



# ECONOMIC AND FINANCE STANDING POLICY COMMITTEE REPORT

**Title** Housing Accelerator Fund Action Plan

**Meeting Date** November 15, 2023

**Submitted By** Andrew Malcolm, General Manager, CSD

**Presented By** Andrew Malcolm, General Manager, CSD  
Matthew Pitcher, Housing Solutions Coordinator, CSD

## Summary

- Request for Decision from City Council, through the Economic SPC, to approve the Housing Accelerator Fund (HAF) Action Plan Initiatives (Attachment 1) as submitted in the City's application to the Canadian Mortgage and Housing Corporation (CMHC).
- CMHC requires that HAF Action Plans be supported by City Council, prior to the execution of a grant funding agreement, following application approval. The Action Plan, as submitted in the application, must be approved in its entirety in order to meet CMHC requirements.
- The HAF is a new program through CMHC, where \$4 Billion in funding is available to local governments to fast track the creation of 100,000 new homes in the country.
- Applicant Municipalities were required to commit to increased housing growth rates and at least 7 action plan initiatives.
- If approved, funding will be disbursed in 4 equal payments:
  - 25% in 2023 as upfront funding;
  - 25% in 2024, based on progress of initiatives and commitments;
  - 25% in 2025, based on progress of initiatives and commitments; and
  - 25% in 2026, based on initiatives, commitments, and the achievement of housing supply growth targets.
- Administration procured a consultant to complete a Housing Growth Forecast Report (Attachment 2) for years 2023-2026, in order to establish a baseline growth rate in support of the application to the HAF.
  - This baseline forecast was needed as there has been a substantial decrease in the number of building permits issued in recent years, which would not have been accounted for in the standard forecast approach.
- A multi-departmental approach was utilized in the development of the Action Plan Initiatives. Following the process, the initiatives included:
  1. Secondary Suite Incentivization
  2. City Led Development Densification
  3. Residential Infill Fund & City Led Infill Development
  4. Mature Residential Neighbourhood Infrastructure Planning

5. Reducing Social Barriers- Land Use Bylaw Amendment & Affordable/Social Housing Toolkit
  6. Reducing Market Housing Barriers- Land Use Bylaw Renewal
  7. Residential Corner Lot Catalyst
  8. Residential Infill Red Tape Reduction
- As the application has not yet been approved by CMHC, the possibility exists that CMHC may request amendments to initiatives included in the City's Action Plan. If that were to occur, Administration would return to Economic SPC and City Council to solicit approval of amendments to the Action Plan. Based on the experiences of municipalities in the first round of approvals (Growth Centers), there is a reasonable expectation this will occur.]

### **Recommendation(s)**

THAT the Economic SPC recommend:

1. That City Council approve the Housing Accelerator Fund Action Plan as presented, conditional to approval of the City's Housing Accelerator Fund application from CMHC;
2. If approved by CMHC, that City Manager and City Clerk be delegated the authority to, at their discretion, sign the grant funding agreement and include any funding allocated through the agreement into the City's financial portfolio;
3. That City Council direct Administration to return to Economic SPC for approval should any amendments to the Housing Accelerator Fund Action Plan be required by CMHC; and
4. That City Council direct Administration to report back to City Council on the status of Housing Accelerator Fund Initiatives, through Economic and Finance SPC, on an annual basis.

### **Financial**

- Based on the medium growth scenario from the Housing Growth Forecast Report (Attachment 2), and a Council Approved HAF growth commitment increase of 15% (as required by CMHC), Administration estimates that the City could receive \$6,252,250 of HAF funding if successful.
- Proposed initiatives in the action plan represent an estimated total cost of \$3,051,000. The balance of the funding (\$3,201,250) would be to invest directly in affordable housing, or housing/community related infrastructure, providing a critical opportunity to fund needed capital projects throughout the City to accommodate increased densities and housing growth.
- As a part of a previous resolution (Link 2) where City Council directed Administration to apply for the HAF program, City Council committed the allocation of \$1,500,000 from the funding held in reserve as matching funds for future projects from the 2022-2031 Capital Improvement Program as a backstop to manage risk if the City is unable to meet the requirements of the Action Plan.

