

CORPORATE REPORT

NO: R026 COUNCIL DATE: February 24, 2025

REGULAR COUNCIL

TO: Mayor & Council DATE: February 18, 2025

FROM: General Manager, Planning & Development FILE: 1855-03 (CMHC)

General Manager, Corporate Services

General Manager, Engineering General Manager, Finance

SUBJECT: One-Year Update on the Housing Accelerator Fund

RECOMMENDATION

The Planning & Development 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 first-year progress under the Housing Accelerator Fund ("HAF"), including issued building permits, the status of the Action Plan, new initiative proposal, and financial updates.

BACKGROUND

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

On January 29, 2024, Council reviewed Corporate Report No. Ro16; 2024, outlining the City's HAF Action Plan, which consists of eight initiatives designed to increase Surrey's housing supply in both the short- and long-term, along with the Spending Plan, which supports community growth and well-being.

HAF funding will be provided in four equal installments, contingent upon annual progress reports, concluding by December 2026. The City has until September 2027 to utilize the funds in accordance with the Action Plan and Spending Plan.

DISCUSSION

Housing Growth Targets Status Update

The City's Action Plan targets a 27.8% increase in housing supply, aiming for an average of 4,283 net dwellings issued annually and a cumulative total of 12,850 by December 2026. The final \$23.9 million installment is contingent upon meeting this target.

As of December 4, 2024, the City has issued 6,028 net housing units, surpassing the Year one target of 4,283 dwellings. This represents 46.9% of the three-year target, positioning the City well for achieving its overall goal.

Table 1: Housing Growth, Net and Target



Action Plan Progress Update

Over the past year, the City has implemented more than 25 major process improvements to accelerate housing approvals and development. These improvements focus on reducing timelines, increasing efficiency, and supporting the development community. A comprehensive list is available on the City's website: https://www.surrey.ca/renovating-building-development/development-permitting-improvements

As summarized in Table 2 below, the City has met all Year one commitments under the HAF Action Plan and is on track for Year two milestones.

<u>Table 2: Action Plan Summary</u>

#	Initiative	Year 1 Milestone Status	Year 2 Milestone Status	Year 3 Milestone Status
1	Provide Development Incentives for Multi-family and Affordable Units	Completed	On Schedule	Not started
2	Expand the Guaranteed Permitting Timelines Program	Completed	Ahead of Schedule	Not Applicable
_	Increase the use of Professional Reliance in the Permit Approval Process	Completed	Ahead of Schedule	Not Applicable
	Digital Permitting Program, including artificial intelligence (AI)	Completed	Ahead of Schedule	Not started
	Increase Supply of Multi-unit Housing Near Transit	Completed	On Schedule	Not Applicable
6	Support Creation of Missing Middle Housing Supply	Completed	Ahead of Schedule	Not Applicable
7	Increase Below Market Affordable Housing Supply	Completed	On Schedule	Not Applicable
8	Review and Increase Staff Capacity	Completed	On Schedule	Not Applicable

A comprehensive progress report by initiative is included as Appendix "I".

Action Plan - Year two Priorities

In Year two, the City will continue streamlining development approvals, focusing on:

- **Modernized approval processes**: Digital plan reviews, consolidation of review comments, and referral process streamlining.
- **Policy Enhancements**: Early excavation for multi-family housing, phased amenity charges, and an inactive file closure policy.
- **Expanded Professional Reliance**: Enhanced Certified Professional program, environmental reviews, and geotechnical assessments.
- **Online Permitting Enhancements**: Additional portal functionality in Development Planning, Road Right-of-Way permits, and Traffic Obstruction permits.
- **Zoning Pre-Compliance**: Launch of the automated rule-based bylaw compliance tool to streamline zoning reviews in single family building permits.
- **Application & Resubmission Clarifications**: Defining minimum requirements to improve processing efficiency.
- **Drafting new Zones**: Drafting standard provisions for six-storey, mid-rise (10-20 storeys), and high-rise (20+ storeys) zones.
- **Pre-Approved Plans Exploration**: Investigating pre-approved plans for accessory dwelling units ("ADUs") and six-storey buildings.
- **Inclusionary Zoning & Rental Redevelopment**: Developing inclusionary zoning policy and review and update rental redevelopment policies.
- **Phased Amenity Contributions**: Exploring phased amenity charges at building permits.

