

DATE OF MEETING December 11, 2024

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SUBJECT PROVINCIAL CAPACITY FUNDS – ALLOCATION UPDATE

## **OVERVIEW**

### **Purpose of Report**

To present to the Finance and Audit Committee an update regarding the proposed allocation of the \$619,936 in capacity funds provided by the Province to support local government initiatives to meet the legislative requirements and opportunities in new Provincial Housing Bills 44, 46, 47, and 16.

### **Recommendation**

That the Finance and Audit Committee recommend that Council endorse the allocation of \$619,936 in capacity funding provided by the Province, as outlined in the Staff Report dated 2024-DEC-11, to support the City of Nanaimo in meeting the legislative requirements and opportunities in Provincial Housing Bills.

## **BACKGROUND**

The Province has provided \$619,936 in capacity funds to support the City of Nanaimo to complete initiatives related to Provincial Housing Bills passed in late 2023 and early 2024.

- Bill 44 - Housing Statutes (Residential Development SSMUH) Amendment Act, 2023
- Bill 46 - Housing Statutes (Development Financing) Amendment Act, 2023
- Bill 47 - Housing Statutes (Transit-Oriented Areas) Amendment Act, 2023
- Bill 16 - Housing Statutes Amendment Act, 2024 – inclusionary zoning, density bonus, tenant protection bylaws, and site-level infrastructure and transportation demand management (TDM) authorities

At the 2024-APR-08 meeting, Council endorsed Staff's estimated allocation of the \$619,936 in provincial capacity funds. Since April, the funds have supported the Development Cost Charge update project, the development of an Amenity Cost Charge program, a 2024 Interim Housing Needs Report, and infrastructure analysis related to small-scale multi-unit housing. To date, a total of \$82,584 has been spent. The Province expects local governments to use the funding prior to 2025-DEC-31.

## **DISCUSSION**

Staff are recommending that the Provincial Capacity Funding allocation be updated as outlined in Table 1. The primary proposed changes to note are:

- 1) less Provincial Capacity Funds are needed for the Development Cost Charge update project; and,
- 2) a new request is for Provincial Capacity Funds to be allocated to complete infrastructure analysis studies in the Woodgrove and University Transit-Oriented Areas (Secondary Urban Centre).

**Table 1: Proposed Update to the Allocation of Provincial Capacity Funds (2024 and 2025)**

<b>Project</b>	<b>Description</b>	<b>Provincial Capacity Funds Allocation</b>
<b>Development Cost Charge (DCC) Bylaw Project</b>	<p>In April 2024, it was anticipated that \$120,000 of Provincial Capacity Funds may be needed for the DCC update project, to accommodate the additional scope for DCCs as outlined in Bill 46. However, since April, only \$19,000 has been spent.</p> <p>No additional Provincial Capacity Funds are required for the DCC update project.</p>	\$19,000
<b>Amenity Cost Charge (ACC) Bylaw Project</b>	<p>A consultant has been retained to complete the ACC Bylaw project as outlined in Bill 46. This project is underway.</p> <p>No change to the Provincial Capacity Funds allocation is proposed.</p>	\$70,000
<b>2024 Interim Housing Needs Report</b>	<p>The 2024 Interim Housing Needs Report as required by Bill 44 will be presented to Council in December 2024. The next phase of the project will be for the consultant to provide recommendations for updating <i>City Plan</i> in relation to the housing needs identified.</p> <p>No change to the Provincial Capacity Funds allocation is proposed.</p>	\$60,000
<b>Zoning Bylaw Update</b>	<p>The process to retain consultant(s) to support the Zoning Bylaw update project is underway, including a financial analysis study to assess new tools introduced in Bill 16, inclusionary zoning, density bonus, and tenant protections. This project is underway.</p> <p>No change to the Provincial Capacity Funds allocation is proposed.</p>	\$200,133

<b>Servicing Capacity Modeling-Analysis</b>	<p>Provincial Capacity Funds were used to complete a servicing capacity modelling and analysis to ensure the City’s water and sewer infrastructure can accommodate the small-scale multi-unit housing densities required by Bill 44. The study is complete.</p> <p>No additional funds are required for this project.</p>	\$36,803
<b>Woodgrove Transit-Oriented Area</b>	<p>A new proposed allocation is to utilize Provincial Capacity Funds to contribute to an analysis of water and sewer infrastructure requirements to support growth in the Woodgrove Secondary Urban Centre – Transit-Oriented Area (Bill 47). While the City is using Complete Communities grant funding for this project, it was determined that additional funds are needed to support the technical infrastructure analysis.</p>	\$114,000
<b>University Transit-Oriented Area</b>	<p>A new proposed allocation is to utilize Provincial Capacity Funds to contribute to an analysis of utility and transportation infrastructure requirements to support growth in the University Secondary Urban Centre – Transit-Oriented Area and surrounding neighborhood (Bill 47).</p>	\$120,000
<b>Total</b>		<b>\$619,936</b>

**OPTIONS**

1. That the Finance and Audit Committee recommend that Council endorse the allocation of \$619,936 in capacity funding provided by the Province, as outlined in the Staff Report dated 2024-DEC-11, to support the City of Nanaimo in meeting the legislative requirements and opportunities in Provincial Housing Bills.
  - The advantages of this option: The proposed updated allocation of provincial capacity funds will allow the City to address the requirements and opportunities in Provincial Housing Related Bills 44, 46, 47, and 16. The proposed projects and allocation of funds meet the capacity funding criteria.
  - The disadvantages of this option: Staff from several 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 alternate direction to Staff. |

### **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, 47, and 16.
- Staff are proposing that the capacity funds be directed to the following projects: DCC Bylaw, ACC Bylaw, Interim Housing Needs Report, Zoning Bylaw update, as well as an infrastructure analysis for the Woodgrove and University Transit-Oriented Areas.

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