



The Corporation of the
City of Sault Ste. Marie

COUNCIL REPORT

April 7, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Steve Zuppa, Junior Planner
DEPARTMENT: Community Development and Enterprise Services
RE: Housing Community Improvement Plan (CIP) Updates

Purpose

The purpose of this report is to seek Council approval of a draft amended Housing Community Improvement Plan (CIP) to provide public notice, with the intent of bringing the Draft Housing CIP back to Council for final approval.

Background

On December 11, 2023, Council endorsed the City's Housing Action Plan, 2023-2028 (Action Plan).

On August 12, 2024, Council approved the Housing CIP, establishing three financial incentive programs. These programs were scaled-down versions of the financial incentives originally recommended in the Action Plan, as no federal funding was available to the City at the time of approval. Also, on August 12, 2024, Council approved the Community Improvement Project Area (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). Therefore, it is now appropriate to amend the financial grants within the Housing CIP to better reflect the recommendations of the Action Plan and the initiatives contained in the City's HAF2 application.

Section 28 of the *Planning Act* requires that Council approve a draft amended CIP before it is made available for public review and the prescribed public meeting can take place. Should Council approve the draft amended CIP for public review, the public meeting is anticipated to be held on May 12, 2025. Public feedback will be incorporated into the final version and considered when drafting the amending by-law.

Analysis

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

A redline version of the draft amended Housing CIP has been attached as an Appendix. It is important to note that staff are recommending that the Tax Increment Equivalent Grant and the Sault Foundations Feasibility Study Grant remain unchanged. Substantive changes are as follows:

Change 1: Expansion of Per-Door Grant Eligibility

The eligibility criteria for the Per-Door Grant is proposed to be expanded to include new market-rate units in Precinct 2. The maximum grant value is proposed to be \$10,000 per unit, which is lower than market-rate grants in Precinct 1.

Precinct 2 corresponds to the "Strategic Development Areas – Other" in the City's Official Plan. Including market-rate grants for new units in these areas aligns with Official Plan policies SD.1, SD.2, and SD.3 by providing financial incentives to encourage residential growth and complete neighbourhoods through infill development.

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.

Change 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.

A portion of HAF2 and Building Faster Fund (BFF) funding has been allocated to Per-Door Grants for new units. Through extensive public consultation, it was found that the 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. This increase in grant values will help bridge that gap and encourage the creation of new affordable residential units.

Further, the proposed increase in grant values in Precinct 1 aims to encourage the development of more units in the Downtown/First Neighbourhoods of the City and help cover demolition costs for units that are beyond repair. It is proposed that the increased Per-Door Grant incentive values in Precinct 1 be used instead of a new standalone Demolition Grant, which could be challenging to implement

Change 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 would offer a grant equal to a portion of municipal fees for applications under the *Planning Act*, the *Ontario Building Code*, and other selected municipal services. Eligibility for this grant is recommended to be similar to the amended Per-Door Grant.

The Municipal Fees Rebate Program is designed to reduce the soft costs of residential construction, particularly for affordable housing and projects within the City's SDAs.

Although this 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. Therefore, it is appropriate to include this program to better align the Housing CIP with the Action Plan.

Financial Implications

There are no financial implications to Council approving a draft of the amended Housing CIP for public review. Approval of the draft will allow for the CIP amendments to commence through the formal approval process under Section 28 of the *Planning Act*.

That said, should the Housing CIP amendments ultimately be approved by Council and adopted, the commitment of funds to the amended Housing CIP would be an annual consideration by Council. The amended CIP would contain three grants that require a budget, two of which are different from the current Housing CIP:

1. The Per-Door Grant – expanded eligibility and increased value per unit
2. The Municipal Fees Rebate Program – new program

All grants within the Housing CIP are eligible to be funded through HAF2. The City has received the first installment (\$2.1 million) of the HAF2 funding, totalling \$8.6 million over four years. The City has also received \$600,000 in BFF funding for 2024 for exceeding its 2023 housing target. If the City exceeds housing targets in 2024 and 2025, two more payments of \$600,000 can be expected.

Strategic Plan / Policy Impact / Climate 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.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Junior Planner dated April 7, 2025 concerning Housing Community Improvement Plan (CIP) Updates be received and that Council:

- Approve the draft amended Housing CIP in principle;
- Direct staff to proceed with the public review process, including the scheduling of a prescribed public meeting in accordance with Section 28 of the *Planning Act*; and
- Direct staff to forward the revised CIP documents to the Ontario Ministry of Municipal Affairs and Housing for review prior to bringing it back to Council.

Respectfully submitted,

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