



The Corporation of the  
City of Sault Ste. Marie

## COUNCIL REPORT

May 12, 2025

TO: Mayor Matthew Shoemaker and Members of City Council  
AUTHOR: Steve Zuppa, Junior Planner  
DEPARTMENT: Community Development and Enterprise Services  
RE: A-4-25-CIP Housing Community Improvement Plan  
Amendments

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### PURPOSE

The applicant, the City of Sault Ste. Marie (c/o Planning Division) is seeking Council's approval of the proposed amended Housing Community Improvement Plan (CIP).

### PROPOSED CHANGE

Major amendments to CIPs are to be made in accordance with the *Planning Act*, which requires a statutory public meeting and Council approval. Major amendments recommended for the Housing CIP are as follows:

1. The expansion of Per-door Grant eligibility criteria to include new market-rate units in Precinct 2. The maximum grant value for new market-rate units in this area is proposed to be \$10,000 per unit.
2. The increase in Per-Door Grant maximum incentive values by \$10,000 to \$15,000 per unit for each housing category and unit type.
3. The addition of a new Municipal Fees Rebate Program, offering a grant equal to a portion of municipal fees for applications under the *Planning Act* and the *Ontario Building Code*.

Minor amendments, including typographical errors, clarifications, revisions to definitions, etc., may be made without Council approval.

Appendix A contains the final version of the amended Housing CIP. Appendix B contains a tracked version, showing the major and minor amendments in red.

### BACKGROUND

On August 12, 2024 Council approved the Housing CIP, establishing three financial incentive programs intended to facilitate broad investment in the City's housing stock to meet current and future housing demand. Also, on August 12, 2024, Council approved the CIPA, which contains three geographic areas (named "Precincts").

On January 27, 2025, the City was awarded \$8.6 million in federal funding through the second round of the Housing Accelerator Fund (HAF2). Staff, in consultation with the Affordable Housing Task Force (AHTF), drafted several amendments to the Housing CIP to better reflect the recommendations of the City's Housing Action Plan 2023-2028 (Action Plan) and the initiatives contained in the City's HAF2 application.

On April 7, 2025, Council approved a draft amended Housing CIP with the intention of making the draft available for public review and for a prescribed public meeting to take place, as per section 28 of the *Planning Act*.

On February 22, 2022, Council passed the following resolution:

*Whereas Council has, on a number of occasions, expressed its view that property standards in certain areas of the community require significant improvement; and*

*Whereas at least two motions seeking community improvement plans have been brought forward to address the desire of Council to see improvement in the City's property standards, as well as the use of existing housing stock in the community; and*

*Whereas City Council had sought to incentivize either the adaptive re-use of existing buildings, or the demolition and redevelopment of unsalvageable buildings; and*

*Whereas no new community improvement plans have been brought forward, despite the requests made by Council; and*

*Whereas on the February 22, 2022 City Council agenda, a report identifying a possible community improvement plan was not recommended by staff;*

*Now Therefore Be It Resolved that Council direct staff to bring forward a draft of a community improvement plan that addresses both the adaptive re-use of existing buildings in the community, and the option of demolishing and redeveloping unsalvageable buildings in the community to Council for its decision, within the next six months.*

## **ANALYSIS**

### **Conformity with Official Plan**

As outlined in the City's Housing Needs Assessment 2023-2025, Sault Ste. Marie faces a high demand for housing yet has a low housing supply. The CIP amendments are designed to assist in increasing housing supply, while focusing

on affordable unit creation. Therefore, the following Official Plan policies support the implementation of this CIP:

#### Housing Policies

*With the overall goal of encouraging and supporting the creation of additional affordable housing units, the City shall ensure that a minimum of 30% of all dwelling units throughout the community are affordable by:*

- a. Providing additional incentives for the provision of affordable housing, through a Community Improvement Plan, which may include the waiving of planning application (rezoning, site plan control) fees, grants and tax rebates;*
- b. Supporting a mixture of housing types, including infill development and residential intensification;*
- c. Supporting the creation of Accessory Dwelling Units;*
- e. Conducting ongoing monitoring on affordability levels;*
- h. Working with non-profit stakeholders that provide affordable and supportive housing units; and*
- j. Giving preference to locating major new residential developments with affordable units within walking distance of amenities*

