



COUNCIL REPORT

To: Mayor and Council

Date: February 11, 2025

From: Ron Bowles, CAO

Subject: **Canada Housing Infrastructure Fund**

Report Prepared by: Jason Luciw, Senior Advisor – Communications and Engagement

RECOMMENDATION to Consider and Resolve:

THAT Council direct staff to apply to the Canada Housing Infrastructure Fund seeking the maximum of 40 percent federal funding contributions for the Westbank Centre PRV Improvement Project (PCWSA PRV #5 Replacement).

AND THAT Council agree to the Mayor and Chief Administrative Officer submitting a letter, as part of the grant application, to indicate the City of West Kelowna's support for the project.

AND THAT Council agree to amend the Five-Year Financial Plan to reflect federal contributions under the Canada Housing Infrastructure Fund and to also agree, in principle, to provide the City's share of funds, subject to securing grant funding, and in respect of the 2026 Budget deliberation and approval process.

AND FURTHER THAT Council authorize the Mayor and/or Chief Administrative Officer to sign the required federal contribution agreement, subject to grant approval.

STRATEGIC AREAS 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.

Strengthen Our Community – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

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

On Nov. 7, 2024, the federal government confirmed \$6 billion in funding over 10 years to establish the Canada Housing Infrastructure Fund (CHIF), with \$1 billion allocated over eight years under the Direct Delivery Stream, which is currently open to applications. A further \$5 billion will be allocated, later, through the Provincial and Territorial Governments Stream over 10 years. British Columbia's share under the Provincial and Territorial Governments stream will be \$590.7 million with the province required to contribute a minimum top up of 33 per cent. Additional details regarding the Provincial and Territorial Governments Stream have yet to be announced.

The CHIF aims to accelerate the construction and upgrading of drinking water, wastewater, stormwater, and solid-waste infrastructure, which directly and demonstrably support the creation of new homes, with a heavy focus on the missing middle, and increased densification, to address the impacts of the housing crisis.

Applications are being accepted until March 31, 2025.

DISCUSSION

The CHIF Direct Delivery Stream is merit-based, and applications will be scored on how well they meet mandatory and core eligibility criteria and clearly demonstrate:

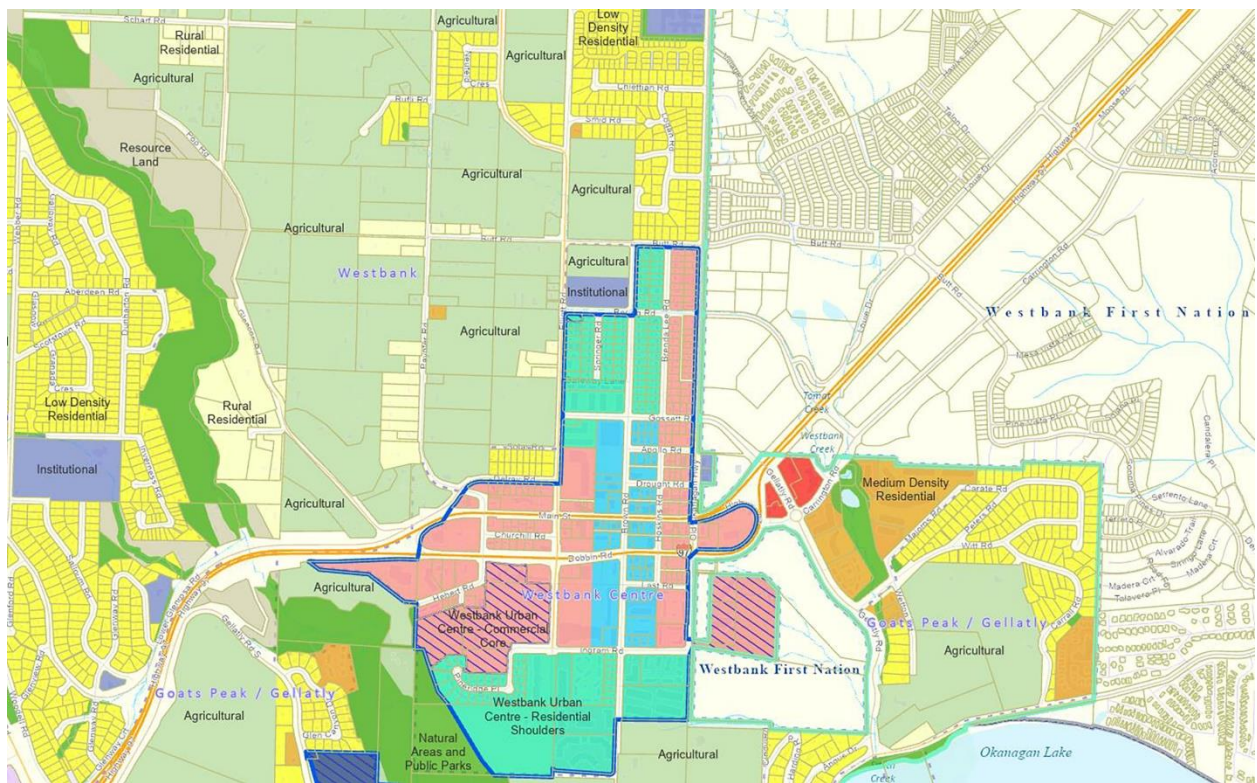
- Alignment with CHIF program objectives and facilitation of the most appropriate solutions to addressing the community's housing and infrastructure needs.
- Directly enabling increased housing supply.
- Addressing housing needs including the availability of housing supply versus demand, and the number of additional units required to support population growth.
- Enabling the proportion of additional housing units required.
- Investing in infrastructure that removes barriers to known housing development.
- Increasing density in areas already serviced by municipal infrastructure.
- Enabling known affordable housing units.

