

DATE: 2023-09-18**MEETING: REGULAR COUNCIL****DEPARTMENT: PLANNING AND DEVELOPMENT
SERVICES/COMMUNITY DEVELOPMENT****REPORT AUTHOR: LEAH PRESTAYKO, MELANIE
FRIESEN, BRYANA RINTOUL, AMANDA YOUNG****HOUSING ACCELERATOR FUND APPLICATION****EXECUTIVE SUMMARY:**

The Housing Accelerator Fund (HAF) is a new \$4 billion Federal funding program administered by Canadian Mortgage and Housing Corporation (CMHC) for municipalities to incentivize the implementation of local initiatives that remove barriers and accelerate the growth of housing supply. The HAF Municipal Relations staff initiated discussions with Administration on May 9, 2023, the application portal was launched on July 4, 2023 and the deadline to apply was August 18, 2023. Administration submitted an application for HAF on August 17, 2023.

STRATEGIC ALIGNMENT:**INNOVATION****ECONOMIC EVOLUTION****SERVICE ORIENTATION****PARTNERSHIPS & GOVERNANCE****COMMUNITY WELLNESS****RESILIENCY & SUSTAINABILITY****RECOMMENDATION:**

It is recommended through the Administrative Committee and the Development and Infrastructure Committee that Council provide a resolution in support of the City of Medicine Hat's Housing Accelerator Fund application, including proposed action plan initiatives.

PREVIOUS COUNCIL MOTIONS / DIRECTIONS:

None.

BACKGROUND / ANALYSIS:

The Medicine Hat Housing Strategy Final Report dated December 2020 undertaken on behalf of the Medicine Hat Community Housing Society identifies several key housing gaps including a need for more community housing units for households with low incomes as demonstrated by the number of people on the waitlist for community housing and those who are spending too much on housing costs. The report also concluded there is a need to ensure the current trend toward diversification of the housing stock is maintained and that the right type of dwellings based on the current and emerging needs are built.

The Housing Accelerator Fund (HAF) is intended to drive transformational change and create the conditions for more housing supply over the short and longer term. The HAF is intended to incent applicants to commit to change, show progress through increased housing supply, and be provided with funding in return.

HAF is not meant to directly underwrite specific housing projects or reimburse proponents for specific costs incurred. Rather, HAF funding can be used in support of housing under any of the following four categories:

1. Investments in Housing Accelerator Fund Action Plans
2. Investments in Affordable Housing
3. Investments in Housing-related Infrastructure
4. Investments in Community-related Infrastructure that supports Housing

To be eligible for the funding, applicants must:

- develop an Action Plan with a minimum of seven initiatives to outline supply growth targets and specific initiatives to grow housing supply and expedite housing approvals
- commit to a housing supply growth target that increases the average annual rate of growth by at least 10% and the growth rate must also exceed 1.1%
- complete or update a housing needs assessment report (unless one has been completed recently)

The HAF does not require matching funding and is directly related to the number of HAF-incented (incremental) permitted units resulting from the implementation of the action plan. The amount of funding eligible per successful applicant is determined by a funding framework consisting of base funding, top-up funding, and an affordable housing bonus. It is expected City of Medicine Hat could be eligible for \$5M to \$13.1M in HAF funding.

The initiatives staff included in the application are:

1. Establish an Urban Villages and Corridors zoning that allows for Mixed-Use & Higher Density Developments.
2. Establish a critical mass in the city center through zoning changes.
3. Implement a strategy through zoning that allows for increased sensitive intensification (missing middle – multiple unit housing which is compatible in scale to single family or transitional neighbourhoods).
4. Enhance customer support and streamlining of permitting and application processes.
5. Reduce permit and rezoning costs with pre-approved designs for missing middle housing.
6. Establish a land acquisition and de-risking strategy to promote intensification of underutilized and vacant sites.
7. Review and refine the current City of Medicine Hat housing incentives.
8. Develop a strategic approach to development opportunities.
9. Development of a Framework to collaborate with non-profit housing providers and developers to create housing types that serve vulnerable populations.