#### Residential Land Use Policies

- R.1 A mixture of housing types and diversity of ownership and tenure forms shall be encouraged in new development;*
- R.4 Small scale intensification may be permitted in all residential areas unless adequate supporting infrastructure is not available or significant physical constraints exist; and*
- R.5 Small scale residential intensification may include, but not be limited to, rooming, boarding and lodging houses, apartments in houses, infill development and redevelopment.*

The Official Plan also contains policies to direct residential development to SDAs. This amended CIP proposes to offer higher value incentives to housing developments within these areas.

#### Strategic Development Areas Policies

- SD.1 Encourage a complete mix of land uses with an emphasis on filling land use gaps and creating complete neighbourhoods that can meet a variety of needs, such as living, working, education, shopping, and recreational opportunities; and*

*SD.3 Encourage additional residential growth and development through various means including, but not limited to, financial incentives and reduced development standards.*

Thus, the proposed Housing CIP is consistent with the Official Plan.

### **Conformity with Provincial Planning Statement 2024**

The PPS contains a number of policies specific to the goals and objectives of this proposed amended CIP. These include policies on accommodating mixes of affordable and market-rate residential types; promoting residential intensification and infill development; and focusing development within settlement areas and strategic growth areas (which are consistent with the CIPA and the SDAs, respectively).

### 2.2 Housing Policies

*1. Planning authorities shall provide for an appropriate range and mix of housing options and densities to meet projected needs of current and future residents of the regional market area by:*

*b) permitting and facilitating:*

- 1. all housing options required to meet the social, health, economic and wellbeing requirements of current and future residents, including additional needs housing and needs arising from demographic changes and employment opportunities; and*
- 2. all types of residential intensification, including the development and redevelopment of underutilized commercial and institutional sites (e.g., shopping malls and plazas) for residential use, development and introduction of new housing options within previously developed areas, and redevelopment, which results in a net increase in residential units in accordance with policy 2.3.1.3;*

*c) promoting densities for new housing which efficiently use land, resources, infrastructure and public service facilities, and support the use of active transportation; and*

*d) requiring transit-supportive development and prioritizing intensification, including potential air rights development, in proximity to transit, including corridors and stations.*

### 2.4 Strategic Growth Areas

*1. Planning authorities are encouraged to identify and focus growth and development in strategic growth areas.*

*2. To support the achievement of complete communities, a range and mix of housing options, intensification and more mixed-use development, strategic growth areas should be planned:*

*a. to accommodate significant population and employment growth;*

*b. to support affordable, accessible, and equitable housing.*

*3. Planning authorities should:*

*c. permit development and intensification in strategic growth areas to support the achievement of complete communities and a compact built form;*

Thus, the proposed Housing CIP is consistent with the PPS.

### **Conformity with Growth Plan for Northern Ontario 2011**

The GPNO supports the creation of a Housing Action Plan and to support its implementation and through the use of available tools, such as a Housing CIP.

*4.2.1 All municipalities should [...] prepare long-term community strategies. These strategies should support the goals and objectives of this Plan, identify local opportunities to implement the policies of this Plan, and be designed to achieve the following:*

*a. accommodation of the diverse needs of all residents, now and in the future.*

*c. optimized use of existing infrastructure.*

*4.2.2 Municipalities and planning boards are encouraged to:*

*a. align their official plan policies with their long-term community strategies developed in accordance with Policy 4.2.1.*

*b. employ the use of available tools to support and facilitate land-use planning that implements their long-term community strategies.*

This CIP supports intensification and infill residential development in Precinct 1 (SDA-First Neighbourhoods), which contains the Downtown. The GPNO encourages municipalities to plan for higher densities within their Strategic Core Areas:

*4.4.2 Municipalities that contain strategic core areas are encouraged to plan for these areas to function as vibrant, walkable, mixed-use districts that can:*

*b. accommodate higher densities*

Therefore, the proposed Housing CIP is consistent with the GPNO.

