



DEVELOPMENT SERVICES COUNCIL REPORT

To: Mayor and Council

Date: August 27, 2024

From: Ron Bowles, CAO

File No: P 24-14

Subject: **P 24-14; Housing Accelerator Fund Round 2**

Report Prepared By: Brittany Nichols, Manager of Long Range Planning

RECOMMENDATION to Consider and Resolve:

THAT Council support the submission of a Housing Accelerator Fund Action Plan that includes the proposed initiatives, generally outlined as follows along with all additional required documentation to the Canada Mortgage and Housing Corporation as the City's application under the second round of the Housing Accelerator Fund Program:

Proposed Housing Accelerator Fund Initiatives:

1. Additional Dwelling Unit Strategy – Gentle Density Infill;
2. Zoning Bylaw Update and Density Bonusing Program;
3. Pre-approved Building Plans and Design Guidelines;
4. Rental Use Zoning and Policy;
5. Incentives Program for Non-market Affordable, Missing Middle, and Priority Housing;
6. Housing & Community Amenity Development Leveraging of City-Owned Land; and,
7. Development Approvals Procedures Streamlining.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

Foster Safety and Well-Being – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

BACKGROUND

In August of 2023, the City submitted an application to the Canada Mortgage and Housing Corporation (CMHC) administered Housing Accelerator Fund. The Housing Accelerator

Fund (HAF) is an application-based program originally introduced in the 2022 Federal Budget. It had an initial funding allocation of \$4 billion until 2026-27 and one application window in 2023.

The 2024 Federal Budget announced an additional \$400 million in funding until 2027-28. Funding from the second round of the HAF is available only to previous applicants who were not approved in the 2023 application window. The application window for the second round of the HAF is open from July 15 to September 13, 2024.

The purpose of this report is to obtain Council's support for the submission of a HAF Round 2 application and the Action Plan for the seven proposed initiatives. Should the City be successful with the HAF Round 2 funding, the potential eligibility under the program has an estimated value of \$13.9 million intended to support the identified initiatives and investments in other permitted uses of HAF funding. Funding decisions are anticipated by the end of 2024.

About the Housing Accelerator Fund Program

The program is intended to drive transformational change within the sphere of control of the local government regarding land use planning and development approvals. The Fund's objective is to accelerate the supply of housing across Canada, resulting in at least 112,000 more housing units permitted than would have occurred without the program.

The Housing Accelerator Fund aims to support lasting changes that will improve housing supply for years to come and provides incentive funding to local governments. The funding is meant to remove barriers and support the development of affordable, inclusive, equitable and climate-resilient communities.

To be eligible for the Large/Urban Stream, applicants must have a population of 10,000+ and be in a Canadian province. Approved participants can use incentive funding for investments in:

- Housing Accelerator Fund action plans (completing the initiatives);
- Affordable housing;
- Housing-related infrastructure; and,
- Community-related infrastructure that supports housing.

The framework for determining the amount of incentive funding includes base funding, top-up funding, and an affordable housing bonus. More details on the funding program requirements can be found in the HAF Round 2 Pre-Application Material (*Attachment 1*).

Additional Requirements for the Second Round of Funding:

- *Alignment with best practices:* Updated action plan initiatives should align with the 10 Housing Accelerator Fund best practices.

- *Four units as-of-right:* Local governments must commit to implementing bylaws for 4 units as-of-right in the updated action plan or have already done so before application submission.
- *New initiatives:* Most action plan initiatives should not have started before the Budget 2024 announcement on April 16, 2024.
- *Other considerations:* A maximum of 3 completed initiatives from the 2023 application window will be considered, provided that activities will continue to be implemented.

More details on the differences between the first and second rounds of HAF can be found in HAF Round 2 Comparison Table (*Attachment 2*).

Housing Accelerator Fund Action Plan – 7 Initiatives

Any application to this program must outline an action plan to increase housing supply with a minimum of seven initiatives that address housing need with targets connected to the City’s Housing Needs Assessment. The action plan must also commit to a housing growth target that increases the average rate of growth by at least 10%. Further details regarding each initiative are outlined in the HAF Round 2 Draft Initiatives Summary (*Attachment 3*).

The proposed Housing Accelerator Fund Action Plan includes the following Initiatives:

1. Additional Dwelling Unit Strategy – Gentle Density Infill;
2. Zoning Bylaw Update and Density Bonusing Program;
3. Pre-approved Building Plans and Design Guidelines;
4. Rental Use Zoning and Policy;
5. Incentives Program for Non-market Affordable, Missing Middle, and Priority Housing;
6. Housing & Community Amenity Development Leveraging of City-Owned Land; and,
7. Development Approvals Procedures Streamlining.

FINANCIAL IMPLICATIONS

Should be City be successful in all or part of its application to the Housing Accelerator Fund for up to \$13.9 million, the grant application will result in no additional budget costs to the City. However, a 2025 to 2028 Financial Plan amendment will be required to reflect the CMHC’s grant funds in the amount being contributed towards implementing the seven initiatives outlined in the Action Plan, which forms part of the contribution agreement. An update will be provided to Council following any official announcement of application approval.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
October 10, 2023	<p>THAT Council support the City's Housing Accelerator Fund (HAF) Action Plan that includes the proposed initiatives, generally outlined as follows along with all additional required documentation to the Canada Mortgage and Housing Corporation as the City's application under the Housing Accelerator Fund Program:</p> <p>Proposed Housing Accelerator Fund Initiatives:</p> <ol style="list-style-type: none">1) Accessory Dwelling Unit Strategy – Gentle Density Infill2) Missing Middle – Plex-readiness3) Rental Use Zoning Policy4) Structured Density Bonusing Program5) Non-market Affordable Housing and Priority Housing Incentives6) Parking Regulation Revision7) Development Approvals Procedures Streamlining. <p><u>CARRIED</u>; Councilor de Jong opposed</p>	C344/23

REVIEWED BY

Chris Oliver, Planning Manager

Brent Magnan, Director of Development Approvals

APPROVED FOR THE AGENDA BY

Trevor Seibel, Deputy CAO

Powerpoint: Yes No

Attachments:

- 1) Pre-Application Material
- 2) Comparison Table
- 3) HAF Round 2 Draft Initiatives Summary