Special Council
Item: #6.2.1
Date: August 15, 2023
Authorization: T. MacEwan

Municipality of the District of Lunenburg

Request for Decision

Report to: **Council**

Submitted by: **Jeff Merrill, MCIP, LPP, Director of Planning & Development Services**

Date: **August 15, 2023**

Re: **CMHC Housing Accelerator Fund**

Recommendation

It is recommended that Council for the Municipality of the District of Lunenburg:

1. Direct staff to submit a Housing Accelerator Fund Action Plan that includes the initiatives as generally outlined in Attachment A, of the August 15, 2023, report titled "CMHC Housing Accelerator Fund, along with all additional required documentation to the Canada Mortgage and Housing Corporation as the Municipality's application under the Housing Accelerator Fund program; and

2. Authorize staff to enter into any contribution agreements or amending agreements that may be required should the Municipality be approved for funding under the program.

Discussion

The Housing Accelerator Fund (HAF) is a new federal program administered by the Canada Mortgage and Housing Corporation (CMHC) that will provide up to $4 billion in funding directly to local authorities with the goal to incentivize and support communities to build more homes faster; speed up approvals and building processes; and tackle wider goals of developing communities which are complete; affordable, inclusive, equitable and diverse; and climate-resilient. The program will run from the summer of 2023 until 2026, and targets 100,000 net-new permits being issued for housing units across Canada.

To participate, municipalities are required to develop a HAF Action Plan as the basis of their application. The Action Plan must set out a housing supply growth target as well as specific initiatives that the municipality will undertake to meet the growth target. Growth is measured

by the number of building permits issued for new units. In setting a growth target, municipalities are required to calculate their baseline growth for net-new permits based on historical data and then commit to accelerating this baseline growth by a minimum of 10 per cent over the next three years. The HAF Action Plan must identify a minimum of seven initiatives that will be undertaken to meet this growth target. All initiatives selected must be implemented and completed within two years of the start of the HAF program.

The HAF is distinctive from other federal intergovernmental funding programs in that, rather than underwriting or cost-sharing specific projects, it provides incentive funding directly to municipalities for committing to a growth target and undertaking the supporting initiatives. Once HAF funding is received, municipalities are free to choose how the funds are utilized, so long as it conforms with a broad range of permitted uses prescribed under the HAF program. This can include funding the initiatives committed to under the Action Plan, or broader capital investments in housing infrastructure and community-related infrastructure that supports housing. HAF funding must be spent within the four years of the program. The funding is stackable with most other federal funding and can also be used to displace municipal funds already committed in the budget.

A framework will be used to determine the amount of incentive funding per successful applicant. There are three components of the framework: (1) base funding, (2) top-up funding and (3) an affordable housing bonus. Committed targets would be included in the action plan and reflected in the contribution agreement.

1) Base funding is designed to incent all types of supply across the housing spectrum. The per unit amount ($20,000) will be multiplied by the number of HAF incented units.

2) Top-up funding is designed to incent certain types of housing supply. Top-up funding will depend on the type of housing and the associated projected increase in the number of permitted units. There is no top-up funding available for single detached homes. The value ascribed to each category will be multiplied by the associated projected increase in the number of permitted units.

   Top-up categories and amounts
   - Multi-unit housing – Rapid Transit ($15,000)
   - Multi-unit housing – Missing Middle ($12,000)
   - Multi-unit housing – Other ($7,000)

3) Affordable housing bonus is designed to reward an applicant that can increase its share of affordable housing units relative to the total projected permitted units with the support afforded by the HAF. The percentage growth will be multiplied by the ascribed value ($15,000) and then by the total projected permitted units with the support afforded by the HAF.

As part of the HAF application, communities are required to:

- Develop a housing needs assessment;
- Develop an action plan which details a minimum of seven initiatives to increase and accelerate housing supply;
- Commit to a housing growth target;
- Commit to preparing an updated housing needs assessment report (must be completed in 2025);
- Commit to annual reporting on growth numbers, progress on initiatives, and how HAF funding has been utilized.

The province prepared a Housing Needs Assessment for MODL which was received as an embargoed copy in late July. Our Housing Needs Assessment identifies the current and future housing needs and identifies the existing and projected gaps in housing supply in MODL. MODL has permission to submit the document in support of our HAF application however the province has told staff that we are not able to discuss the contents of the report in public session. Where the document is still embargoed staff have not included any of the data in this report.

Staff from across all MODL departments with assistance from our consultant prepared a Housing Action Plan that meets the requirements of the HAF program application. The action plan includes our housing growth target, and the initiatives MODL will undertake to accelerate housing development. The initiatives in the housing action plan were strategically selected to best respond to the specific requirements of the HAF program. The initiatives are outlined in Attachment "A". The growth target in the table below is heavily influenced by the number of units expected to be built if MODL expands the supporting infrastructure in Osprey Village.

The table below shows the total number of housing units projected to receive building permits over three years without and with the HAF.