## **COMMENTS**

The recommended amendments to the Housing CIP were completed by City staff in consultation with the Affordable Housing Task Force (AHTF). These amendments align with the Action Plan, which went through considerable public and stakeholder consultation.

It is important to note that staff are recommending that the existing Tax Increment Equivalent Grant and the Sault Foundations Feasibility Study Grant remain unchanged. No changes have been proposed to the Precinct boundaries.

Further details and rationale on the proposed major amendments are as follows:

### *Major Amendment 1: Expansion of Per-Door Grant Eligibility*

It is recommended that eligibility for the Per-Door Grant be expanded to include new market-rate units in Precinct 2, with a proposed maximum grant value of \$10,000 per unit. This proposed maximum incentive value for Precinct 2 is lower than the existing market-rate grants in Precinct 1.

Precinct 2 corresponds to the Strategic Development Areas – Other (SDAs) in the City's Official Plan. Offering grants in these areas supports Official Plan policies SD.1, SD.2, and SD.3 by promoting infill development, residential growth, a range of housing types, and the establishment of complete neighbourhoods. The SDAs are an appropriate area to encourage residential intensification, helping to:

- Maximize the use of municipal infrastructure and services;
- Increase community efficiency and support existing/new services and businesses;
- Reduce urban sprawl;
- Support the use of public transit and active modes of transportation; and
- Encourage environmental sustainability.

This change also aligns the Housing CIP more closely with the Action Plan. The Action Plan recommended a market-rate grant for Precinct 2; however, it was not included in the Housing CIP due to a lack of funding from higher levels of government. HAF2 funding enables the expansion of eligibility as intended.

### *Major Amendment 2: Increase in Per-Door Grant Incentive Values*

The maximum Per-Door Grant incentive values are proposed to increase by \$10,000 to \$15,000 per unit for each housing category and unit type, as shown in Table 1:

Table 1: Proposed Maximum Incentive Value Increases for the Per-Door Grant

Housing Category	Precinct	Tenure Types	Current Max. Grant Value (per unit)	Proposed Max. Grant Value (per unit)
Affordable	1	Purpose-Built Rental, Freehold	Bachelor: \$30,000 1 Bedroom: \$35,000 2 Bedroom: \$40,000 3+ Bedroom: \$45,000	Bachelor: \$45,000 1 Bedroom: \$50,000 2 Bedroom: \$55,000 3+ Bedroom: \$60,000
	2 or 3	Purpose-Built Rental, Freehold* <i>*only available to not-for-profit entities</i>	Bachelor: \$30,000 1 Bedroom: \$35,000 2 Bedroom: \$40,000 3+ Bedroom: \$45,000	Bachelor: \$40,000 1 Bedroom: \$45,000 2 Bedroom: \$50,000 3+ Bedroom: \$55,000
Market Rate	1	Purpose-Built Rental, Freehold	\$20,000	\$30,000
	2	Purpose-Built Rental, Freehold* <i>*only available to not-for-profit entities</i>	\$0	\$10,000

Extensive public consultation and engagement with local stakeholders highlighted that current incentive values for affordable units in the adopted CIP are insufficient to offset the total loss of rental revenue over the mandatory 20-year affordability period compared to a market-rate unit. Furthermore, high construction costs, especially for new buildings, make it financially challenging to offer units at affordable rates. The proposed increase in maximum grant values will help bridge this gap and encourage the creation of new affordable residential units.

The Per-Door Grant is also meant to support a diverse range of housing options, including:

- Additional units within existing homes (e.g.: basement conversions);
- Additional units on existing lots (e.g.: garden suites); or
- New multi-unit developments (e.g.: triplexes or fourplexes).

During the first intake period (January 1 to March 31, 2025), the City received 13 Per-Door Grant applications. Most proposed adding units within existing homes. While this contributes to unit creation, the increased grant is expected to encourage a broader mix of unit types, such as stand-alone garden suites and new builds.

Furthermore, the proposed increase in Per-Door Grant values in Precinct 1 will support the development of more units in this area and help offset demolition costs for homes beyond repair. According to the 2021 Census, many dwellings in this area are inadequate, meaning they have major structural issues or defective plumbing/wiring. City staff have identified approximately 100 vacant homes in this area, many of which may be beyond feasible repair.