The intended uses of the HAF funding include:

- Servicing of development sites
- Land acquisition and de-risking (rezoning, demolition, environmental remediation, servicing, subdivision/lot consolidation) lots for redevelopment

- Pre-approved designs for missing middle housing

INTERNAL AND EXTERNAL ENGAGEMENT CONSIDERATIONS:

The HAF application was a joint effort between Planning and Development Services, Community Development, and Finance (Grant Specialist). Several meetings were held with the grant administrators (CMHC). Sign off from the City’s Chief Financial Officer (Dennis Egert) was required and received prior to application submission.

POTENTIAL RISKS / IMPACTS:

Financial:

Funding Request:	No	If yes, amount: \$Click to enter text.
Budgeted Item:	No	Funding Source: Choose if Applicable
Funding Explanation:	Internal resources were used to complete the HAF application.	
Budget Amendment Form?	No	

Many of the initiatives identified align with the Municipal Development Plan with work on some already underway. Initiatives are largely administrative in nature and can be completed within operating budgets, including policy updates, strategy development and engagement processes. Initiatives that require budget, such as consulting fees, grants and incentives, technology and land acquisition/preparation can be funded with HAF funding.

Health, Safety and Environmental:

All health, safety and environmental considerations with regard to development within the City are assessed as part of the standard application/review processes for a Development Permit. Having a wide range of housing types that can accommodate the unique needs of individuals and families promotes individual and community health and well-being.

Legal / Legislative / Policy:

The Municipal Development Plan is used to guide Policy and assist in the decision-making process.

The Land Use Bylaw, required under the Municipal Government Act, sets out the regulations for land use within our community, establishes land use districts and the allowed uses within each district. Various other bylaws regulate levies, property tax, tax incentives and other matters. Policies and procedures are in place to manage land acquisition, land sales, aging infrastructure and other matters.

PUBLIC PARTICIPATION REQUIRED FOR IMPLEMENTATION:

The public expects the City’s growth and development to be well managed, coordinated and incentivized to meet the needs of the community. Taxpayers expect the municipality will prudently manage resources and assets and seek out available funding from other levels of government to benefit Medicine Hat.

No public participation is required at the grant application phase of HAF, but some of the proposed initiatives include consultation with one or more stakeholder groups. Please see the attached summary of the proposed initiatives.

INFORM <input checked="" type="checkbox"/>	CONSULT <input type="checkbox"/>	INVOLVE <input type="checkbox"/>	COLLABORATE <input type="checkbox"/>	EMPOWER <input type="checkbox"/>
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ALTERNATIVE OPTIONS / PROS AND CONS:

Amend the proposed Action Plan initiatives. **Cons:** The initiatives were selected based on historic and forecasted data as well as consultations with CMHC.

Withdraw the HAF application. **Cons:** The municipality is likely to miss out on Federal funding covering a broad range of municipal projects.

IMPLEMENTATION PLAN:

- Administration prepares HAF application including Action Plan key initiatives and submits it to CMHC by August 18, 2023 deadline (completed).
- CMHC evaluates and prioritizes application, advises applicants on the status of their application (all HAF participants are selected Summer/Fall 2023).
- If approved, CMHC confirms the total amount of funding available to incent new housing supply, expectations on progress reports, and the planned schedule of payments.
- Council approval (or equivalent) of the action plan is required before the proponent enters into the contribution agreement.
- If approved, the proponent signs the contribution agreement.
- The action plan will form part of the contribution agreement between CMHC and the proponent.
- First advances processed Summer/Fall 2023, fourth and final advances processed Summer/Fall 2026.
- Fifth reporting period is the fourth anniversary of the agreement, final use of funds report due within 90 days. All HAF funds must be used prior to and in support of the last reporting period.