Total number of housing units projected to receive building permit over three years			
Housing Type	**Without HAF**	**With HAF**	**Net change (units)**
Single	372	96	**(276)**
MU - Rapid Transit	-	-	**-**
MU - Missing Middle	51	977	**926**
MU - Other	30	13	**(17)**
Total	**453**	**1,086**	**633**

Without the HAF MODL is projecting no building permits for affordable housing units will be applied for.

Percentage of affordable units projected to be permitted			
	Without HAF	**With HAF**	**Net change (%)**
Number of Affordable Units	-	326	
Percentage of affordable units projected to be permitted	**0.00%**	**30.00%**	**30.00%**

Budget implications

If MODL's HAF application is approved by CMHC MODL would receive a total of **$29,962,200.00** in funding.

HAF Funding Eligibility Calculation			
Base funding			
	Net Units	**$/unit**	**$**
Base funding	**633**	**$ 20,000**	**$ 12,660,000**

Top up funding			
Housing Type	**Net Units**	**$/unit**	**$**
Single	(276)	-	**$ -**
MU - Rapid Transit	-	$ 15,000	**$ -**
MU - Missing Middle	926	$ 12,000	**$ 11,112,000**
MU - Other	(17)	$ 7,000	**$ -**
Total	**633**		**$ 11,112,000**

Affordable housing bonus			
	Net unit share change	**$/unit**	**$**
Affordable Units	**326**	**$ 19,000**	**6,190,200**

Total Estimated HAF Funding - $	**$ 29,962,200.00**
Total Funding - $/unit	**$ 47,333.65**

Strategic plan

HAF program is aligned with all four of Council strategic priorities for the 2023-2025 time period, being Osprey Village Growth Centre, Re-Create! Parks, Climate Change Action Plan, and MODL2040 Municipal Planning Strategy. The HAF program presents an opportunity for the MODL to receive sizeable federal funding that can be put towards a broad range of municipal projects that support Council's strategic priorities.

Alternatives

Do not proceed with HAF application. Work projects will continue as budgeted in the 2023-2024 fiscal year without the HAF funding.

Conclusion

The HAF program presents a unique opportunity for MODL to receive significant funding. If HAF funding is received, Council would have control over how the funds are utilized, so long as it conforms with a broad range of permitted uses prescribed under the HAF program. This can include funding the initiatives committed to under the Housing Action Plan, and/or broader capital investments in housing infrastructure and community-related infrastructure that supports housing. There is only one application window in 2023 with a quick deadline to apply. HAF Applications are due August 18, 2023.

Report Preparation	
Department	Planning & Development Services
Report Prepared by	Jeff Merrill, MCIP, LPP, Director
Report Approved by	
Date Reviewed by C.A.O.	

Attachment A

MODL Initiatives for the CMHC Housing Accelerator Fund Application

Initiative 1: Regional Building Services Initiative
The main goal of this initiative is to address the challenge of attracting, recruiting, and retaining building and fire inspection resources. The lack of available inspection resources has been causing delays and barriers in the permitting system, which affects the timely approval of new housing developments. This issue is considered an ongoing challenge of many rural municipalities in Nova Scotia. To address the issue, MODL will join forces with the Town of Bridgewater, Region of Queens and the Town of Lunenburg, to establish a regional service delivery model. Additionally, the regional service would hire an inspections services coordinator to train administrative frontline staff, establish consistent processes and enforcement policies across partner jurisdictions. The objectives are to ensure the sustainability of inspection services, create consistency for those wishing to develop, speed up the process of issuing permits and ensure timely approvals for new projects.
Milestones:

1) Shared Services Agreement for Regional Building Services
2) Hiring of Inspections Services Coordinator
3) Regional Inspection and Service Level Coordination

Initiative 2: Introduce an E-Permitting and Payment System
The initiative aims to modernize the current development and permit application process by introducing an e-permitting/payment system. This will replace the existing manual system where developers submit payments and documentation in hard copy. The goal is to streamline the permit approval process, identify opportunities for efficiency gains, and reduce the timelines for processing and approving new developments. By fast-tracking priority projects and implementing software improvements, the initiative seeks to create more housing supply at an accelerated pace. The funding received will be utilized to undertake a modernization project, including staff training and digital permitting, allowing developers to submit all permits, documentation, and payments online via a permitting portal. Overall, the initiative aims to shorten development timelines and improve the overall experience for developers while encouraging housing development in the region.
Milestones:

1) Assess current development and approvals process
2) Procure e-permitting platform
3) Implementation of E-Permitting and Payment System

Initiative 3: Exit 12/Osprey Village Enhancement Plan and Implementation

The main objective of the Exit 12 / Osprey Village Enhancement Plan is to create a vibrant and connected community by addressing housing needs, promoting equitable access to housing, and enhancing the area's design and infrastructure. The plan will focus on connecting the development area to the existing community through improved transportation and trails while also incorporating beautification and open space planning. It aims to prioritize the creation of a diverse range of housing types, particularly missing middle and affordable housing opportunities, to meet the area's key growth needs. By developing a comprehensive and dynamic enhancement plan, the initiative will guide both short and long-term growth while aligning with sustainability goals and promoting complete communities. It seeks to ensure that housing opportunities are accessible to all members of the community and identify and prioritize design and infrastructure needs for the area's development. The immediate outcomes include fast-tracking development permits for initiatives that align with the identified priorities, facilitating the implementation of projects contributing to the plan's overall vision.