Rather than introducing a new stand-alone Demolition Grant (which may be challenging to implement and administer), it is proposed that the increased Per-Door Grant be used to support both demolition and replacement of uninhabitable housing units. To qualify, demolition must be tied to the creation of new residential units within a set timeframe. The grant will be paid to the developer when an occupancy permit is issued for the rebuilt units, ensuring that the demolition work has led to new unit creation.

*Major Amendment 3: Addition of a New Grant – Municipal Fees Rebate Program*

A new Municipal Fees Rebate Program is recommended for inclusion in the Housing CIP. This program will provide a grant equal to a portion of municipal fees for *Planning Act* applications and permits under the *Ontario Building Code*. This program is intended to reduce the soft costs of residential construction, particularly for affordable housing and projects located within the City’s SDAs. This program is intended to complement and stack with other Housing CIP grants.

Although a Municipal Fees Rebate Program was recommended in the Action Plan, it was excluded from the Housing CIP due to a lack of funding from higher levels of government. However, the program was included as an initiative in the City’s HAF2 application, and HAF2 funds are now available. Introducing this program will better align the Housing CIP with the Action Plan.

Eligibility is recommended to be similar to the proposed amended Per-Door Grant, where affordable developments are eligible in all Precincts and market-rate developments are only eligible in Precincts 1 and 2, as shown in Table 2. For mixed developments that include both affordable and market-rate units, the rebate will be prorated based on the proportion of each unit type.

*Table 2: Recommended Municipal Application Fee Rebates*

<b>Location</b>	<b>Affordable Rebate</b>	<b>Market-Rate Rebate</b>
Precinct 1	100%	100%
Precinct 2	100%	50%
Precinct 3	100%	0%

Grant values awarded through this program will vary considerably based on the type of residential development and the location. For example, a full rebate for a basement apartment conversion may be under \$1,000, while a new 100-unit apartment building in Precinct 1 may be eligible for a rebate between \$200,000 and \$250,000.

As such, the proposed Municipal Fees Rebate Program provides a practical, cost-saving incentive for housing development, with flexible scaling for both large and small projects.

*Minor Amendments:*

These amendments are primarily for housekeeping purposes. They include clarifications in several sections and minor typographical corrections. The final version of the CIP is provided in Appendix A.

**Implementation**

No changes are proposed to the application process for the Per-Door Grants. It is recommended that the Municipal Fees Rebate Program be applied for in tandem with either the Per-Door Grant or the Tax Increment Equivalent Grant (depending on the number of units proposed in the development). The existing application forms will be updated to allow applicants to apply for both programs simultaneously. A standalone application form and agreement for the Municipal Fees Rebate Program will be developed for applicants who do not wish to apply for any other grants.

Any units incentivized as “affordable” will require a 20-year commitment. The existing process for verifying ongoing affordability will also apply to units funded as affordable through the Municipal Fees Rebate Program.

Should Council approve the Housing CIP amendments, CIP applications submitted during the Quarter 2 intake period or any future intake periods will be eligible for the amended grants. Applications previously submitted in Quarter 1, 2025 are eligible under the existing CIP.

**CONSULTATION**

Public notice was posted on the City website on April 14, 2025 and advertised in the Sault Star on April 19, 2025. An online advertisement directing viewers to the public notice ran intermittently on [www.sootoday.com](http://www.sootoday.com) from April 18 to April 27, 2025.

As this is a City-wide application, no physical notices were mailed out. An email was circulated to all stakeholders involved in the development of the Housing CIP, as well as to individuals who attended related public open houses and requested to receive updates on the City’s housing initiatives.

Furthermore, on April 8, 2025, the public consultation website for the Housing CIP was updated to include the draft amended Housing CIP for download, review, and comment. As of the drafting of this report, the site had received 89 new views and no participants had left comments.

Public feedback was further collected through various outreach efforts, including presentations, conversations with stakeholders, and open houses. This included a dedicated Housing CIP open house on February 12, 2025 at the Ronald A. Irwin Civic Centre, which was attended by approximately 120 members of the public.

