

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: July 10, 2023

TO: Mayor and Council

FROM: Anne Berry, Director, Planning & Development Services

SUBJECT: Federal Housing Accelerator Fund Application Requirements and Recommended Process

RECOMMENDATION

THAT Council receive for information the corporate report dated July 10, 2023, from the Director of Planning & Development Services, titled “Federal Housing Accelerator Fund Application Requirements and Recommended Process” for consideration; and

1. Approve the allocation of \$15,000 from the Operating Contingency to retain the services of a consultant to assist in the preparation of an application to the Housing Accelerator Fund; and
 2. Direct staff to prepare an Action Plan for Council approval, with recommendations on seven actions the City could commit to in support of an application to the Housing Accelerator Fund; and
 3. Direct staff to identify which strategic and departmental priorities are recommended to be paused in order to allocate resources to the Housing Accelerator Fund application, and subsequent processes.
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EXECUTIVE SUMMARY

The purpose of this corporate report is to outline the application process and the work required to be completed, should Council wish to pursue an application.

PREVIOUS COUNCIL DIRECTION

No previous Council direction related to the Housing Accelerator Fund.

INTRODUCTION/BACKGROUND

In 2022 the Federal Government announced \$4B would be available to local governments for the provision of housing, in order to encourage improvements to the pace of the development of new housing across the country (the “Fund”). The Fund will run until 2026/2027 and is expected to result in permits being issued for 100,000 more housing units across Canada. It is intended to support initiatives that remove barriers to housing supply, accelerate the growth of supply and support the development of complete, low-carbon and climate-resilient communities which are affordable, inclusive, equitable and diverse. The funds will be administered through the Canada Mortgage and Housing Corporation (CMHC), which has established parameters that Local Governments must meet in order to be eligible to apply for funding.

There are two application streams, one for large/urban municipalities, the other for small/rural/north/indigenous municipalities. White Rock falls into the large/urban category, based on our population (+10,000). The category forms the basis of the requirements for eligibility.

Application Criteria

For the City to apply, under the large/urban category, the following is required:

1. Develop an Action Plan that includes at minimum seven (7) of the prescribed initiatives the Federal Government has established (more on this below).
2. Commit to a housing supply growth target that increases our annual average growth rate by at least 10% and must be at least 1.1%.
3. Complete or update a housing needs assessment report (the City may be exempt from this based on the date we endorsed/completed our current HNA, but staff would need to clarify this with the CMHC).
4. Submit periodic reports to CMHC, based on required data and timelines as established by CMHC. This would be subsequent to being successful in receiving funding and would be ongoing based on a timeline established by the CMHC.

The City would need to prepare an Action Plan as part of its application, which if successful, would form part of the City's agreement with the CMHC, obligating completion of specific actions by the City. There are a number of prescribed actions that the CMHC has set. The City must be able to demonstrate that at least seven of them can be satisfied. Each action must be endorsed by Council prior to receiving grant funding, and ideally prior to applying to the funding program.

The list of Action to choose from follows. Staff comments regarding each Action are noted below in *italics*:

- Promoting high-density development without the need for rezoning (as-of-right zoning), e.g., for housing developments up to 10 stories that are in proximity (within 1.5km) of rapid transit stations and reducing car dependency.

White Rock is not located within 1.5km of a rapid transit station, although parts of the City are located within 1.5k of a Frequent Transit Network (FTN) stop. Clarification is required as to whether proximity to the FTN would meet the objective of this Action. Staff also note that pre-zoning facilitates faster development, but it also eliminates Council's amenity negotiation powers.

- Allowing increased housing density (increased number of units and number of stories) on a single lot including promoting "missing middle" housing forms typically buildings less than 4 stories.

The Urban Neighbourhood and the Mature Neighbourhood Infill Designations support allowing increased density in missing middle housing forms (townhouses, duplexes, etc).

- Encouraging Accessory Dwelling Units—a second smaller unit on the same property as a primary unit.

The City permits suites in most of the Single-Family Residential Zones, subject to certain conditions. Focus could be placed on other forms of Accessory Dwelling Units,

such as expanding where Carriage Homes are permitted, and permitting suites in certain forms of duplexes and townhouses. Zoning Bylaw amendments would be required to expand the current program.