These improvements will be implemented progressively and supplemented by the Development Approvals Taskforce workplan.

New HAF Initiative - Modernizing Neighbourhood Concept Plans

CMHC is welcoming new HAF initiative proposals from high-performing cities that are on track with their Action Plan and exceeding their housing delivery targets.

In December 2024, the City submitted a proposal for a new HAF initiative: Modernizing Neighbourhood Concept Plans ("NCPs"). This initiative focuses on updating existing NPCs to replace outdated land-use designations with market-responsive densities and explore form-based zoning approaches. A decision from CMHC is expected at the end of February 2025. If approved, the City's total HAF funding could increase by an estimated \$5 million.

Spending Plan Status Update

HAF funding is allocated to projects that unlock housing potential, including infrastructure upgrades and land acquisitions for future affordable housing partnerships.

- 74 Avenue Utilities & Road Improvements: Council approved Contract No. 4824-029-11 (Corporate Report No R264; 2024) in December 2024 with a total capital cost of \$7.8 million, seeking to unlock up to 640 new townhome and apartment units along 74 Avenue and improving servicing potential for 375 additional units along 73 Avenue;
- **Upcoming Investments**: An additional \$5 million of infrastructure investments in Grandview will be presented for Council consideration in early 2025;
- **Affordable Housing Land Investments**: Planned for 2027 to support long-term housing affordability initiatives.

Financial Update

The City submitted its first-year progress report to CMHC in December 2024. On January 27, 2025, the City received its second HAF installment of \$23.9 million, bringing the total received to 50% of the \$95.6 million allocation. Table 3 below titled HAF Progress Payments, provides an overview of timing and requirements for the HAF.

Table 3: HAF Progress Payments

Progress Payment	Status	Amount	Requirements
Initial Payment	Received	\$23.9M	Execution of the HAF Grant Agreement
Second Payment	Received	\$23.9M	Submission of a progress report and fulfilment of commitments in the HAF Action Plan (Dec 2023–Dec 2024)
Third Payment Anticipated early 2026 \$23		\$23.9M	Submission of a progress report and fulfilment of commitments in the HAF Action Plan (Dec 2024-Dec 2025)
Fourth Payment	Anticipated early 2027	\$23.9M	Achievement of the goal of 12,850 issued housing units (Dec 2023–Dec 2026)

In Year one, the City spent \$8.9 million on Action Plan initiatives, including development incentives, incremental staffing, and consulting support. Budgetary savings from Year one will fund Year two initiatives and infrastructure investments, ensuring all HAF activities remain grantfunded.

Next Steps

The HAF team continues to advance the Action Plan, Spending Plan and building permit issuance to meet housing growth targets.

If approved by CMHC, staff will initiate the new HAF Initiative to Modernize NCPs with market-responsive densities and explore form-based zoning.

With a federal election scheduled for 2025, staff are monitoring the political landscape and developing strategies to ensure continued progress on development approval process improvements.

Council will receive semi-annual HAF progress reports, with the next update anticipated in Q₃ 2025.

CONCLUSION

After one year, the HAF program is progressing on schedule, delivering significant improvements to the development approval process. Given the pace of process enhancements and the record number of building permits issued in 2024, the City is well positioned to meet its commitments and Housing Growth Targets.