### **Public Comments**

Public comments centred on: the maximum incentive value of the Per-Door Grant for affordable units was seen as insufficient to encourage private developers to commit to the 20-year affordability period; market-rate grants should be expanded to reflect the high costs of construction; and uninhabitable units in the downtown area should be eligible for grant funding to support either their rehabilitation or replacement with new builds.

The amendments are intended to address these concerns by providing additional funding for new units, particularly for affordable units across the CIPA. Furthermore, the increase in Per-Door Grant maximum values in Precinct 1 is intended to support the demolition and reconstruction of uninhabitable units.

### **Application Circulation**

As part of the application review, this proposal was circulated to the following City divisions and external agencies for detailed technical review and comment: Accessibility Advisory Committee, Batchewana First Nation, Bell Canada, Building Division, Canada Mortgage and Housing Corporation, Community Development and Enterprise Services, Conservation Authority, Downtown Association, Economic Development, Engineering Services, Fire Services, Garden River First Nation, Huron Superior Catholic District School Board, Legal Division, Ministry of Municipal Affairs and Housing (MMAH), Municipal Heritage Committee, Public Works, Public Utilities Commission, Rogers Communication, and Transit Services.

Up to the drafting of this report, no concerns have been raised. The Building Division recommended clarifying the timing of a Municipal Fees Rebate being issued for a building permit application (Section 2.7.5). This change has been incorporated into the Housing CIP.

MMAH has suggested minor changes that have been incorporated into the draft Housing CIP. The majority of these changes are clarifications of definitions and policies to make them more understandable for the reader. Furthermore, the affordable housing definition has been altered to link to the actual website location of the specific MMAH dataset (Affordable Residential Units bulletin) that will be used to determine baseline and ongoing affordability for Sault Ste. Marie.

### **FINANCIAL IMPLICATIONS**

The amended Housing CIP contains three programs that require a budget:

- 1) Per-Door Grant Program;
- 2) Sault Foundations (Feasibility Study Grant); and
- 3) Municipal Fees Rebate Program.

All three programs are eligible to be funded through HAF2. The City will receive \$6,462,669 over the first three years of HAF2. An additional fourth-year payment of \$2,154,223 is contingent upon the City meeting its HAF2 housing target. Recommended allocations for the first three years HAF2 funding are shown in Table 3:

*Table 3: HAF2 Funding Allocation (Years 1 to 3)*

<b>Grant/Program</b>	<b>HAF2 Allocation</b>
CIP: Per-Door Grant	\$1,575,000
CIP: Sault Foundations	\$270,000
CIP: Municipal Fees Rebate Program	\$1,500,000
Non-CIP Housing Initiatives	\$655,000
HAF2 Contingency	\$2,462,669
<b>Total</b>	<b>\$6,462,669</b>

Council is being asked to allocate a total \$3,345,000 of HAF2 funding to the three Housing CIP grant programs listed above. Depending on program uptake, it may be necessary to shift funding between the three CIP programs to maximize their impact.

The non-CIP housing initiatives are separate from the Housing CIP but were included in the City’s HAF2 application. These include expenses related to other housing programs (Access to Land program and the Accessory Dwelling Unit pre-approval program), the hiring of a temporary Housing Coordinator, and marketing efforts of housing grants/programs.

A HAF2 contingency reserve has also been included for additional flexibility. This reserve may be used to support the Housing CIP grant programs if demand exceeds expectations, extend the Housing CIP beyond its initial three-year term, and/or fund other high-impact housing projects identified in the future. The use of the HAF2 contingency reserve would require Council approval.

Additionally, the City has received \$600,000 in Building Faster Fund (BFF) funding for exceeding its 2023 Provincial housing target. Council has already allocated this funding to the Housing CIP. If the City exceeds housing targets in 2024 and 2025, two additional payments of \$600,000 will be provided.

The Housing CIP Plan Administrator, or their designate, will report to Council every six months, detailing grants awarded and the use of HAF2 and BFF funds for each program. Should HAF2 and BFF funds be exhausted in any given year, application intakes for the Per-Door Grants, Municipal Fees Rebate Program, and the Sault Foundations feasibility study grant will be paused until the next annual payments are received or when new funds become available.

