

REQUEST FOR DECISION

TO: Committee of the Whole **MEETING DATE:** September 11, 2024
FROM: Andrew Allen, Director of Planning and Development
SUBJECT: Housing Accelerator Fund – Second Intake
FILE NO: 1855

RECOMMENDATIONS

1. **Endorse an application to the Housing Accelerator Fund with the following seven action plan items:**
 - i. **Review and Update Development Finance Tools to Accelerate the Development of Priority Housing Types.**
 - ii. **Establish a Non-Market and Missing Middle Housing Program to Incentivize Development.**
 - iii. **Increase Process Efficiency by Completing a Development Approval Process Review.**
 - iv. **Increase Flexibility and Reduce Restrictions through Policy Updates.**
 - v. **Reduce Parking Standards.**
 - vi. **Complete Infrastructure Plans to enable higher density and missing middle developments in areas close to transit and amenities.**
 - vii. **Make publicly owned lands available for housing.**

 2. **Refer this report and the Housing Needs Assessment to community associations, Advisory Planning Commission and the Housing Action Table.**
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PURPOSE

Canada Mortgage and Housing Corporation (CMHC) has announced a second intake of the Housing Accelerator Fund (HAF2). The second intake is open to municipalities who applied for the first round but were not successful; no new applicants or previously successful applicants will be accepted. There is approximately \$400 million available with potentially up to 300 eligible applicants across the country and the fund remains competitive.

The second intake is open until September 13th and therefore time is of the essence. A Council resolution is not required to apply; however, this is the opportunity for Council to re-affirm support and to provide comment on the proposed action plan. Should the District of Sechelt be offered funds then a future resolution will be required.

If successful, the funds will be granted in four annual installments, with the final instalment contingent upon success in meeting housing targets by issuing building permits. The intent is two-fold: issue permits for new housing units in the short-term (three/four years) and create long-term systemic changes for housing approvals by moving away from the previous status quo. This is also consistent with recent direction and legislative changes from the Province.

Successful funding could help modernize the approach for housing approvals and eliminate the significant policy deficit in the District of Sechelt. In addition to policy development, funding can also be used for planning for (and possible construction of) capital projects for housing related developments; this could range from sewer modeling to sidewalk design.

OPTIONS

1. Do not apply for the Housing Accelerator Fund.

DISCUSSION

Summary and HAF Program Details

HAF2 is intended to drive transformational change regarding land use planning and development approvals with the overall objective to “accelerate supply” of housing. The District of Sechelt not only has a housing supply deficit but has a deficit in supportive housing development and approval policy. If Council would like to encourage more affordable housing this is an opportunity to seek supportive funding to foster change.

In 2023, staff developed an action plan, which was endorsed by Council, to form part of the initial HAF application. The District of Sechelt, like many other municipalities across the country, was not successful in the initial application. A meeting was recently held with the CMHC advisor for this region who both encouraged an application from the District of Sechelt as well as provided feedback on how this application could improve upon the previous application with advice on how to focus the current action plan.

One of the requirements of application is to commit to implementing four units as-of-right within zoning bylaws. Due to Bill 44, B.C. municipalities have a start on this requirement. To the extent that we can (within serviced areas) this was accomplished in June of this year through implementation of Bill 44 with amendment to Zoning Bylaw 580. Another requirement is to complete or update a housing needs assessment report and include a re-occurring scheduled review date within the report to ensure that the needs assessment is kept current. This is on-going and nearing completion. Both the zoning change and housing needs assessment accomplishments will strengthen our application.

In the meeting, the CMHC advisor offered that in round one the District scored well on scored on action plan items such as development process review and reviewing updating development finance tools; both of which are in the top 10 action plan items (presented below). Areas for improvement include items such as land acquisition and capital projects, both should focus more on the planning and preparation rather than specific sites and construction tendering. The action plan will take this into account. Of the seven required action items, three can be underway. The DCC bylaw could be applicable as ‘underway’, for example.

In terms of identifying an action plan for seven items, the HAF2 program guide includes 10 best practices as follows:

1. End exclusionary zoning
2. Make municipally owned lands available for housing
3. Increase process efficiency
4. Prioritized/enhanced development approval process
5. Comprehensive review of development charges and fee schedules
6. Reduce or eliminate parking standards
7. Eliminate restrictions
8. Develop affordable housing community improvement plans
9. Design and implement guidelines
10. Develop grant programs

Action Plan

The following seven Housing Action Plan initiatives are proposed for the application:

1. Review and update development finance tools to Accelerate the Development of Priority Housing Types.
2. Establish a Non-Market and Missing Middle Housing Program to Incentivize Development.
3. Increase Process Efficiency by Completing a Development Approval Process Review.
4. Increase Flexibility and Reduce Restrictions through Policy Updates.
5. Reduce Parking Standards.
6. Complete Infrastructure Plans to enable higher density and missing middle developments in areas close to transit and amenities.
7. Make publicly owned lands available for housing.

More information on each of the action plan items can be found in the attachment to this report.