REVIEWED BY & DATE:	Amanda Young, RPP, MCIP City Planner and Director of Development Services	2023-08-18
APPROVED BY & DATE:	Pat Bohan Managing Director of Development and Infrastructure	2023-08-18
ATTACHMENTS:	1: Action Plan Initiative Descriptions 2: Resolution	

Initiative No.1 | Establish an Urban Villages and Corridors zoning district that allows for Mixed-Use & Higher Density Developments.

Description

The purpose of establishing an Urban Villages and Corridors District is to encourage higher density residential and mixed-use developments outside of the Downtown. This zoning recognizes the redevelopment potential and highest and best use for vacant and underutilized sites in proximity to desirable anchors for development in strategic locations such as, the Medicine Hat Mall, Medicine Hat Regional Hospital, Regional Recreation centres, large format retail centres, along the South Saskatchewan River, and other major urban transportation corridors. The intent of this district will be to support opportunities for urban intensification in a manner that creates major hubs of residential, mixed-use, commercial, institutional, and recreational uses within a compact urban village context. This major update in zoning will also align with a recent Land Use Bylaw amendment that was approved on April 4, 2023, that removed all parking minimums and leaves parking requirements to the Discretion of the Development Authority, which promotes and supports development in established areas. By enabling higher density developments, developers can maximize the housing units on a given parcel of land, which increases the financial feasibility of the development, significantly expands the city’s housing stock, and provides assessment base for higher levels of services. Furthermore, it allows the City to respond to the housing needs in a sustainable manner by utilizing existing infrastructure instead of contributing to further urban sprawl and infrastructure maintenance. Overall, this zoning will contribute to creating inclusive and desirable urban neighbourhoods that offer a range of housing options to meet the needs of the City’s residents. This zoning initiative is in alignment with our recently adopted Municipal Development Plan.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
135	30%

Incented Units (10 yrs)

Total Units
405

Initiative Type

Milestones

Activity	Timeframe
Final Draft Land Use Bylaw (LUB)	February 2024
Final Public Engagement	April 2024
Council approval of new LUB	June 2024

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	\$0

Initiative No.2 | Establishing a critical mass of residential development in the city center through zoning changes.

Description

An update to the Land Use Bylaw will include a new Urban Core District. The purpose of the district will be to encourage high-density intensification and highest and best use to add critical mass to the City Centre (I.e. Downtown and Downtown fringe). It will support redevelopment of vacant and underutilized land and provide high-quality urban living opportunities within the urban core. The urban core will allow for all housing types as well as an extensive list of compatible and complimentary uses, such as commercial, institutional, entertainment, cultural and social service uses. By allowing for a more dense and diverse range of housing types, this maximizes land use efficiency of the small downtown footprint and creates housing opportunities to accommodate everyone’s needs and preferences while ensuring access to services and amenities. This initiative will contribute to an increase in the housing stock by promoting higher density, revitalizing underutilized spaces, diversifying housing types, and providing access to services and amenities. Current limitations of the zoning regulations only allow for low to mid rise forms of development (maximum six storeys). This is highly prohibitive as the existing value in developments (two to three storeys) and the limited land values would discourage a full redevelopment of a site. This initiative will be a collaboration with Initiative 10 as this zoning will allow for uses that support vulnerable populations, including Community Shelter, Community Housing, and Supportive Living – limited, minor, and major. The City can direct non-profit housing providers and developers to this location if there are lands available for development, which would directly correlate with initiative No.6 where the City may own or can acquire lands within this District and prepare them for development or Initiative No.8 in that, the City can ensure we are prepared to direct development to areas with existing services.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
150	33%

Incented Units (10 yrs)

Total Units
450

Initiative Type

▪

Milestones

Activity	Timeframe
Final Draft Land Use Bylaw (LUB)	February 2024
Public and stakeholder engagement for draft LUB	April 2024
Council approval of new LUB	June 2024

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	\$0

Initiative No.3 | Implement a strategy through zoning that allows for increased sensitive intensification (missing middle).

