 but is no longer eligible in Round 2.

If initiatives from Round 1 are still valid they can be transferred to Round 2 application. Staff have been working with Urban Systems and CMHC Staff on the Round 2 application priorities, current opportunities and needs in order to incentivize affordable housing within Courtenay's context and address the parameters of the grant program.

The projected average annual housing supply growth rate without HAF is estimated at 2.96% per year and with HAF would be estimated at 4.11%. The HAF Round 2 is critical to increasing the annual housing supply growth rate through issuance of more building permits for residential dwelling units beyond the status quo. The projected increase in housing supply growth rate during the three (3) year period identified in the HAF Round 2 for eligibility is 10% and the City's HAF Action plan is projecting between 30-40% increase in housing supply growth rate through increasing the number of residential building permits annually over the three year period of HAF. The three year period of number of issued residential dwelling units determines the amount of funding the City will receive from CMHC and is spread over a four 25% advances as laid out in the three year agreement.

Local governments with a population over 10,000 are required to identify seven initiatives from the CMHC list of ten HAF best practices to develop the HAF action plan. 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.

The following seven actions align with the HAF best practices and are proposed to form the City's application to the second round of the HAF:

1. **Affordable Housing Reserve Policy Revisions and Incentive Program**  
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 incentivise and support the provision of affordable units.
2. **Affordable Housing Partnership Strategy and Land Acquisition and Disposition Assessment**  
This initiative is intended to provide a framework to guide opportunistic land acquisitions and dispositions that can support affordable housing.
3. **Development Application Streamlining Initiative**  
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 As of Right Zoning for Increased Multi-Unit Residential Density in 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 – Accessory Dwelling Unit and Plex Fast-Track**  
This initiative will undertake zoning amendments to pre-zone in order to increase allowable density in several neighbourhoods and to increase plex-development opportunities into existing low to medium density zones.
6. **Comprehensive Review of Fees and Charges to Incentivize Priority Housing**  
This initiative will create a detailed Community Amenity Contribution (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.
7. **Reduce Parking Requirements for Priority Housing**  
This initiative will involve interdepartmental review to understand where best to reduce or remove vehicle parking requirements based on OCP growth centre direction and integration with multi-modal transportation, low GHGs, and active transportation opportunities, as well as understand the City's street network opportunities for incentivizing alternative modes of transportation and accommodating parking.

**POLICY ANALYSIS:**

The Comox Valley RGS, the Courtenay OCP, Council's strategic plan and a suite of provincial housing legislation are strongly aligned to support affordable housing delivery. The initiatives proposed in the HAF application would allow for a significant number of these local, regional and provincial to actualize more fully.

**FINANCIAL IMPLICATIONS:**

The amount of the funding application is an estimation as it relates directly to the number of issued building permits by housing type of the projected additional dwelling units that would be created as a

result of the proposed actions over the course of the three-year funding program, ending December 31, 2027. CMHC recommends that municipalities look to the funding amounts of similarly sized local governments awarded in Round 1 for guidance on funding requests. Based on this the City's application should be in the range of 10-14 million dollars.

If successful, four 25% advances are outlined over the three year agreement, subject to program conditions being met.

**ADMINISTRATIVE IMPLICATIONS:**

The grant application is being prepared with the assistance of Urban Systems Ltd. and the professional fees are covered by the \$286,000 grant provided by the Province. This grant permits the use of funds in the area of Local Government Housing Initiatives supporting the City's capacity to implement increasing the housing supply.

**STRATEGIC PRIORITIES REFERENCE:**

This initiative addresses the following strategic priorities:

- Buildings and Landscape - Review and update land use regulations and bylaws for consistency with OCP
- Affordable Housing - Explore approaches to develop affordable housing: Clarify municipal role in housing affordability
- Affordable Housing - Explore approaches to develop affordable housing: Develop strategy for housing amenity fund
- Affordable Housing - Explore approaches to develop affordable housing: Review potential of city property for housing partnerships with BC Housing
- Good Governance - Develop a land strategy for acquisition, devolution, and disposal of property, including inventory of all City folios over 400m2
- Financial Sustainability - Review City Financial processes: Review fees, charges, and fines

**PUBLIC ENGAGEMENT:**

The preparation of the application for submission to CMHC does not require engagement but the public will be informed that an application has been made to CMHC on the city website. The Action plan does identify where the IAP2 spectrum is utilized, corresponding communication and engagement plans will be prepared as part of the grant funding.

**OPTIONS:**

1. **THAT** Council support the City's Housing Accelerator Fund (HAF) action plan that includes the proposed initiatives, generally outlined as follows along with additional required documentation to the Canada Mortgage and Housing Corporation as the City's application under the Housing Accelerator Fund Program (Round 2):
  1. Affordable Housing Reserve Policy Revisions and Incentive Program
  2. Affordable Housing Partnership Strategy and Land Acquisition and Disposition Assessment
  3. Development Application Streamlining Initiative
  4. Density Bonusing and As of Right Zoning for Increased Multi-Unit Residential Density in Growth Centres

5. Missing Middle – Accessory Dwelling Unit and Plex Fast-Track
6. Comprehensive Review of Fees and Charges to Incentivize Priority Housing
7. Reduce Parking Requirements for Priority Housing; 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.

Prepared by: Nancy Gothard, RPP MCIP, Manager of Community and Sustainability Planning

Reviewed by: Marianne Wade, RPP MCIP, Director of Development Services

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