Milestones:

1) Site Opportunities and Constraints Analysis
2) Conceptual Site Plan
3) Infrastructure Servicing Strategy and Cost Estimates
4) Community Engagements
5) Develop the Exit 12/Osprey Village Enhancement Plan

Initiative 4: Regional Growth Strategy

Availability of land and infrastructure represents a significant barrier to the development of new forms of housing, particularly missing middle, and affordable housing. The main goal of this initiative is to address the barrier posed by the availability of land and infrastructure for the development of new forms of housing, especially missing middle and affordable rental housing. The Municipality of the District of Lunenburg aims to develop a comprehensive Regional Growth Strategy that identifies and assesses suitable lands across MODL that can accommodate a diverse range of housing types, including purpose-built rental housing, affordable housing, and missing middle housing while prioritizing equity and climate goals. HAF funding will support the advancement of development and infrastructure plans, enabling new housing construction within this decade. The initiative will inform decision-making for future growth and development through infrastructure planning and land capacity reviews for priority infill growth areas and new regional growth centers, as well as exploring partnerships with other institutions for potential sites that support the development of long-term priority housing forms.

Milestones:

1) Data Collection and Analysis
2) Community Engagement
3) Visioning and Goal Setting
4) Land Use, Infrastructure, and Transportation Strategy
5) Policy and Regulatory Recommendations

6) Final Report and Implementation

Initiative 5: Accessory Dwelling Unit (ADU) Incentive Program and Strategy

Developing an ADU incentive program presents a key opportunity for MODL, amidst a limited supply and limited infrastructure, to increase housing units, particularly ones that are smaller studio, one- and two-bedroom units. Through the development of a program of reduced or waived fees, grants, and pre-approved plans, alongside a community engagement and public communications strategy to promote uptake of ADUs and infrastructure and amenity investment program. The communications campaign will be directed at homeowners and small-scale developer-builders to highlight incentives and opportunities related to ADUs and a process overview. Amenity investment will focus new parks, recreation facilities and linkages in neighbourhoods supporting gentle density.

Milestones:

1) Feasibility and Policy Analysis
2) Community Engagement
3) Policy Design and Implementation
4) Public Communications and Awareness Campaign

Initiative 6: Affordable Housing Strategy

Identifying land that is available and suitable for affordable housing can be a challenge in rural areas, and acquisition of land is a major barrier for non-profits and affordable housing service providers. This initiative will develop a strategy to guide opportunistic land acquisitions and dispositions that can support affordable housing, prioritize properties conducive to development, and create incentives for affordable housing development. MODL will establish criteria to guide strategic land acquisition, disposition, partnerships and derive policy to prioritize servicing improvements needed to facilitate future affordable housing development (and lands for other public benefit). The strategy will identify priority sites for affordable housing that can be developed immediately, with 1-2 sites permitted within 3 years, including funding for land acquisition for affordable housing.

Milestones:

1) Municipal Land Assessment
2) Partnership Framework
3) Land Acquisition Strategy and Implementation
4) Permitting of One to Two Affordable Housing Sites

Initiative 7: Acceleration of MODL 2040 Land Use Planning Regulations

HAF funding support will allow for an acceleration of the ongoing MODL 2040 land use regulation project. MODL 2040, which was started in 2020, is a multi-year project aimed at bringing in modern, progressive and efficient land use regulations to the entire region. Currently, only 12% of MODL is zoned, and even in these areas, the policies and regulations do not reflect modern approaches to land use, housing and climate change.

Due to several ongoing challenges such as the Covid-19 pandemic and staffing challenges, the project has faced several delays and will not be completed until the end of 2026. In the meantime, MODL faces development pressures in areas that are at risk of rising sea levels, flood risk, environmental damage and in forms that aren't contributing to complete and climate-resilient communities. Completing the work sooner would change development patterns sooner and result in better types of development within areas that are suitable and more sustainable for the future.

Additional funds through this initiative would allow MODL to hire a consulting firm to complete the remainder of the work and the municipality to implement the new policies and regulations within the first quarter of 2025.

Milestones:

1) Coastal Protection Regulations
2) Policy Workshops and Background Research
3) Public Engagement
4) Draft Documents
5) Final Municipal Planning Strategy and Land Use By-law

Initiative 8: Developer Incentives Program

MODL is committed to fostering community development and attracting investments through the implementation of a robust Developer Incentives Program. By offering an array of benefits and advantages, this program aims to entice developers to invest in the community. Additionally, MODL will actively promote the Developer Incentives Program to developers, showcasing its potential to mitigate risks, maximize benefits, and establish MODL as an attractive and welcoming destination for development projects.

Milestones:

1) Feasibility and Policy Analysis
2) Developer Engagement
3) Policy Design and Implementation
4) Develop Promotional and Educational Materials