- Enable mixed-use redevelopment of city-owned properties, while where appropriate maintaining the current government use, e.g., building housing on top of a library or office space.

The City is currently exploring opportunities for the Municipal Complex and other municipally owned properties.

- Promoting infill developments (adding new units to existing communities) with increased housing density and a variety of unit types (e.g., duplexes or secondary suites).

Much of the City's single family residential housing is designated for Infill Development within the OCP and is located within the Mature Neighborhood Infill Development Permit Area. Currently City policies limit the number of duplexes permitted along a block frontage to 20%.

- Implementing rental only zoning.

The City has crafted site specific zoning to permit market rental only developments but has not explored Rental Tenure stock zones as of yet.

- Implementing land use changes mandating a minimum number of family units (units with more than two bedrooms) or allowing for office conversions to residential with minimum family unit requirements.

At this time the City has policies within the OCP for certain percentages of 2 and 3 bedroom units within new developments. Office conversions have not yet been considered within the City's policies. The City does not have a significant number of office-only buildings, as older office buildings are typically re-developed into mixed use commercial/residential developments.

- Implementing revised parking requirements such as reduced or eliminated parking spaces for new developments.

The City works to balance the needs of development and its impacts against the limited availability of street parking within the municipality. It is anticipated that as alternative modes of transportation become more available and more popular, parking requirements could be considered for reduction. At this time, ensuring that buildings have an appropriate amount of parking stalls, as opposed to reduced stalls, is seen as a key component to new developments and reductions are currently considered on a case by case basis.

- Implementing disincentives, costing or fee structures to discourage such things as unit vacancy, underdeveloped/ idle land, and low-density forms of housing.

The City of White Rock has a relatively low rental vacancy rate of less than 1% according to the 2021 Housing Needs Assessment. Staff would need to investigate what mechanisms exist as disincentives under applicable Provincial Regulations. It is important to note that White Rock is already located within an area of the province where the provincial speculation tax applies.

- Ensuring that development and amenity charges – fees that cover necessary infrastructure to support new housing and amenities such as libraries and recreation

centres in and adjacent to the communities where development is occurring – are clear, transparent and pre-determined (not subject to negotiation).

The City has established Council Policy 511 (Density Bonus/Amenity Contribution Policy) which sets out amenity contribution parameters. In policy form Council retains the ability to negotiate if necessary and retains the right to waive cash contributions for community amenities if other forms of amenities provided are satisfactory. Further, the City has an established Development Cost Charge bylaw, which is pending review in 2023, per Council Strategic direction.

- Aligning development charges with the costs of infrastructure and servicing.

As noted above, the City's DCC Bylaw is pending review in 2023.

- Implementing incentives, costing or fee structures, for example density bonusing, to encourage such things as affordable housing and conversions from non-residential to residential.

The City's current Official Community Plan provides for an increase in density where a set minimum amount of affordable housing is provided with a proposed development. The City could also consider exploring options for permitted secondary uses accessory to principal residential uses.

- Waiving public hearings on all affordable housing projects that conform to the official community plan.

Staff are currently reviewing the City's procedure bylaw, which could include a recommendation consistent with this particular action.

- Implementing measures to address or prevent flood plain or climate change risk for example making flood plains park land and/or creating relocation programs to move housing units out of at-risk areas.

The City currently has a flood-plain Development Permit Area within the OCP, which is intended to provide protection for sea-level rise. Additionally, the City's Watercourse and Ravines and Significant Trees development permit areas help to address climate change hazards related to landslides and other environmental impacts.

- Incorporating a climate adaptability plan into the Official Community Plan.

The City's Community Climate Action Plan was developed in 2010 and informed the development of the current OCP. Updating this document and incorporating the results into the OCP could be considered.

- Promoting and allowing more housing types that serve vulnerable populations.

This is consistent with the City's Housing Needs Assessment which identified that seniors and families are in need of units.

- Promoting regulated multi-tenanted housing forms (e.g., boarding houses or single room occupancy).

This would require analysis and review as it is not currently identified as an objective within the City's Official Community Plan.

