

NO: R121

COUNCIL DATE: June 24, 2024

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **June 19, 2024**

FROM: **General Manager, Planning & Development  
General Manager, Corporate Services  
General Manager, Engineering  
General Manager, Finance  
General Manager, Social Infrastructure &  
Community Investments**

FILE: **1855-03**

SUBJECT: **Housing Accelerator Fund Six-Month Update and Spending Plan Refinement**

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## RECOMMENDATION

The Planning & Development Department, Social Infrastructure & Community Investments Department, Corporate Services Department, Engineering Department, and Finance Department recommend that Council receive this report for information.

## INTENT

The intent of this report is to update Council on the City's Housing Accelerator Fund, including the issued building permits to date, refinement of the Spending Plan, status update on the Action Plan, and upcoming improvement efforts.

## BACKGROUND

On December 4, 2023, the City received approval for \$95.6 million from the Canada Mortgage and Housing Corporation ("CMHC") to provide financial incentives to remove barriers to housing supply, accelerate growth, and support community development over the next three years.

On January 29, 2024, Council considered Corporate Report No. R016; 2024, outlining the City's Housing Accelerator Fund ("HAF") Action Plan ("Action Plan"), a series of eight initiatives intended to increase Surrey's housing supply in both the short-term and long-term, and the Spending Plan, which supports community growth and promotes well-being.

The HAF monies will be received in four equal payments, concluding by December 2026, as follows:

- 25% initial payment (already received);
- 50% annual progress payments, contingent on implementing the Action Plan and submitting progress reports to CMHC; and
- 25% based on meeting the Housing Growth Targets.

The City will have until September 2027 to spend the HAF monies.

## DISCUSSION

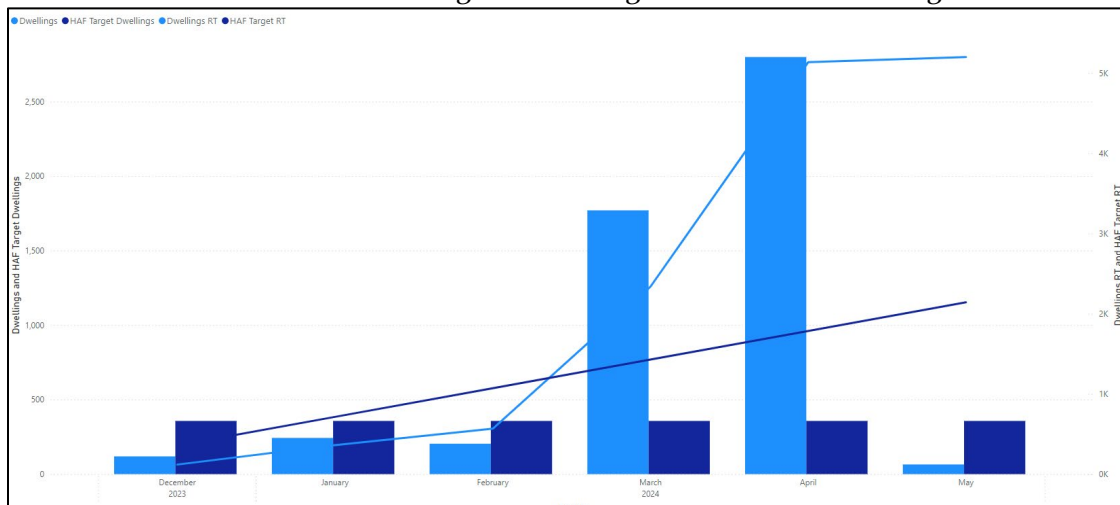
### Housing Growth Targets Status Update

Through the Action Plan, the City seeks to increase the number of housing units delivered by 27.8%, to an average of 4,283 net issued dwellings per year or 12,850 cumulative by December 2026 (“Housing Growth Target”). The final 25% installment of the HAF funding is contingent on meeting this target.

As of May 2024, the City has issued 5,200 net new dwellings, surpassing the expected annual average. This increase can be attributed to the implementation of new Metro Vancouver Water Development Cost Charges (“DCCs”) on April 27, 2024 which prompted developers to expedite their project timelines to minimize costs.

This phenomenon is not unprecedented. Elevated permit numbers are anticipated for the remainder of the year, allowing for increased focus on enabling process improvements through the Action Plan.