It is important to note that no amendments are being proposed to the Tax Increment Equivalent Grant (TIEG) within this Housing CIP. The TIEG uses the incremental increase to the tax base (from growth) to invest in the community, in this case, for housing. As the grant phases out over time, the increased tax revenue returns to the municipal base. It is therefore recommended that HAF2 funding not be used for the TIEG. Instead, the TIEG will continue to be financially

backstopped by the City through future tax revenues generated by the developments it supports.

### **STRATEGIC PLAN / POLICY IMPACT**

The proposed amendments support the following strategic focus areas of the corporate strategic plan.

**Current Assets:** This CIP encourages infill development and residential intensification within SDAs and the rest of the Urban Settlement Area, thus promoting more efficient use of existing municipal infrastructure and services.

**Social Equity:** Adequate and affordable housing is a key quality of life indicator. The CIP promotes the construction of new affordable housing units, as well as an increase in the overall housing supply (including purpose-built rentals, Additional Dwelling Units, and multiple unit dwellings); thereby providing more housing options to a broader range of income levels.

**Vibrant Downtown:** This CIP encourages infill development within the First Neighbourhoods, which includes the Downtown. An increase in residential density in the Downtown can help create a vibrant, complete community where people want to live and work.

### **Climate Impact**

Higher-density mixed-use development within the City's SDAs fosters an environment conducive to active transportation. Compact, mixed-use developments promote walkability, cycling, and public transit usage due to shorter distances between residences, workplaces, and amenities, thus reducing carbon emissions.

The Per-Door Grant application scorecard awards additional points for energy efficiency above and beyond the *Ontario Building Code*. This supports the City's GHG Reduction Plan.

### **SUMMARY**

On January 27, 2025, the City was awarded federal HAF2 funding to increase the supply of homes within the municipality. City staff, in consultation with the AHTF, are recommending amendments to the Housing CIP to help address housing demand and to better align with the City's Housing Action Plan 2023-2028. Major amendments include:

- 1) Expanding eligibility for the Per-Door Grant to market-rate units in Precinct 2, with a maximum incentive value of \$10,000. This amendment will help encourage residential growth in the City's Strategic Development Areas;
- 2) Increasing the maximum Per-Door Grant values by \$10,000–\$15,000 per unit to better address the affordability gap and the rising costs of residential construction. The expanded Per-Door Grant will also support the demolition

and replacement of uninhabitable homes, particularly those located within Precinct 1; and

- 3) A new Municipal Fees Rebate Program, providing a grant equal to a portion of application fees under the *Planning Act* or the *Ontario Building Code*. This program is intended to help offset the soft costs of residential construction, particularly for affordable housing or new development within the City's Strategic Development Areas.

No changes are recommended to the existing Tax Increment Equivalent Grant, the Sault Foundations Feasibility Study Grant, or the Precinct boundaries. Minor housekeeping updates have been made for clarity and consistency, particularly those recommended by MMAH.

Council is being asked to allocate a total \$3,345,000 of HAF2 funding to three programs within the Housing CIP: the Per-Door Grant, Sault Foundations, and the Municipal Fees Rebate Program and to allow the Plan Administrator to shift HAF2 funding between these programs based on demand.

#### **RECOMMENDATION**

It is therefore recommended that Council take the following action:

Resolved that the report of the Junior Planner dated May 12, 2025 concerning A-4-25-CIP Housing Community Improvement Plan Amendments be received and that Council:

1. Approve the amended Housing Community Improvement Plan (Appendix A);
2. Delete Schedule "A" to By-law 2024-133 named "Appendix A: City of Sault Ste. Marie Housing Community Improvement Plan (Draft) August 2024" and replace it with Schedule "A" City of Sault Ste. Marie Housing Community Improvement Plan May 2025; and
3. Allocate \$3,345,000 of Housing Accelerator Fund – Round 2 funding to the Housing Community Improvement Plan, and authorize the Plan Administrator to reallocate funds among the associated grant programs as needed, based on demand.

The relevant By-law 2025-75 is listed under item 12 of the Agenda and will be read with all by-laws under that item.

Respectfully submitted,

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