- Implementing inclusionary zoning (the requirement that a developer builds a certain percentage of their units at affordable (below market) prices or rents) in ways that foster development.

This would require OCP policy support and a review related to the City's zoning bylaw requirements. At this time the only inclusionary zoning is typically addressed through project specific Comprehensive Development (CD) Zones, on a case-by-case basis.

- Encouraging alternative forms of housing construction such as modular housing, manufactured housing, and prefabricated housing.

This type of housing is a more affordable alternative to traditional forms of construction. Policies within the OCP would need to be added to encourage more of this form of housing, particularly in the form of multi-family housing. The BC Building code has standards for construction that would be applicable.

- Create a process for the disposal of city-owned land assets for the development of affordable housing as-of-right (not requiring rezoning).

The City does not have a large inventory of lands available for redevelopment. This Action would require an assessment of all City properties to determine which properties might be suitable for zoning and disposition.

- Implementing new/enhanced processes or systems such as case management, e-permitting, land and building modelling.

Council has set a strategic priority to improve the City's permitting processes, which will involve looking for opportunities to implement e-application processes. Staff are also working to develop an application portal to support this strategic priority.

- Implementing changes to decision making such as delegating development approval authority to municipal staff based on established thresholds or parameters.

As noted above, staff are currently reviewing the City's Planning Procedure bylaw for alignment with Bill 26.

- Partnering with non-profit housing providers to preserve and increase the stock of affordable housing.

Increasing the stock of affordable housing within the City is a strategic priority of Council. Council is exploring opportunities to include affordable housing on municipal property, potentially associated with the redevelopment of existing lands. Further, Council has established an Affordable Housing Reserve fund to support this initiative.

- Updating infrastructure planning to align with official community plans, growth targets, and housing needs assessment

This is a best practice for local governments and the City works with Metro Vancouver as well to ensure that future capacity needs are planned for. Water, sewer and drainage master plans are updated on a five year cycle. The City is currently in the process of updating its Water Master Plan.

- Reducing and streamlining urban design and character guidelines, i.e., elimination of height restrictions, visual character requirements, view cones, setbacks, etc.

This Action would involve careful analysis given the geography of the City and historical community values related to views.

In selecting the initiatives, should the City apply, the City must be able to confirm that it has the resources, capacity, expertise and authority needed to implement each initiative. All initiatives selected should be new initiatives that have not yet started. Staff will need to seek clarification

on what “started” means (i.e. strategic direction in the form of a priority, versus Council approval of a bylaw). Each initiative selected by the City must be accompanied by a justification outlining how the initiative will increase housing supply and timelines. Lastly, the application must be accompanied by an attestation from the City’s Chief Financial Officer on the viability of the plan.

If successful in receiving funding, the funds can be applied the following ways:

1. Investment in the Action plans that are approved by CMHC.
2. Investment in the construction, repair/modernization of affordable housing, or land or building acquisition for affordable housing purposes.
3. Investments in housing related infrastructure. This ranges from drinking water to community energy systems, to site preparation, to wastewater and solid waste, public transit, etc. but all must support housing.
4. Investments in community related infrastructure that supports housing. This includes roads and bridges, sidewalks, lighting, bike lanes, firehalls, and landscaping and greenspace.

There is a series of evaluation criteria and an assigned points system that the CMHC will use to assess applications. Ultimately, the CMHC makes recommendations to the Federal Minister of Housing and Diversity and Inclusion for approvals and final funding decisions. It is staff’s understanding that the funds, if awarded, would be issued by advances over the course of 4 years, the first in Fall 2023, with a subsequent reporting period each year. Staff believes the funds are intended to be fully utilized by the 5th reporting period following the 4th advance, so the time frame to complete the actions in the Action Plan is approximately 4 years.