Description

An update to the Land Use Bylaw will establish several new residential districts. The current City of Medicine Hat Land Use Bylaw is limited to only a Low Density Residential District and a Medium Density Residential District which constrains the ability for incremental transition of development to missing middle forms. Within the update, there will be a shift to a tiered system of residential districts divided between suburban and urban areas. Tentatively, there would be three tiers of residential districts for suburban areas as well as a low rise suburban commercial/mixed use district. The same schema would additionally be applied for historic neighbourhoods but in a more urban context. The new zoning districts will allow for more sensitive intensification throughout the City by allowing for additional development such as backyard suites, secondary suites, attached housing (i.e. rowhouses), duplexes/triplexes, and townhouses. This shift in zoning would allow for incremental growth in our community allowing for neighbourhoods to continually evolve. Residents could look forward to (and have incentive) to become micro developers. The provision of opportunities for individuals to create new revenue streams through suite rentals or for seniors to stay in their communities and age in place will allow our community to create sustainable communities. This initiative aligns with initiative No.5 in that pre-approved designs will remove cost and time barriers and make development of missing middle housing a lot more attractive and achievable not only to developers, but also to residents.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
35	8%

Incented Units (10 yrs)

Total Units
105

Initiative Type

Milestones

Activity	Timeframe
Final Draft Land Use Bylaw (LUB)	February 2024
Public and stakeholder engagement for draft LUB	April 2024
Council approval of new LUB	June 2024

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	

Initiative No.4 | Enhanced customer support and streamlining of permitting and application processes.

Description

The Planning and Development Services department implemented a new electronic permitting system including an e-portal for application of Development and Building permits online in the summer of 2020. The initial roll out of this tool has seen slower than desired adoption by the development industry along with some challenges in how this tool is used internally. This initiative will look to build on the momentum of updating the tool through continual dialogue with the development industry to remove application obstacles, streamline internal planning and engineering workflows, and explore the reduction of red tape by eliminating the requirement for low-risk permit types. A comprehensive update to the department's website will be paired with the permitting updates to include enhanced development requirements and more detailed process information to assist individuals in applying for permits and understanding what to expect throughout the process. A kiosk will also be installed at the front counter of Planning and Development Services so administration can better assist customers who may not have access to a computer system in applying online and navigating the development process. Overall, these enhancements are meant to reduce the timelines required for development permits and other planning approvals, enhance the customer experience, and facilitate increased building within our community.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
10	2%

Incented Units (10 yrs)

Total Units
40

Initiative Type

▪

Milestones

Activity	Timeframe
Update Planning and Development website	November - December 2023
Enhancements to e-Portal	November - December 2023

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	\$0

Initiative No.5 | Reduced zoning and permit costs with pre-approved designs for missing middle housing.

Description

This initiative will help to encourage missing middle housing development by reducing the upfront rezoning and permit costs for developers and by allowing for pre-approved missing middle housing plans that would significantly speed up and de-risk a potential project. With reduced costs and risk, a developer is more likely to pursue these types of infill projects resulting in revitalized neighbourhoods. Missing middle infill development is ideal for Medicine Hat as we historically don't have the high land values to drive mid to high rise construction. Many smaller scale developments allow us to thicken up our neighbourhoods in a contextual manner without creating a radical change that would see a negative neighbourhood reaction. New missing middle development can take advantage of existing services, maximizes our land use efficiency by reducing land and costs associated with greenfield growth, and help to provide housing options in existing neighbourhoods that have seen a decline in population. Missing Middle housing types will lead to increased choice for residents and an increase in affordable options as the cost per unit will be decreased. There are often barriers to building this type of housing especially on infill sites and this initiative would aim to streamline the development process for developers, making development of infill missing middle housing a more attractive opportunity. By facilitating cost-effective opportunities for missing middle redevelopment, developers have increased flexibility in the type of housing they could construct, which leads to further housing diversification in our market that will promote social equity and inclusivity. The process would eliminate the need for time-consuming and costly design reviews, allowing for faster and more efficient development. The developers would choose from a variety of designs that would have already been vetted through building codes, zoning regulations and any other Planning and Development requirements to ensure the project would still meet high-quality standards, align with City policies, and contribute positively to a neighbourhood. The pre-approved design program will look to provide developers with a range of house plan options including backyard suites, duplexes, triplexes, rowhouses, and townhouses. The developer would still have some flexibility in making the development unique (e.g. cladding materials) but the internal design would be already approved. It will be essential to ensure the pre-approved designs also promote diversity and architectural innovation by allowing for a range of architectural styles, layouts, and materials to avoid monotony and ensure these housing forms would be contributing to a visual aesthetic of our community. The development of these pre-approved plans will be a collaborative effort between the City, architects, and community stakeholders to ensure the designs will balance the needs of developers and the overall community. This initiative would also align with initiative No.4 because the pre-approved design applications would be fast-tracked through the e-portal system, significantly reducing the time to obtain permits.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
40	9%

