



The Corporation of the Town of Tecumseh

Development Services

To: Mayor and Members of Council

From: Brian Hillman, Director Development Services

Date to Council: December 10, 2024

Report Number: DS-2024-40

Subject: Expanding Housing Choices and Improving Affordability
Housing Accelerator Fund (HAF)
Initiative 5 – Scheduling of Public Meeting to Amend Tecumseh
Road Main Street CIP:
New CIP Grants for Affordable Housing and
Expand CIP Area
OUR FILE: L11 FED

Recommendations

It is recommended:

That Report DS-2024-40, entitled “Expanding Housing Choices and Improving Affordability, Housing Accelerator Fund (HAF), Initiative 5 – Scheduling of Public Meeting to Amend Tecumseh Road Main Street CIP: New CIP Grants for Affordable Housing and Expand CIP Area” **be received;**

And that the scheduling of a public meeting, to be held in the first quarter of 2025, in accordance with the *Planning Act* for the purpose of seeking public and stakeholder input on a proposed amendment to the Tecumseh Road Main Street Community Improvement Plan (“Main Street CIP”) in order to introduce an Affordable Rental Housing Grant Program, to reintroduce the Building and Property Improvement Grant Program for eligible new affordable housing rental units, and to expand the Main Street CIP Area, **be authorized.**

Background

Tecumseh Housing Action Plan

In August of 2023, Council adopted a Housing Action Plan, incorporating new housing goals, targets and initiatives that would lead to comprehensive, long-term, positive changes to improve housing affordability and to broaden the range of housing choices available to Tecumseh residents.

Tecumseh Housing Accelerator Fund

In February 2024, the Town's Housing Accelerator Fund (HAF) Application received approval, and an agreement was entered into with CMHC setting out nine initiatives to be undertaken by the Town and their corresponding timelines and milestones – including HAF Initiative No. 5. This initiative is intended to identify and implement one or more incentives to facilitate and support the construction of new affordable rental housing in the Town's Tecumseh Road Main Street Community Improvement Plan ("Main Street CIP") Area. This CIP was adopted by Council in 2016, in accordance with Section 28 of the *Planning Act*. The Main Street CIP project area encompasses approximately 75 acres of land and more than 100 properties with a mix of residential and commercial buildings and uses, with several underutilized sites that are available for redevelopment and within easy access to the Town's transit system. Attachment 1 illustrates the location and extent of the Main Street CIP Area.

Larry Silani of MillerSilani Inc. assisted with background research and with the preparation of this Report. Mr. Silani will be in attendance as a delegate at the December 10, 2024, Regular Council Meeting to assist Administration with the review of this Report.

The purpose of this Report is to:

- 1) consider proposed amendments to the Main Street CIP to implement HAF Initiative No. 5;
- 2) recommend the reintroduction of the Building and Property Improvement Grant (BPIG) Program only for developments that include affordable rental housing units. In accordance with [Report DS-2022-16](#), Council had discontinued support for the original BPIG Program and directed that Administration establish criteria for the purpose of providing scoped BPIG grants to those residential development proposals that meet specific affordability criteria over a specified period of time;

- 3) recommend the southerly expansion of the Main Street CIP Area to incorporate an additional 92 properties totalling 21 acres.

Key Main Street CIP Developments to Date

One of the primary objectives of the Main Street CIP is to create opportunities and support the construction of new higher density apartment style residential buildings within the Town's "Downtown Core," where residents can live, work, shop and enjoy a broad range of services and amenities in a safe and inviting built environment. Since its adoption in 2016, 24 properties have received Main Street CIP grants resulting in the following key major improvements and developments:

- 1 residential subdivision totaling 48 dwelling units;
- 7 new apartment buildings totaling 323 dwelling units;
- 4,000 square feet of new commercial development;
- 10 building façade improvements to existing commercial buildings;
- 5 new/renovated residential units above existing commercial buildings; and
- 4 new outdoor sidewalk patios associated with commercial businesses.

Main Street CIP Change in 2022 – Discontinuation of BPIG Program

In April of 2022, by way of Report DS-2022-16, Council discontinued support for the Main Street CIP BPIG Program for grant applications received after April 26, 2022. The BPIG program was intended to promote the substantial development, intensification and/or improvement of commercial, institutional, multi-unit residential (greater than six units), and mixed-use buildings and properties within the CIP Area. The program enabled property owners to receive a 100 percent rebate of the municipal portion of the increased taxation generated by the improvements made to the building or property for a five-year period. This grant was committed to four properties comprising 311 units and has a total estimated value of \$1,674,020, which amounts to \$334,804 annually. These multi-unit buildings have been constructed and have resulted in an increased population within the CIP Area of approximately 500 people.

In addition, as part of Report DS-2022-16, detailed information was provided to Council with respect to the rationale for discontinuing this CIP program and establishing the expectations for a future Main Street CIP program that was more strategic in nature and

targeted towards providing incentives for affordable housing projects in the Town's "Downtown Core". As a result, Council also directed that Administration prepare a report with a revised BPIG Program that establishes criteria for the purpose of providing BPIG grants to those residential development proposals that meet specific affordability criteria over a specified period.