Ron Gill, MA, MCIP, RPP General Manager, Planning & Development Joey Brar, MBA, CPHR General Manager, Corporate Services

Scott Neuman, P.Eng. General Manager, Engineering Kam Grewal, CPA, CMA Chief Financial Officer/General Manager, Finance

Appendix "I": HAF First Year Action Plan Update: Initiatives and Milestones

https://surreybc.sharepoint.com/sites/pdgmadministration/document library/corporate reports/future/provincial housing targets report 1.1 july to december 2024/cr provincial housing targets report 1.1 july to december 2024/cr

Housing Accelerator Fund

1st Year Action Plan update

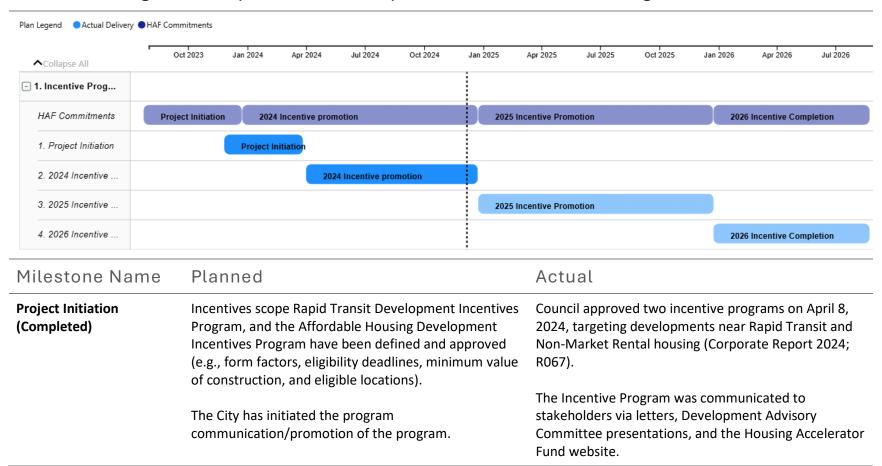
Initiatives and Milestones

For the Period: December 4 2023 to December 3rd 2024

Initiatives

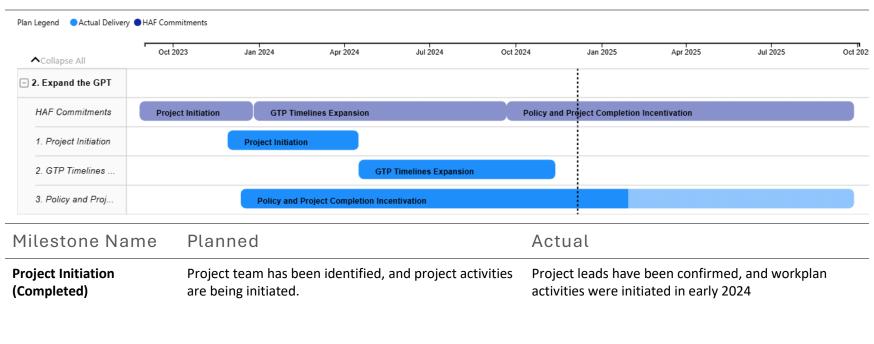
1. Incentive Program for Rapid Transit Development and Affordable Housing	3
2. Expand the Permitting Timeline Program	5
3. Increase the use of Professional Reliance in the Permit Approval Process	٤
4. Leverage Digital Permitting, including the use of Artificial Intelligence	11
5. Increase the supply of Multi-Unit Housing near Transit	14
6. Support the Creation of Missing Middle Housing	17
7. Increase Below Market Affordable Housing Supply	19
8. Review and Increase Staff Capacity	22