Projects must be at least \$1 million and not exceed \$100 million in total eligible costs, demonstrate a high level of readiness, and be completed by September 2031.

On Dec. 5, staff attended a webinar to gain a strong understanding of the program criteria. On Dec. 17, engineering, development engineering, planning, long-range planning and fire/rescue staff met to review the criteria and identify a list of potential projects. On Jan. 17, the team reconvened to review three identified projects, prior to presenting to the Senior Leadership Team on Jan. 30. Project rationale weighed heavily into the discussions to ensure closest possible alignment with the program criteria so that limited staff resources would be well invested in application with the best chances of success.

The Westbank Centre Pressure Reducing Valve (PRV) Improvement Project, which is listed in the 10-Year Capital Plan as PCWSA PRV #5 Replacement, is recommended because it best achieves the following grant-aligned objectives:

- Improves required flows for drinking water and firefighting, which would directly facilitate near-term, high density, multifamily development in Westbank Urban Center.
- Supports development of more affordable and/or attainable, missing middle rental and for-purchase housing in Westbank Urban Centre and immediately adjacent neighbourhoods, as shown in the map provided below.
- Will support the long-term development of an estimated 3517 units in Westbank Urban Centre¹, which will help the City of West Kelowna in meeting its housing target of 2,266 new units within the next five years.
- Is at a high state of project readiness with design underway.
- Is listed in the 10-Year Capital Plan in 2026.



Other considered projects from the 10-year capital plan, which did not meet the criteria as well, were Westbank Storage, with construction in 2026 and Harold Road/Bridlehill Booster Station, with design in 2027 and construction in 2028. The review team and senior leadership were concerned that these projects would score poorly given that they would generate fewer units and support less missing middle housing and densification in areas already well served by existing municipal infrastructure.

The City could bundle several projects into one application, but they would then be scored together; the lesser eligible components would then lower the score of the overall

¹ Table 2: Potential Housing Distribution with Centres: Official Community Plan Bylaw No. 0300.

application and limit success. The City could also submit more than one application; however, grant programs are heavily subscribed and federal staff indicated that it would be better to ensure success by applying only for projects that best meet program criteria.

FINANCIAL IMPLICATIONS

Westbank Centre PRV Improvement Project (PCWSA PRV #5 Replacement) is funded in the 10-year Capital Plan at \$3 million for consideration in the 2026 Budget Year. As the project does not have a tender-ready estimate, Housing, Infrastructure and Communities Canada requires a healthy contingency of up to 30 per cent, placing this project at \$3.9 million. The CHIF would provide 40 percent funding to a maximum of \$1.56 million with the City's share of up to \$2.34 million expected to come from water reserves, development cost charges and short-term borrowing.

CONCLUSION

The City of West Kelowna's housing targets are 2,266 units over the next five years and funding under the Canada Housing Infrastructure Fund would help create higher density, multifamily and missing middle rental and for-purchase housing in Westbank Centre and adjacent neighbourhoods as identified and supported in the Official Community Plan. Westbank Centre PRV Improvement Project (PCWSA PRV #5 Replacement) would improve flows for firefighting and conveyance of drinking water within the area and add an estimated 980 units, in the near term in one of the City's two urban centre areas. The project aligns strongly with CHIF Direct Delivery Stream criteria by supporting water infrastructure improvements that would allow for denser development of more affordable, missing middle housing in an area already well served by municipal infrastructure.

REVIEWED BY

Rob Hillis, Acting Director of Engineering and Operations

Brent Magnan, Director of Community Development

Warren Everton, Director of Finance/CFO

APPROVED FOR THE AGENDA BY

Trevor Seibel, Deputy CAO

Powerpoint: Yes No