Potential Expansion of Main Street CIP Area

Given that amendments will be required to the Main Street CIP to incorporate the preceding proposed changes, it is an opportune time to also contemplate the merits of expanding the Main Street CIP Area. As noted previously, the current CIP project area encompasses approximately 75 acres of land and more than 100 properties comprising a mix of uses. To create greater opportunities for the introduction of additional housing choices in proximity to the downtown core incentivized by the preceding grant programs, additional lands are proposed to be added to the Main Street CIP Area. The proposed lands to be added total 21 acres comprising 92 properties (see Attachment 1).

Comments

Common Affordable Housing Criteria in CIPs

A review of Affordable Housing CIP best practices highlights the importance of the following criteria in considering financial grant programs for the provision of new affordable rental housing units:

- i) establishing that the new rental units would be subject to an agreement and must remain affordable for 25 years;
- ii) establishing that the maximum monthly rent must be at or below the affordable monthly rents established by the Province of Ontario through the issuance of a Bulletin. The most recent Provincially-issued affordable monthly rents for the Town of Tecumseh are: \$856 for a bachelor unit; \$1,055 for a 1-bedroom unit; \$1,253 for a 2-bedroom unit; and \$1,341 for a 3-bedroom unit; and
- iii) establishing the maximum amount of the CIP Grant that is available per eligible new affordable rental unit;
- iv) noting that in accordance with Provincial Legislation, eligible new affordable rental housing units are already exempt from paying a development charge and from paying parkland dedication requirements (i.e. cash-in-lieu of parkland fees); and

- v) establishing a capped funding amount and CIP program expiry date and establishing funding allocations/approvals are to be prioritized on a first-come, first-serve basis.

In accordance with the preceding criteria, it is recommended that a new Affordable Rental Housing Grant Program be added to the current support programs and incentives offered in the Main Street CIP to promote the construction of affordable rental units in the Main Street CIP Area. Based on the maximum available HAF funding of \$627,000 and the targeted amount of 14 affordable units in the CIP Area, the maximum grant would be \$44,785 per dwelling unit. The applications would have to be approved by Council and agreements entered into before February 5, 2028 in accordance with the HAF Agreement.

Revised BPIG Program

The original BPIG Program was intended to promote the substantial development, intensification and/or improvement of commercial, institutional, multi-unit residential (greater than six units), and mixed-use buildings and properties within the CIP Area. The program enabled property owners to receive a 100 percent rebate of the municipal portion of the increased taxation generated by the improvements made to the building or property for a five-year period.

At this time, to further entice and incentivize the construction of affordable housing rental units in the Main Street CIP Area, the BPIG Program is proposed to be revised so that it exclusively applies to development of new affordable rental units. Qualifying criteria would be the same as those noted previously for the proposed new Affordable Rental Housing Grant Program, with the additional requirement that the housing development would have a minimum of six rental units with 25% of the total units qualifying as affordable.

Expansion of Main Street CIP Area

As noted previously, the proposed lands to be added total 21 acres comprising 92 properties. These lands result in a “rounding out” and a logical extension of the current Main Street CIP Area. They are characterized by primarily older, lower density residential properties of sufficient size to support missing middle housing in conformity with the Town’s Official Plan. All these properties are within walking distance of the downtown core and are serviced by the Town’s transit system. Including them in the Main Street CIP Area will make them available to the CIP grant programs that are intended to, among other things, incentivize residential intensification and create greater housing choices and affordability.

Conclusion

It is believed that the combination of the proposed new Affordable Rental Housing Grant Program and the proposed revised BPIG Program will provide adequate financial incentives to improve the likelihood of affordable units being constructed in the Tecumseh Road Main Street CIP Area. In addition, the proposed expansion of the Main Street CIP Area allows more strategically located residential properties to also take advantage of the CIP grant programs.

Need for Public Meeting

The Planning Act establishes that Council shall have at least one public meeting prior to amendments that have the effect of adding grant funding programs to a CIP or expanding a CIP Area. Such a meeting offers an opportunity for public and stakeholder input. Accordingly, it is recommended that Council authorize the scheduling of a public meeting in the first quarter of 2025.

Consultations

Financial Services
Canada Mortgage and Housing Corporation (CMHC)
MillerSilani Inc.

Financial Implications

The Town's HAF application was approved and is providing \$4,383,110 in funding, approximately \$1,184,000 of which is to be used for the implementation of the Town's nine initiatives. As noted previously, \$627,000 would off set the cost of the proposed new CIP Affordable Rental Housing Grant Program.

The BPIG Program involves a 100 percent rebate of the municipal portion of the increased taxation generated by the improvements made to the building or property for a five-year period. After the 5-year period, the full municipal tax levy would be due on an ongoing basis.

The Council-approved 2024 Planning Services budget included line items that incorporate HAF funding to fund the costs being incurred by the Town to complete these initiatives.

Link to Strategic Priorities

Applicable	2023-2026 Strategic Priorities
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input checked="" type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

Communications

Not applicable

Website Social Media News Release Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Chad Jeffery, MA, MCIP, RPP
Manager Planning Services & Local Economic Development

Reviewed by:

Brian Hillman, MA, MCIP, RPP
Director Development Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	CIP Area and Proposed Expansion