1. Incentive Program for Rapid Transit Development and Affordable Housing



2024 Incentive promotion (On schedule)	The City continued to promote the Program, and eligible projects are identified and monitored to ensure forward progress. When building permits are issued, financial incentives are provided to applicants.	The City continued to promote the Program, identifying and monitoring eligible projects to ensure progress. Financial incentives are provided to applicants when building permits are issued
		19 Building Permits accounting for 2,562 net new units incentivized through the two incentive programs in 2024.
		Rapid Transit \$2,583,803.41 in application fees rebated under rapid transit development incentive; 17 building permit applications incentivized
		Non-Market Rental Housing \$3,703,570.53 in Development Cost Charge fees exempted and \$118,915.95 in application fees rebated; 2 building permit applications incentivized
2025 Incentive Promotion (Future - Not Started)	The City continued to promote the Program, and eligible projects are identified and monitored to ensure forward progress. When building permits are issued, financial incentives are provided to applicants.	Starting in January 2025
2026 Incentive Completion (Future - Not Started)	In the final year of the Program, the City continues to work with monitor eligible projects and working with applicants to meet the building issuance deadline. Eligible building permits are issued their financial incentives. The City performs a final reporting of all eligible projects.	Starting in January 2026

2. Expand the Permitting Timeline Program



Timelines	Expansion
(Complete	ed)

New permit Timelines have been established for major development types, including townhouses, low rise, high rise and rezoning.

Permitting performance measures have been identified and reports are available.

Application priority has been reviewed and adopted.

Corporate Report 2024-R234 introduced Development and Permit Approvals Targets, aiming for a minimum reduction of 30% of permit timelines for all major development types. The timelines have been expanded to include additional development types such as townhouses, low rise, high rise, and rezoning.

Analysis of the Timelines, with a focus on the overall applicant experience, is available through Power BI reports.

Application review priority is being addressed through designated plan review teams, focused around project types, including a team dedicated to public interest projects.

Policy and Project Completion Incentivization (Work in Progress Ahead of Schedule) Policies to promote project completion and discourage unit vacancy and idle land have been identified and being implemented.

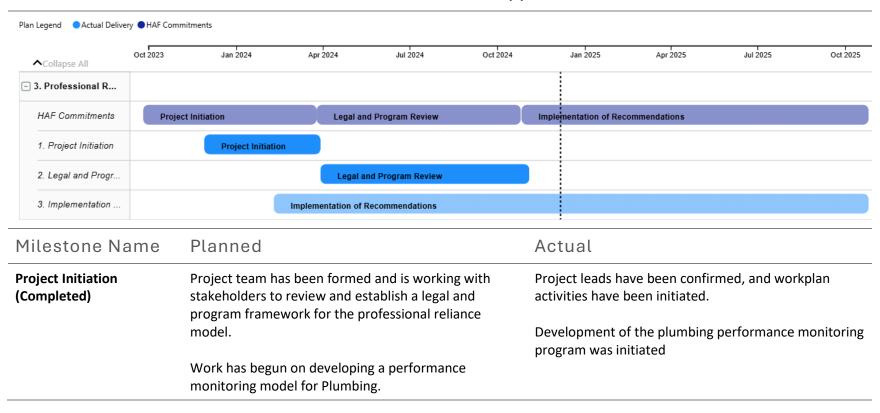
Common application deficiencies are identified and supporting documentation is available to support applicants and staff.

Policies to streamline the approval process delivered ahead of schedule, including: Stormwater Drainage Policy updates (Corporate Report 2024-R128), Early permit application submissions for Single Family Dwellings (Corporate Report 2024-R150), New HousePlex DP process (Corporate Report 2024-R198), Streamlined Advisory Design Panel process (Corporate Report 2023-R214), New Planning Issues Manager role filled; Updates to Arborist Report Template; clarified Land Development Submission requirements and standards.

Additional policy streamlining is in progress, including early excavation for multi-family housing, phased amenity charges at building permit, inactive file closure policy.

Common plan review deficiencies analysis for single family dwelling building permit review completed March 2024. A similar review and analysis planned for Tenant Improvement Building Permit applications.

3. Increase the use of Professional Reliance in the Permit Approval Process



Legal and Program
Review
(Completed)

The Certified Professional Program review has been initiated, and recommendations are being implemented.

The plumbing performance monitoring data model is completed, and work is starting on the Building Performance Monitoring Program.

