



REQUEST FOR DECISION

MEETING DATE: September 9, 2024

TITLE: Housing Accelerator Fund - Round Two

DIVISION: Sustainable Growth and Development Services

SUMMARY:

The City of Spruce Grove applied for the Housing Accelerator Fund in the first round of application intake, but unfortunately, was unsuccessful.

The application intake for the second round of the Housing Accelerator Fund (HAF2) opened July 8, 2024, and closes September 13, 2024. It is only open to those municipalities who applied and were not successful in the initial funding stream.

Administration is recommending to Council that the organization not make application under HAF2.

PROPOSED MOTION:

THAT Council support Administration's recommendation to forego making application under the second round of Housing Accelerator Funding (HAF2).

BACKGROUND/ANALYSIS:

In March of 2023, the Canada Mortgage and Housing Corporation (CMHC) announced the Housing Accelerator Fund (HAF). This program allocates \$4 billion until 2026 - 2027 to incentivize local authorities to develop and implement initiatives that create more supply of housing at an accelerated pace and enhance certainty in the approvals during the building process, while also supporting the following objectives:

- Development of complete and walkable communities;
- Development of affordable housing; and
- Development of low-carbon and climate-resilient communities.

In the first round of HAF, ten Alberta municipalities were successful HAF recipients (Edmonton, Calgary, Airdrie, Banff, Smoky Lake, Sylvan Lake, Stony Plain, Westlock, Bow Island, and Duchess).

In July 2024, CMHC announced the second round of available funding (HAF2), closing on September 13, 2024, with \$400 million in funding available to municipalities that were not successful in the first round of HAF. See Attachment 1 for comparison of HAF and HAF2 requirements.

To be eligible for the second round of funding, municipalities need to meet the following additional requirements:

- In round two, ten Housing Accelerator Fund best practices were outlined and municipalities in the large / urban stream are required to submit a minimum of seven initiatives that align with these best practices. The best practices focus on advancing initiatives that end exclusionary zoning, reduce/eliminate parking standards, make municipally owned land available for housing, prioritize development of rental and affordable housing, as well as provide incentives to enable greater innovation, efficiency, flexibility, density, and affordability in housing development.
- A mandatory requirement for municipalities in the large / urban stream is that one of the initiatives must commit to implementing four units per residential lot as-of-right to support infill development in low-density neighbourhoods' municipality-wide.

As-of-right zoning improves predictability and shortens approvals timelines by removing the need for rezoning applications. To be eligible for the second round of funding, the City must agree to adopt blanket zoning in residential districts to build four units, as-of-right on any given residential lot within the City. While this would not void any planning process, the only valid restriction to implementing four units as-of-right would be restriction is physical size of the lot, with all City neighbourhoods subject to this requirement. The City's Land Use Bylaw currently does not allow for this requirement and extensive work would be required to meet this criterion.

Throughout the summer staff have attended webinars and meetings with CMHC to better understand the application requirements, as many jurisdictions are struggling with the four units as-of-right requirement under the HAF2 framework. As this is largest challenge under the HAF2 requirements, it was important that Administration understand the full risk of making a meaningful application.

While Administration determined the City has a compelling, potential application, the risk of forfeiting monies remains. If a municipality makes a successful application but does not fulfil the obligatory as-of-right planning requirement, CMHC will require all funding to be forfeited or repaid. Administration believes, through the planning processes, this poses the greatest risk.

The City cannot assume a meaningful planning process will yield an approval of four units as-of-right across all residential districts.

A comprehensive update to the Land Use Bylaw is planned for 2026. Initiatives that would align with the 10 HAF Best Practices would impact the LUB update work and doing this work preemptively is not recommended.

Administration also recommends that strategic direction from the Housing Strategy be in place first before considering initiatives that could align to the 10 HAF Best Practices.

For these reasons Administration recommend foregoing application to HAF2.

OPTIONS / ALTERNATIVES:

Council could direct Administration to submit an application to HAF2 in good faith, including an initiative that commits the City to study and implement the four units as-of-right requirement, with the optimism of not having to repay or forfeit any awarded monies.

CONSULTATION / ENGAGEMENT:

n/a

IMPLEMENTATION / COMMUNICATION:

n/a

IMPACTS:

n/a

FINANCIAL IMPLICATIONS:

n/a