

Staff Report for Decision

DATE OF MEETING March 20, 2024

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SUBJECT CAPACITY FUNDING FOR HOUSING INITIATIVES

OVERVIEW

Purpose of Report

To present to the Finance and Audit Committee a proposed allocation of the \$619,936 in capacity funding provided by the Province to support local government activities and projects to meet the new legislative requirements in Housing related Bills 44, 46, and 47. |

Recommendation

That the Finance and Audit Committee recommend that Council endorse the allocation of \$619,936 in capacity funding provided by the Province to support the City of Nanaimo in meeting the legislative requirements in housing Bills 44, 46, and 47, as outlined in the Staff Report dated 2024-MAR-20.

BACKGROUND

The Province has provided \$619,936 in funding to support the City of Nanaimo to complete the housing related projects outlined in three Provincial Bills passed in late November 2023:

Bill 44 - Housing Statutes (Residential Development) Amendment Act, 2023

Bill 44 (and association regulations) introduces required changes to zoning to allow infill residential development (including small-scale multi-unit housing [SSMUH]), changes to the public hearing process, a requirement to complete a 20 year housing needs report, and required updates to the Official Community Plan and Zoning Bylaw.

Bill 46 - Housing Statutes (Development Financing) Amendment Act, 2023

Bill 46 presents new opportunities related to development financing (development cost charges and amenity cost charges) that the City may choose to implement.

Bill 47 - Housing Statutes (Transit-Oriented Areas) Amendment Act, 2023

Bill 47 (and associated regulations) identifies three Transit Oriented Areas (TOAs) in Nanaimo; Woodgrove exchange, Country Club exchange, and VIU exchange, and requires the City to allow certain densities and building heights in these three areas.

In a letter to the City, it is stated that: "The Province expects local governments to use this funding prior to December 31, 2025, by which time all local governments in British Columbia will be required to meet the new legislative requirements." |

DISCUSSION

After a review of the implications of the new Provincial Housing Bills, staff are recommending that the capacity funding provided by the Province be used for the following list of projects in 2024 and 2025 (see also Attachment A). An estimated cost range for each project has been provided. Staff will return to the Committee in the fall with a status update on each of the projects, including updated cost estimates. Recommendations will also be provided for any projected unallocated funds, if applicable.

a) Development Cost Charge (DCC) Bylaw Project

Staff have already commenced a project to update the City's DCC bylaw, however, Bill 46 expands the potential use of DCCs to include fire-protection facilities, police facilities, solid-waste facilities, and MOTI highway infrastructure, and thus funds are required to expand the scope of work for this project. Prior to Bill 46, DCCs could only be used for infrastructure such as sewer, water, drainage, parks, and roads. A consultant has already been retained for the completion of the DCC project, and it is proposed that a portion of the capacity funds be used for the DCC project generally (assessing Bill 44 and Bill 47 implications), and to support the expanded scope of work (estimated project cost: \$100,000 - \$120,000).

b) Amenity Cost Charge (ACC) Bylaw Project

Bill 47 introduces the opportunity for local governments to create an 'Amenity Cost Charge' ACC Bylaw. This is different than the current practice to negotiate for an amenity at the time of a rezoning application. An ACC bylaw will allow the City to impose charges at the time of subdivision or building permit to assist in paying for the capital costs of community amenities, such as community centres, recreation centres, and libraries. The ACC bylaw must specify the amenities that will receive funding, and the charge or rate that is imposed (per lot, per unit, or per square metre of floor area), similar to a DCC bylaw. A separate ACC Reserve Fund is established for the ACC funds, and rules apply as to how the reserve fund can be used with annual reporting requirements. Staff are recommending that a consultant be retained for completion of the ACC project in 2024 and 2025 (estimated project cost: \$120,000 - \$150,000).

c) Housing Needs Report

In May 2023, Council endorsed the City's Housing Needs Report which outlined 10 years of housing need as required by the *Local Government Act*. Bill 44 is requiring that the City update the Housing Needs Report by the end of 2024, so that the next 20 years of housing need are identified. A consultant will be retained to complete this project by December 2024 (estimated project cost: \$50,000 - \$70,000).

d) City Plan and Zoning Bylaw Update

A project that is already identified in the Integrated Action Plan is to complete an update to the Zoning Bylaw to be consistent with City Plan policy. In addition, Bill 44 requires that the Official Community Plan (City Plan), and Zoning Bylaw be updated to accommodate 20 years of housing need. It is recommended that a consultant be retained to support Staff in the completion of the City Plan and Zoning Bylaw update projects, and that these projects be completed by the end of 2025. These projects will include expenses related to public

consultation, legal review, modelling and GIS mapping support (estimated project cost: \$150,000 - \$200,000).

e) Servicing Capacity Modeling/Analysis (SSMUH, TOA)

Engineering staff have retained a consultant to complete servicing capacity modelling and analysis to ensure the City's water and sewer infrastructure can accommodate the densities required in Bill 44 SSMUH and Bill 47 TOAs. Staff are recommending that capacity funding be used to recover these expenses (estimated project cost: \$25,000 - \$40,000).

The proposed projects and allocation of capacity funds listed above meet the guideline and criteria as outlined by the Province (see Attachment B). At this stage, it is difficult to determine the exact costs for these proposed projects, thus a proposed cost range has been provided demonstrating the intended use of the provincial capacity funds. Staff will report back to Council in the fall of 2024 to provide a more accurate listing of costs for each project and to determine if the funds are available for additional projects related to the new provincial housing legislation.]

OPTIONS

1. That the Finance and Audit Committee recommend that Council endorse the allocation of \$619,936 in capacity funding provided by the Province to support the City of Nanaimo in meeting the legislative requirements in housing Bills 44, 46, and 47, as outlined in the Staff Report dated 2024-MAR-20.
 - The advantages of this option: Staff have reviewed the implications of the new Provincial Housing Bills and have recommended a set of projects to ensure an effective use of the capacity funding provided by the Province. The proposed projects and allocation of funds meet the capacity funding criteria. Staff have provided an estimated cost range for each project and will report back in the fall of 2024 with a more detailed project cost list.
 - The disadvantages of this option: Staff from many departments will be involved to complete the proposed projects in order for funds to be used by the end of 2025.
 - Financial Implications: Any unused capacity funds are required to be returned to the Province by the end of 2025.
2. That Council provide alternative direction to Staff regarding the use of Provincial capacity funds.

SUMMARY POINTS

- The Province has provided \$619,936 in capacity funding to the City of Nanaimo for implementation of projects related to housing Bills 44, 46, and 47.
- Bill 44 and 47 introduces requirements that the City must complete by certain dates in 2024 and 2025, and Bill 47 introduces opportunities related to development financing that Staff are recommending be completed.
- Staff have reviewed the implications of Bills 44, 46, and 47 and have recommended a suite of projects and proposed allocation of capacity funds for consideration of endorsement.

ATTACHMENTS:

ATTACHMENT A: Proposed Allocations of Capacity Funding

ATTACHMENT B: Capacity Funding Program Guidelines |

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