Certified Professional Program Review

Certified Professional Review Analysis & Recommendations Report complete. Report signed off by management on November 9, 2024

Plumbing Performance Monitoring

The plumbing performance monitoring data model is completed. It provides insights on key performance metrics to support proactive services to plumbing contractors, including Number of Inspections, Inspection Pass Rate and Inspection Deferral Rates.

Building Contractor Performance Monitoring

Work has been initiated to develop a Building Contractor Monitoring model, leveraging the learnings from the Plumbing Performance Monitoring model.

Implementation of Recommendations (Work in Progress - Ahead of Schedule)

The Certified Professional Program review and implementation is completed.

Additional professional reliance opportunities in Planning have been identified and implemented in Planning, including greater reliance on Qualified Environmental Professionals, and Geotechnical Reviews.

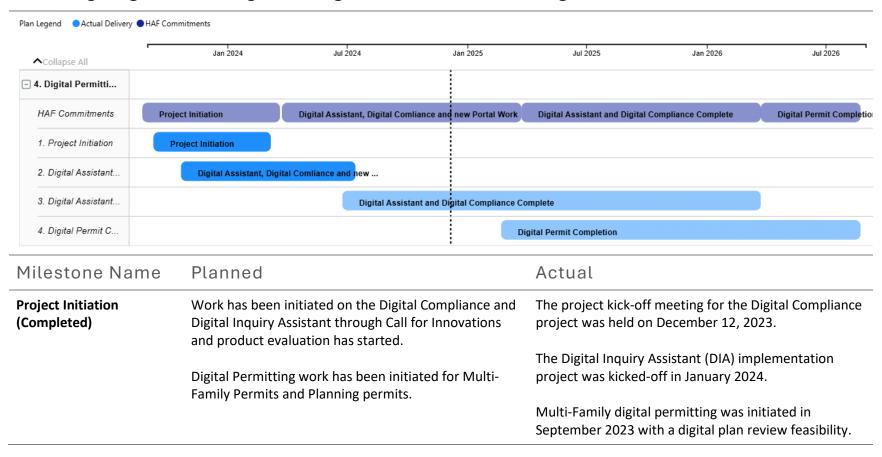
Certified Professional Program Review

Work has been initiated to create a procedures list for both customers and staff to improve the efficacy of the CP Program review process.

Additional Professional Reliance Opportunities

On February 15, 2024, work commenced on developing a terms of reference and review checklists for engaging with professional engineers who are responsible for preparing and reviewing geotechnical reports for Hazard Land Development Permit (Steep Slopes) Applications. In August 2024, staff initiated work exploring how a professional reliance legal framework could be integrated into our collaboration with professional engineers preparing geotechnical reports for Hazard Land Development Permits and Building Permits.

4. Leverage Digital Permitting, including the use of Artificial Intelligence



Digital Assistant, Digital Compliance and new Portal Work (Completed)

Implementation strategies for Digital Compliance and Digital Assistant have been identified and work is underway to implement these new abilities.

The Digital Assistant is available to support development inquiries on single family lots.

Digital Permitting for Single Family Building Permits, Trade Permits and Engineering Building Permits is being initiated.

Digital Assistant

The Development Inquiry Assistant (DIA) was launched in April 2024, providing 24/7 support for clients inquiring about permitting requirements, with a focus on Single Family Building Permits and Tenant Improvement Building Permits. Future work is in development to augment the Digital Assistant's capabilities, including how to address the Provincial Legislation changes and multi-lingual support.

Digital Compliance

The Digital Compliance tool was awarded to Archistar for implementation on June 24,2024, through CR24-R117, providing a clear pathway to support applicants with submitting a complete and accurate application, focusing on common deficiencies impacting the approval timelines.