POLICY AND BYLAW IMPLICATIONS

There are many related policy implications and updates required to accelerate housing. A lot of policy work has been undertaken in the past number of years in the District; however, there is a lot of work to do to create modern and forward-looking policies. Many district plans and policies are outdated, including plans for drainage, sewer, roads and development cost charges, and the Official Community Plan (OCP).

If Council should wish to pursue HAF2, an immediate review and update to the OCP would be required in order to meet the timeline for the HAF2 objectives. A comprehensive long-term review of the OCP is already planned to begin and preparations are underway to kick off the project.

A comprehensive OCP update requires extensive community engagement and may take two years or more to complete. The comprehensive OCP review is the primary goal to modernize the approach to housing types and approvals. An example of a more immediate update that will be required in advance of this to meet applicable targets within HAF2 is OCP Amendment Bylaw No. 492-35, 2023 – shifting to a modern floor area ratio density metric.

The OCP is ready for an update – many of the density-based policies currently in the OCP would be better served as regulations in the Zoning Bylaw. Both currently and in the past, this has led to a cumbersome application-by-application OCP amendment process, even for developments proposed in the right location. An updated modern approach will simplify and expedite the process for development approvals.

The OCP is designed to reflect community desires and needs; it is a statement of objectives and policies to guide decisions and land use management. One area where it has missed the mark is on multi-unit buildings, particularly in the Downtown Centre and mixed multi-unit land use designations. Virtually all developments in these designations, where multi-unit developments were envisioned, have required an amendment for density parameters. The OCP then, rather than a statement of objectives and vision, evolves into a regulatory document requiring a new review each time a multi-unit building is constructed within the appropriate designation.

The new Zoning Bylaw 580, 2022, was timely and aligns well with the new provincial housing legislation. Zoning Bylaw 580 was easily amended in 2024 to meet the requirements of small-scale multi-unit housing (SSMUH) and provides a diversity of housing options. To date, it has proven to be effective, and has implemented many regulatory provisions in the Official Community Plan, which has already improved the development application process.

Zoning Bylaw 580 provides density bonus options in the denser zones and complements the Community Amenities and Affordable Housing Policy. An update to the Development Cost Charge Bylaw is underway and this will include an Amenity Cost Contribution bylaw as a complementary bylaw. The Amenity Cost Charges bylaw is set to replace amenity negotiation from the Community Amenities and Affordable Housing Policy. Recent legislation has changed this process with the idea to use a consistent and predictable approach through a bylaw rather than through case-by-case negotiation.

The previous Housing Needs Report was adopted in 2020 and now the updated report is nearing completion. The updated report indicates that to meet the expected housing need a substantial increase in housing supply within the District of Sechelt is needed. This includes a total of 917 units in five years and up to 3,579 units over 20 years, with 181 and 705 rental units over the five- and twenty-year period. This is a significant number of units and an overhaul to the approach to housing approvals will be required to move toward this target.

There are other on-going policy developments that tie together growth in Sechelt and housing opportunities; this includes the Transportation Master Plan, the Sanitary Sewer Master Plan (including sewer modeling), the future Drainage Master Plan, and continually improving asset management planning.

Staff therefore propose that funding from HAF2 can assist in modernizing the suite of bylaws and policies to create a more clear and effective regulatory process. Supporting housing now and charting a new path for the future is the dual purpose of the funding opportunity.

SUSTAINABILITY PLAN IMPLICATIONS

The Integrated Community Sustainability Plan contains several goals for community development and well-being, many of which are applicable to housing and forward-looking policy development. The goals are:

1. Social Sustainability and Community Well Being
2. Economic Sustainability
3. Environmental Sustainability
4. Arts and Culture
5. Planning for Climate Change
6. Sustainable Community Growth and Development
7. Leadership in Sustainability

Providing housing opportunities for residents of Sechelt with a focus on missing middle, rental housing and advanced neighbourhood and infrastructure planning will provide an opportunity for Sechelt to grow and prosper in a sustainable way. This grant is an opportunity to seek significant financial assistance to meet housing goals and targets.

STRATEGIC PLAN IMPLICATIONS

Seeking funding through HAF2 will be an effective tool to support implementation of all six priorities within the 2023-2026 Council strategic plan.

FINANCIAL IMPLICATIONS

The Housing Accelerator Fund program provides up to 100% grant funding over a four-year period with 75% of the funding being guaranteed and the remaining 25% provided if housing targets are met. There can be many reasons why targets may not be achieved, including those beyond the control of the District; however, the targets are based on known housing applications.

Based on the methodology proposed in the CMHC application the financial request could be close to \$12 million. It is not likely that this much will be granted, however the expected number and type of housing units produce a lofty number.

COMMUNICATIONS

Should Council wish to pursue the second intake of the Housing Accelerator Fund, staff recommend that this report, and the Housing Needs Assessment, be forwarded to each community association, the Advisory Planning Commission and the Housing Action Table. Referral comments specifically are not required, but sharing information will be helpful.

If grant funding is approved a more comprehensive communication plan will be implemented and will complement communication efforts for OCP review and related projects.

Respectfully submitted,
Andrew Allen, Director of Planning and Development

Attachments:

1 - Initiatives