<b>Initiative</b>	<b>Costs</b>	<b>Units Created Within Program Period</b>
1. Secondary Suite Incentivization	\$420,000	22
2. City Led Development Densification	\$50,000	27
3. Residential Infill Fund and City led Infill Development	\$1,000,000	30
4. Mature Residential Neighbourhood Infrastructure Planning	\$300,000	15
5. Reducing Social Housing Barriers- Land Use Bylaw Amendment & Affordable/Social Housing Toolkit	\$276,000	30
6. Reducing Market Housing Barriers- Land Use Bylaw Renewal	\$430,000	5
7. Residential Corner Lot Catalyst	\$275,000	33
8. Residential Infill Red Tape Reduction	\$300,000	25
<b>Total</b>	<b>\$3,051,000</b>	<b>187</b>

### **Background and Prior Decisions**

- May 2019 (Link 1)- City Council approves the Municipal Housing Strategy
- May 2023 (Link 2)- Lethbridge City Council directs Administration to apply for the Housing Accelerator Fund.

### **Engagement**

- Prior to moving forward with application to the HAF, Administration engaged with City Council to solicit feedback and approval to apply for the program. This included an overview of initiative categories to be explored and/or applied for, commitment of the growth rate increase above base growth rates, and allocation of backstop funding should the City not meet initiative, commitment, or growth rate goals.
- Development of the City's HAF application was an organization wide effort. The initiatives contained within Attachment 1 were developed through extensive workshops and brainstorming sessions held with the Executive Leadership Team, key internal departments, external stakeholders, and members from CMHC's Municipal Relations department.
- Internal departments that collaborated on the development of the initiatives included Legal Services, Planning & Design, Finance and Treasury Services, Opportunity Lethbridge, Community Social Development, Waste and Recycling, Infrastructure Services & Parks.
- If the action plan is approved by City Council and by CMHC as submitted and/or as amended, the administration will still be required to follow all established processes including public hearings for any related land use bylaw amendments.

## Recommendation and Option(s) Analysis

- **City Council may approve the HAF Action Plan as presented**
  - a. This option allows Administration to begin work on action items immediately following approval of the application and execution of the grant funding agreement with CMHC.
  - b. This option permits Administration to return to City Council with amendments to the Action Plan, should they be requested by CMHC.
  - c. This option affords the highest likelihood that the City would be able to meet timelines, as identified in the submitted application and Action Plan.
  
- **City Council may reject the HAF Action Plan as presented**
  - a. If this option is selected, the City's application to the HAF program will be withdrawn by Administration as Council approval of the action plan is required in order to execute a HAF grant agreement.
  - b. This option would result in the City being excluded from the HAF program.
  - c. This option would not commit the City to any initiatives included in the HAF Action Plan as presented.
  - d. Funding for the initiatives and other investments would not be made available to the City by CMHC.
  
- **City Council may defer the decision until CMHC has approved and/or provided potential amendment to the Action Plan**
  - a. This option would permit CMHC to review and approve, or review and amend the Action Plan Initiatives prior to review and approval by City Council
  - b. This option presents a higher risk of delayed timelines to initiatives included in the application, which could result in decreased funding if not met. The financial risk presented as a result is not known at this time and would be determined by CMHC report reviews after Year 1 of the grant.

## Attachment(s)

1. Housing Accelerator Fund Action Plan Initiatives Summary
2. Housing Growth Forecast Report

## Link(s)

1. [Municipal Housing Strategy](#)
2. [City Council Meeting Minutes- May 2023](#)

<b>Approvals</b>
<b>Department Director:</b> Carly Kleisinger
<b>City Manager:</b> Lloyd Brierley