Digital Permit Portal

The City of Surrey Citizen Portal Program was established with three implementation teams developing incremental online permitting functionality. Single Family online Building Permits work was initiated on December 4th, 2023. Trade Permits online permitting, with a focus on electrical online inspection requests was initiated on March 4th, 2024. Engineering online permitting, focusing on Road Right of Ways permits and Traffic Obstruction permits was initiated on July 22, 2024.

Implementation of the Digital Compliance and Digital Assistant is completed.	Digital Inquiry Assistant Ongoing development to meet the full features of the
	Digital Assistant is ongoing and expected to be
Work continues on the permit portal with increased functionality available for applicants.	released in early 2025, including multi-lingual support, streamline content updates from the website and improved support for subdivision questions.
	Digital Compliance
	Digital zoning compliance implementation kick off meeting was held in October 2024. The implementation is expected to be completed in early 2026.
	Digital Permitting
	Digital permitting activities continue, with incremental deliveries, including: Multi-Family Building Permits initial release on December 3rd 2023, initial Engineering release in early 2025, and initial Planning online permitting release in early 2025.
	Assistant is completed. Work continues on the permit portal with increased

Digital Permitting activities in Multi/Commercial

Building Permits, Planning Permits, Single Family

Building Permits, Trade Permits and Engineering Permits are completed, providing digital permitting

capabilities for applicants.

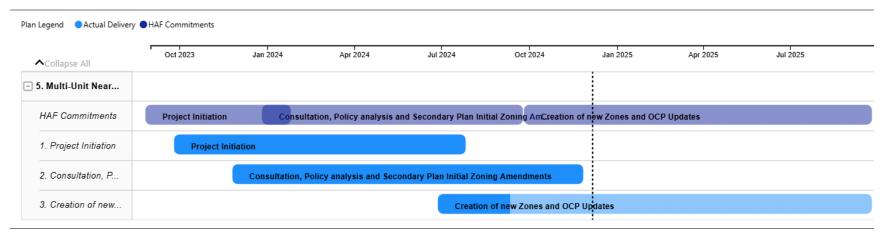
Digital Permit Completion

(Work in Progress - Ahead

of Schedule)

Development of online permitting functionality is in active development and should be complete mid-2026.

5. Increase the supply of Multi-Unit Housing near Transit



Milestone Name

Planned

Actual

Project Initiation (Completed)

The hiring process is underway for consultant, with the RFP to soon be completed. The project working group and cross departmental team has been set up and will establish a project charter and project plan.

Dialogue Planning and Design was hired in October 2023 as a public engagement consultant for the Official Community Plan ("OCP") update process.

Modus Planning Design and Engagement was hired in August 2024 as a policy consultant for the OCP update

Coriolis Consulting Corp. was hired in April 2024 to complete an analysis of market rental and affordable rental housing requirements on the financial impact on new multi-family development projects in Transit Oriented Areas.

Consultation, Policy
analysis and Secondary
Plan Initial Zoning
Amendments
(Completed)

Community and Stakeholder consultation will soon be conducted. Work will soon begin on reducing zoning bylaw parking requirements for rental near rapid transit and updating King George Corridor and South Newton Plan designations.

Corporate Report R089; 2024, revised off-street parking requirements for Transit Oriented Areas.

Corporate Report 246; 2024, with updates to the King George Corridor/South Newton Plan, was received by Council on December 2, 2024.

Creation of new Zones and OCP Updates (On schedule)

Work to begin on drafting new 6-storey, mid rise and high-rise mixed-use zones. Updates to the OCP will include transit corridor designations to remove OCP amendments and allow projects to proceed without needing to undertake NCP process. Investigation will begin on the use of rental incentive in rapid transit corridor land use plans. CAC deferral options will be explored for City Centre, high-density, and large-scale projects that include a rental component. Review will begin on specific office designation locations to allow rental residential use. Investigations to begin on the use of pre-approved plans for 6-storey projects.

6-Storey Zone:

Review of CD Bylaws to create standard provisions for the 6-Storey Zone, reducing CD Bylaw requirements. Update planned for Spring/Summer 2025.