Table 1 – HAF Housing Growth Targets and Issued Dwellings



### Refinement of the Spending Plan

The \$95.6 million HAF budget is composed of two main components: \$47.4 million to deliver the Action Plan, and \$48.2 million for the Spending Plan. Staff have refined the Spending Plan seeking to maximize the impact of these funds in assisting with the creation and availability of housing in our community.

Infrastructure investments are traditionally advanced through the City’s capital program, as outlined in the 10-Year Servicing Plan, and Front-Ending Agreements with developers. For newly planned neighborhoods, it is typical for a front-ending developer to initially construct trunk infrastructure and then to be reimbursed through DCCs collected as development occurs in the benefiting area.

Without infrastructure, development projects cannot advance in the approval process. In some cases, development remains stalled while the front-ending developers arrange for the works.

The HAF Spending Plan provides an opportunity accelerate “shovel-ready” infrastructure projects to unlock housing. The City’s HAF investments would then be recouped through future DCCs levied in development.

Focusing on housing starts, issuable before December 2026 is aligned with the intent of the HAF and seeks to further secure the fourth instalment, based on meeting the Housing Growth Targets.

When reviewing potential infrastructure projects, the City seeks to identify opportunities based on the following criteria:

- Unlocking housing starts by December 2026; and
- Estimated issued building permits after 2026.

Based on these criteria, staff are exploring infrastructure investment opportunities in Clayton and Grandview, estimated at \$19 million that are expected to unlock approximately 2,200 dwelling units within the timeframe of the HAF.

With the above infrastructure investment estimates, the refined \$48.2 million Spending Plan items is as follows:

- \$19 million for infrastructure;
- \$27 million to acquire two to three sites for future affordable housing opportunities, with acquisitions anticipated to begin in late 2026 and into 2027; and
- \$2.2 million seed funding for Surrey City Development Corporation’s Gateway Project, including master planning, detailed design for Phase 1, and site preparation.

#### Action Plan Progress Update

Since the January 2024 formal launch of the HAF, significant progress has been made, including:

- Corporate Report No. R032; 2024 (February): Updates to the DCC Bylaw exemptions for Affordable Housing projects;
- Corporate Report No. R056; 2024 (April): Establishment of the Development Inquiry Assistant, the Artificial Intelligence-driven chatbot;
- Corporate Report No. R067; 2024 (April): Initiation of the Rapid Transit Incentive Program and the Non-Market Rental Incentive Program;
- Proposed Zoning By-law updates (Corporate Report No. R109; 2024: Small-Scale Multi-Unit Housing: Zoning By-law Amendments Related to Provincial Housing Legislation) were brought forward in response to provincial housing legislation to allow as of right small-scale multi-unit housing in all single family and duplex zones to increase supply of missing middle housing;
- Providing financial support for Surrey Urban Indigenous Leadership Committee to build capacity in the Indigenous housing sector towards increasing the supply of Indigenous housing units; and
- Securing and onboarding HAF staff resources to support implementation of the Action Plan and continued application processing.

## Next Steps

Staff are prioritizing several actions, including:

- Advancing policies and zoning bylaw amendments to introduce new zones in response to provincial housing legislation;
- Reviewing the Certified Professional Program to understand the role of professional reliance in the permitting process;
- Updating the Housing Needs Report;
- Reviewing the Guaranteed Permitting Timelines programs and application prioritization process;
- Initiating the development of a data-driven performance monitoring program to reduce the rate of inspections for high-performing plumbing contractors;
- Developing digital permitting opportunities for tenant improvement permits, including sign permits; and
- Continuing efforts to identify additional staff to support the Action Plan and application processing.

## Council Engagement

Staff will provide Council with semi-annual HAF progress reports on the implementation of the Action Plan and Spending Plan. Additional reports will be provided at key implementation milestones or when approval is needed for bylaw amendments and contract awards.

## CONCLUSION

The HAF presents an opportunity for Surrey to streamline the land development approval process and increase housing delivery. This partnership with the Federal Government is of significant importance and will support housing access for Surrey's growing population.

*Original signed by*  
Don Luymes  
General Manager, Planning & Development

*Original signed by*  
Joey Brar, MBA, CPHR  
General Manager, Corporate Services

*Original signed by*  
Scott Neuman, P.Eng.  
General Manager, Engineering

*Original signed by*  
Kam Grewal, CPA, CMA  
Chief Financial Officer/General Manager, Finance

*Original signed by*  
Terry Waterhouse  
General Manager, Social Infrastructure & Community Investments