Important Considerations and Next Steps

Important Considerations

1. Staff notes that within the application there is a requirement for the Chief Financial Officer to sign off on the feasibility of the Action Plan as part of the application submission. Because the City is a smaller community the feasibility of the Action Plan will be dependent on the grants being awarded in an amount sufficient enough to fund the staff resourcing that would be necessary to implement the plan. In order to attest to the feasibility the CFO would need to understand the costs of each Action selected by Council and state that the feasibility would largely be dependent on securing grant funding.
2. Staff also needs to better understand if the required housing targets are reasonably achievable given the timeframe and the size of the community, and to understand and identify challenges associated with the targets.
3. Council has set its strategic priorities for this Council term, and staff are developing workplans in alignment with Council’s goals. If successful in the grant application, the endorsement and commitment to an Action Plan has the potential to limit Council’s decision-making abilities. Council’s work plan may be shifted significantly, and the Action Plan required can only be actioned with the hiring of additional staff – these additional positions are not in the currently approved 2023-2027 financial plan. This would likely result in a delay to other strategic priorities, as the work on implementing the Action Plan would not be limited solely to the Planning and Development Services department.

Next Steps

The application intake portal will open in the Summer of 2023, with participants selected in the Summer/Fall 2023. Significant work would be required in order to prepare an application for

submission. It is anticipated that staff would have to commit a significant amount of dedicated time and would also require assistance from a consultant and/or grant writer to complete the application. Even with those supports staff expect that the timelines for current projects and file processing would be negatively impacted, particularly as the Planning division is currently experiencing a staffing shortage.

Should Council wish to pursue an application to the Housing Accelerator Fund other priority work will require pausing until such time as the application is submitted. The department is currently experiencing a staff shortage in the planning division and staff capacity to undertake large projects is extremely limited at this time. The CMHC has not yet advised how long the application portal will be available once it has been activated, nor have they advised of the activation date. Staff anticipate the window will be relatively short, therefore preparation of an application will necessitate an “all hands on deck” approach.

In the event that Council wishes to pursue an application staff will return to Council with a recommended set of Actions per the application guidelines for endorsement prior to submission of the application. Further, should the City’s application prove successful, City and Departmental work priorities and budgets would need to be evaluated for the 2024- 2029 budget, as the work necessary to complete the required Action items within the four-year window will impact other strategic priorities of Council under current staff capacities.

FINANCIAL IMPLICATIONS

At this time, should Council wish to proceed with the preparation of an application for submission, staff recommend seeking the services of a consultant to assist in determination of the Actions and the preparation of an application, prior to submission to the CMHC. Staff anticipates that the necessary consulting services would be in the range of \$15,000 to complete this initial stage of work. These funds could be directed to come from the 2023 Operating Contingency fund.

LEGAL IMPLICATIONS

None at this time, however there are Action Plan obligations should the City be awarded (and accept) funds by the CMHC.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

The Financial Services Department was consulted on the preparation of this corporate report and is required to attest to the financial viability of the proposal as part of the application submission package. Please refer to the Important Considerations section of the staff report for additional details.

ALIGNMENT WITH STRATEGIC PRIORITIES

There are several strategic priorities which align with the submission of an application to the CMHC for funding via the Housing Accelerator Fund:

1. Enable appropriate market housing builds to address inventory shortages and build tax revenue.
2. Increase at and below market rental housing inventory.
3. Improve permit process to reduce wait times.

4. Realize service delivery efficiencies via digital transformation and aligning existing processes with best practices.

OPTIONS / RISKS / ALTERNATIVES

As the preparation and submission of an application will impact current timelines and departmental capacity, and poses possible limitations to Council's strategic priorities and decision making abilities, the following alternative is available for Council's consideration:

That Council:

1. Direct staff to continue to focus on the currently established strategic and departmental priorities without pursuing the Housing Accelerator Fund.

CONCLUSION

This report was intended to provide Council with an overview of the information available regarding the Housing Accelerator Fund application process. Should Council wish to pursue an application staff recommend that the services of a consultant be retained to assist in the development of the application and the required Action Plan, and that Council direct staff to report back on the anticipated strategic priority and departmental capacity impacts.

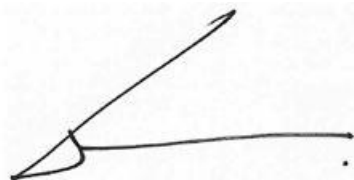
Respectfully submitted,



Anne Berry
Director, Planning & Development Services

Comments from the Chief Administrative Officer

I concur with the recommendations of this corporate report.



Guillermo Ferrero
Chief Administrative Officer