Mid/High Rise Mixed-Use Zones:

Review of CD Bylaws for standard provisions for Mid-Rise (10-20 storeys) and High-Rise (20+ storeys) zones in Transit-Oriented and Town Centre areas. Update planned alongside OCP review in Fall 2025.

Rental Incentives in Transit Areas:

Investigating rental incentive policies near transit, aligned with Provincial Housing Legislation and the Surrey-Langley Skytrain expansion. OCP and Zoning Bylaw updates expected in Fall 2025.

City Centre Office Policy Update:

Corporate Report R247 (Dec 2, 2024) reviewed City Centre Office Policy and proposed office/employment requirements.

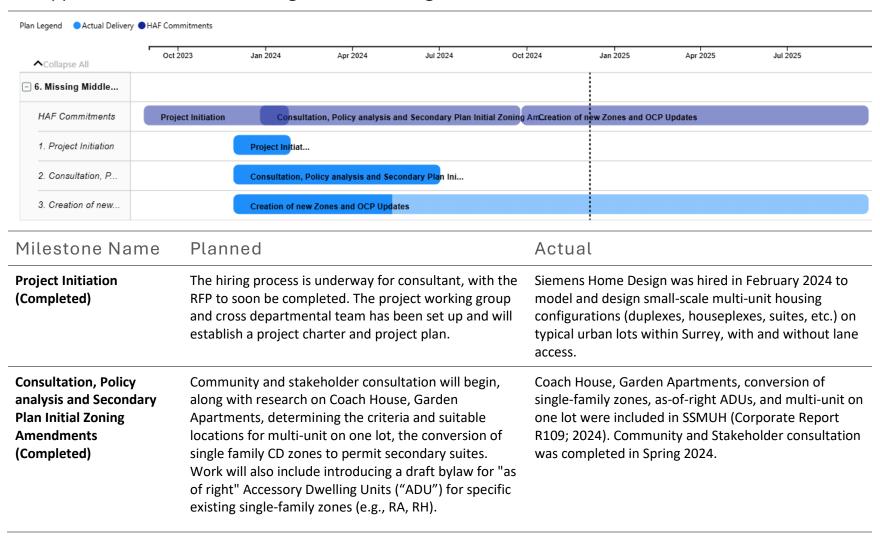
Density Bonus CAC Deferrals:

Corporate Report R247 (Dec 2, 2024) proposed deferral options for City Centre Density Bonus CACs.

Pre-Approved 6-Storey Rental Zoning:

Metro Vancouver's pre-approved 6-storey rental zoning process, in partnership with Surrey and municipalities, started in Spring 2024.

6. Support the Creation of Missing Middle Housing



Creation of new Zones
and OCP Updates
(Work in Progress Ahead
of Schedule)

Drafting of new missing middle zones for triplex, quadplex and new townhouse zones (25 upa [units per acre] and stacked) will begin. OCP will be updating to integrate infill intensification and 15-minute neighbourhoods policy. Investigation to begin on the use of pre-approved plans for ADUs and Missing Middle units (coach house, manor house).

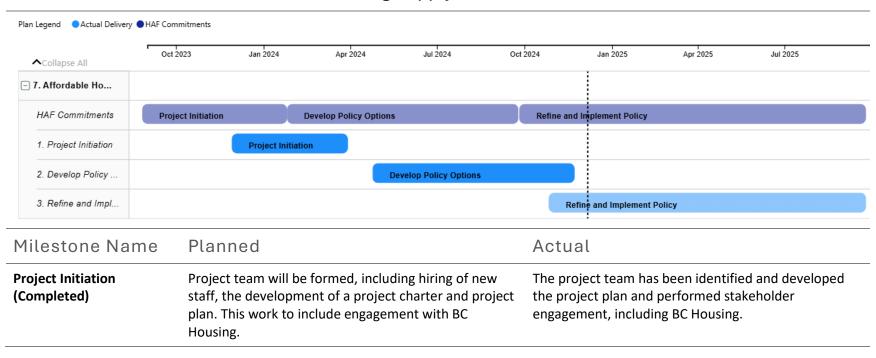
Houseplex (Triplex and Quadplex Zones) were included in SSMUH (Corporate Report R109).