Incented Units (10 yrs)

Total Units
100

Initiative Type

Milestones

Activity	Timeframe
Create a project group	September 2023
Establish a framework for the program	September/October 2023
Hire a designer to prepare pre-approved plans	November 2023
Implement program	June 2024
Amend 2-Year Fee Schedule	December 2024

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	\$0
Designer to develop the pre-approved plans	\$100,000

Initiative No.6 | Establish a land acquisition and de-risking strategy to promote intensification of underutilized sites.

Description

This initiative comes directly from policy outlined in the City of Medicine Hat’s Municipal Development Plan, “The City should actively assist and engage in urban redevelopment projects by actively acquiring, consolidating and preparing land parcels for redevelopment, either internally or through the private sector” (P.70-3b). The City’s Land and Properties department in collaboration with Community Development and Planning and Development Services will develop a land acquisition strategy that allows the City to have a more active role in infill land development, which will help unlock the potential of underutilized land for intensification and promotion of multiple unit housing developments. The intent of the program will be to strategically acquire land or utilize existing City owned land and prepare the sites for multiple unit residential development based on policies set out in the City’s Municipal Development Plan. De-risking strategies would be implemented to address barriers and uncertainties, these strategies may include but are not limited to lot consolidation/subdivision, zoning changes, servicing, remediation of contaminated sites, environmental assessments, transportation analysis, and streamlining approval processes, thus, making sites more attractive to local smaller scale developers. As part of the program the City could even create development concepts that illustrate what the potential of the site is for the private sector. With the City having full control of these sites there would be certainty in predictability of development outcomes through a land sale agreement (e.g. requiring certain percentages of affordable housing, mixed-market housing, accessible units etc.). The strategy would drive systemic change within the community in that it would be a cyclical process of acquiring lands, de-risking the land, servicing the land, and then selling, with the capital from the land sale returning into the program to continue the process. It should be noted that the City already has an ample inventory of land and the de-risking portion of the process could be implemented on these lands as soon as the strategy is developed. This would lead to quick wins of an increase in housing units because our community currently has a very short supply of multiple unit residential development sites. This would provide opportunities for development within the program timeframe and is essential to increasing the housing supply in Medicine Hat over the long term. This initiative would work in collaboration with Initiative 9 in that the City could then engage with developers and non-profit housing providers to encourage them to utilize these specific sites for housing projects and could ensure there are specific sites available for affordable housing.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
50	11%

Incented Units (10 yrs)

Total Units
160

Initiative Type

Milestones

Activity	Timeframe
Develop an internal group to build out the strategy	December 2023
Engage with developers and housing providers	February 2024
Implement the strategy	April 2024

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	\$0

Initiative No.7 | Review and refinement of current City of Medicine Hat Incentives

Description

The City of Medicine Hat has ongoing incentives to help promote and encourage development. Through this initiative, current incentives will undergo a comprehensive review with the goal to refocus existing incentives where possible or develop new incentives that aim to encourage developers to construct new housing units and address the housing needs of the community. A significant barrier for the small-scale developers in our community is the unknown costs of servicing, therefore, incentives that either pay for full or partial servicing of sites in established areas or the downtown core would knowingly support and encourage developers in constructing missing middle housing in the established areas and medium to high density development in the city centre. A per door grant will also be explored for strategic sites that are in alignment with the policies set out in the MDP. This initiative will align with initiative No.8 as the strategic approach to development opportunities will help the City to better understand where to direct incentives.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
0	0%