OCP Update

Work is underway. New OCP is anticipated September 2025.

Pre-approved Plans for ADUs and Missing Middle Work with CMHC is underway to investigate preapproved plans.

7. Increase Below Market Affordable Housing Supply



Develop Policy Options (Completed)

Work will include developing an RFP and hiring a consultant. Options to expedite the approval process will be identified and refined. Work will explore "as of right" zoning for below-market affordable and supportive housing units that are OCP compliant and will review waiving DCCs for non-market rental housing operated by a non-profit housing provider. The Housing Needs Report will be updated with the 2021 Census data.

Develop RFP and Hire consultant

Coriolis hired April 2024 to complete preliminary financial feasibility analysis for inclusionary zoning. Urban Matters hired April 1, 2024 to update the Housing Needs Report with 2021 Census data.

Identify and refine options to expedite approval process

The Building Division has established a "Public Interests Team" which will process and facilitate the approval of Building Permits for public interest projects, including social and affordable housing projects. An engagement session with BC Housing was held September 27, 2024 to identify opportunities to expedite the approval process.

Explore 'as of right' zoning for below market affordable and supportive housing units that are OCP compliant

Background research conducted. Policy framework options have been developed and approved by management.

Review waiving DCCs for non-market rental housing operated by a non-profit housing provider

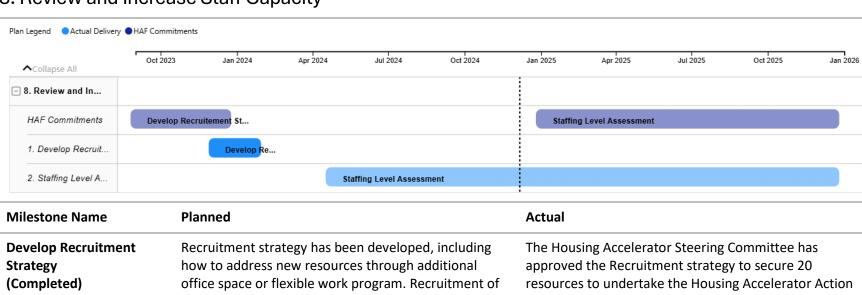
The DCC Bylaw was updated to exempt affordable housing (Corporate Report R067) and came into effect on May 15, 2024. Funding provided to Indigenous Housing Provider for SUILC action plan.

Updated Housing Needs Report with 2021 Census

The Housing Needs Report was updated with 2021 census data.

Refine and Implement Policy	Drafting policies for Inclusionary Housing and Rental Replacement and from financial feasibility study,	Work has been initiated to develop policies related to inclusionary zoning and rental replacement.
(On schedule)	including AH CAC rate.	
		Work has been initiated to determine an appropriate density bonus amenity CAC for affordable housing.

8. Review and Increase Staff Capacity



critical resources is underway, including hiring resources, program coordination and purchasing resources.

Plan. Workspace strategy has been established, leveraging working from home opportunities and initiating the renovation of existing City space to house new staff.

Staffing Level Assessment (Work in Progress - Ahead of Schedule)

Contractor to perform a staffing level assessment, looking at the complement and workload across the functions supporting the approval process, to determine how best to align teams around strategic priorities and reduce time needed for resolution on application deficiencies. This review to include competencies and increase role clarity and to evaluate performance metrics and identify areas for improvements

The Building division completed a staffing level assessment review, providing an updated structure, refined roles, and accountability structure to better support the processing of Building Permits. New staffing resources have been requested for consideration in the 2025 budget.