Incented Units (10 yrs)

Total Units
0

Initiative Type

-

Milestones

Activity	Timeframe
Create working group for review of city incentives	October 2023
Internal and external engagement on incentives	November 2023
Roll out of new incentives or updates to existing incentives	December 2023

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	\$0

Initiative No.8 | Develop a Strategic Approach to Development Opportunities

Description

This initiative will create a framework for how the City of Medicine Hat approaches and supports development opportunities from a servicing and infrastructure perspective in targeted growth areas. Ensuring that adequate services are in place is a key requirement to enabling further housing development. A barrier identified to housing projects in established areas is understanding the existing servicing infrastructure and available capacity in a timely and consistent manner. The goals of the framework will be to identify servicing capacity requirements, constraints, and opportunities to proactively enhance readiness and responsiveness to future development inquiries and applications that align with the MDP. Positioning the City with focused information on servicing and infrastructure needs will assist the City in making data driven decisions to support housing efforts through private investment in targeted growth areas, as well as identify areas where the City can focus future capital projects to ensure servicing capacity aligns with housing development needs. Interdepartmental collaboration and information gathering is required for this initiative. The goal is to create a visual mapping of existing infrastructure to support development. This will assist in identifying areas of existing opportunity, barrier reduction, improved capital planning and understanding areas for potential incentivization to support housing efforts.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
0	0%

Incented Units (10 yrs)

Total Units
0

Initiative Type

Milestones

Activity	Timeframe
Framework Outline	September 2023
Infrastructure Opportunity Review (Pilot)	September 2023 – December 2023
Infrastructure Opportunity Review Phased	December 2023 – March 2024

*A pilot is being utilized to focus on a defined area to understand resourcing requirements and timelines to expand to the entire City.

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	\$0

Initiative No.9| Development of a framework to collaborate with non-profit housing providers and developers to create housing types that serve vulnerable populations.

Description

The City of Medicine Hat recognizes the importance of providing a wide range of housing types that can accommodate the unique needs of individuals and families facing various challenges. Vulnerable populations can include individuals experiencing homelessness, seniors, low-income households, people with disabilities, refugee housing, First Nations, Metis, and other marginalized groups. It is often difficult for these populations to access affordable and safe housing, which leads to housing insecurity and social inequities. A framework for collaboration and partnering with non-profit housing providers, impacted social agencies, City of Medicine Hat supporting departments, and private developers would be developed to understand needs related to housing of vulnerable populations, housing requirements, and coordination of delivery of sites to facilitate development..

This initiative will link to Initiative No. 6 as it will encourage the City to work with non-profit housing providers and developers to identify suitable sites or properties that can be repurposed into required housing.

Incented Units (Within Program – 3yrs)

Total Units	Percentage of Units
30	7%

Incented Units (10 yrs)

Total Units
70

Initiative Type

Milestones

Activity	Timeframe
Create a working group	January 2024
Development of Framework	January - April 2024
Implementation of framework	April 2024

Projected Costs

Expenditure	Projected Cost
City of Medicine Hat staff resources	\$0

**RESOLUTION
HOUSING ACCELERATOR FUND APPLICATION**

WHEREAS, the Government of Canada through the Canada Mortgage and Housing Corporation provides grant funding intended to drive transformational change and create the conditions for more housing supply over the short and longer term through the Housing Accelerator Fund; and

WHEREAS, the City of Medicine Hat has applied for the Housing Accelerator Fund and has proposed nine initiatives intended to grow housing supply and expedite housing approvals as part of this application;

THEREFORE BE IT RESOLVED, THAT the City of Medicine Hat Council supports the application for the Housing Accelerator Fund and the nine proposed initiatives put forward by Administration as part of this application.