



**City of Kingston
Report to Planning Committee
Report Number PC-24-030**

To: Chair and Members of the Planning Committee
From: Paige Agnew, Commissioner, Growth & Development Services
Resource Staff: Tim Park, Director, Planning Services
Date of Meeting: April 18, 2024
Subject: Community Meeting Report – Rental Housing Community Improvement Plan
File Numbers: D09-001-2024

Council Strategic Plan Alignment:

Theme: 1. Support Housing Affordability

Goal: 1.1 Promote increased supply and affordability of housing.

Goal: 1.2 Promote increase in purpose-built rental housing.

Executive Summary:

The following is a Community Meeting Report regarding a City-initiated application to designate a new Rental Housing Community Improvement Project Area and to adopt a new Rental Housing Community Improvement Plan. Community Improvement Plans encourage rehabilitation initiatives and/or stimulate development and, when adopted, allow municipalities to direct initiatives toward specific areas. Initiatives may be municipally driven (such as the acquisition of land) or incentive-based programs (such as grants, loans or tax assistance).

The proposed by-laws would enable the City to implement financial incentives aimed at addressing the housing affordability crisis and low rental vacancy rates by reducing financial barriers for new rental apartments. The purpose is to increase the number of purpose-built rental units and accelerate the timing of the construction of planned purpose-built rental apartments to bring more rental units on the market sooner. The program also includes an additional incentive to encourage the development of new affordable rental housing units.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Paige Agnew, Commissioner,
Growth & Development Services**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Jennifer Campbell, Commissioner, Community Services	<input checked="" type="checkbox"/>
Neil Carbone, Commissioner, Corporate Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives	Not required
Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	<input checked="" type="checkbox"/>

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Options/Discussion:**Community Meeting**

The purpose of the Community Meeting is to provide staff an opportunity to present the proposed Rental Housing Community Improvement Project Area and the Rental Housing Community Improvement Plan to seek feedback from the public and members of Planning Committee. Anyone who attends a Community Meeting may present an oral submission, and/or provide a written submission on the proposal being presented.

A statutory Public Meeting on the proposed application is scheduled on May 2, 2024, at Planning Committee at which time staff's recommendations will be made to Planning Committee. Revisions that are required as a result of feedback received at the Community Meeting will be reflected in staff's recommendations at the statutory Public Meeting. Anyone who attends the statutory Public Meeting may present an oral submission, and/or provide a written submission on the proposal. Also, any person may make written submissions at any time before City Council makes a decision on the application.

If a person or public body would otherwise have an ability to appeal the decision of the Council of the Corporation of the City of Kingston to the Ontario Land Tribunal but the person or public body does not make oral submissions at a public meeting or make written submissions to the City of Kingston before the by-law is passed, the person or public body is not entitled to appeal the decision. If a person or public body does not make oral submissions at a public meeting or make written submissions to the City of Kingston before the by-law is passed, the person or public body may not be added as a party to the hearing of an appeal before the Ontario Land Tribunal unless, in the opinion of the Tribunal, there are reasonable grounds to do so.

All submission materials are available online through the Development and Services Hub (DASH) at the following link, [DASH](#), using "Look-up a Specific Address" (the address associated with this application is City Hall, 216 Ontario Street) or by searching for the File Number D09-001-2024 using the "Search by Record Information" drop-down on the "Look-up a Specific Address" webpage. Within this record window on DASH, choose "Supporting Information" from the "Record Info" drop-down menu to access the application materials.

Description of Proposed Community Improvement Project Area and Rental Housing CIP

Community Improvement Plans are enabled by Section 28 of the *Planning Act*. A municipality must have Community Improvement Plan policies in its Official Plan before a by-law can be passed to designate a Project Area and before Council can adopt a Community Improvement Plan. Once adopted, a Community Improvement Plan allows the City to provide tax assistance, grants or loans as financial incentives in accordance with the *Planning Act* and the *Municipal Act*.

The City's Official Plan includes policies in Section 9.8 to revitalize various uses and areas and identifies all lands within the municipal boundary as being eligible to be designated as a Community Improvement Project Area through a by-law and for which a detailed Community

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Improvement Plan can be adopted. The proposed City-initiated application conforms with the Official Plan and does not require an Official Plan amendment. The application proposes two separate by-laws:

1. A draft by-law to designate a new Rental Housing Community Improvement Project Area (Project Area) to apply to all properties within the urban boundary (Exhibit A); and
2. A draft by-law to adopt a new Rental Housing Community Improvement Plan (Rental Housing CIP) within the Project Area (Exhibit B).

The purpose and intent of the proposed Project Area and Rental Housing CIP is to stimulate an increase in the number of purpose-built rental apartments and accelerate the timing of the construction of planned purpose-built rental apartments through financial incentives. The program also includes an additional incentive to encourage the development of new affordable rental housing units. The goal is to expand the supply of new rental housing to help address the ongoing housing affordability crisis and low rental vacancy rates by reducing financial barriers for new rental apartment buildings (buildings with 7 or more rental units).

The draft Rental Housing CIP (Exhibit B) includes a detailed explanation of the proposed financial incentives in Section 2, including a Tax Increment Equivalent Grant Program (TIEG Program), an Affordable Rental Unit Incentive and a Vacant Land Tax Program (VLT Program).

The TIEG Program is designed to grant a property tax credit equivalent to 50% of the municipal portion of incremental property taxes (difference between pre-construction and post-construction taxes) for two years following occupancy of the new rental apartment buildings. A number of eligibility criteria are identified in Section 2.2.1. of the draft Rental Housing CIP, including the requirement to obtain full building permits for the rental apartment building between the date the Rental Housing CIP comes into effect (if approved), and December 31, 2026. After obtaining full building permits, construction must be completed with occupancy permits obtained within 3 years of building permit issuance.

The Affordable Rental Unit Incentive is a bonus financial incentive intended to incentivize the construction of rental units that are considered affordable for low to moderate income households. This incentive is provided for affordable rental units and has the effect of doubling the TIEG Program benefits (for the affordable rental units only). The proposed definition of affordable rental unit is included in Section 3.6 of the draft Rental Housing CIP and includes a definition which gives the Director of Planning Services the discretion to apply either the *Development Charges Act* definition or the latest average market rent data that has been provided by the Canada Mortgage and Housing Corporation (CMHC). The intent of this discretion is to reflect the fact that the new definition provided in the *Development Charges Act* relies on a Provincial Bulletin, which is not yet available. At present, it is anticipated that the maximums for affordable rents would align with the most recent average market rent data provided by the CMHC (by bedroom count) which is currently \$1,035 for a bachelor unit, \$1,329 for a one-bedroom unit and \$1,609 for a two bedroom unit. The applicable rent will be determined based on the date the City receives the application.

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Where a property is vacant, or being redeveloped in a manner that eliminates existing uses during construction, the VLT Program is designed to grant a property tax credit equivalent to 100% of the municipal portion of the property tax for the vacant property while an eligible rental apartment building is under construction, for a maximum period of two years.

Background: The Housing Affordability Crisis & Kingston's Housing Needs

Canada is in the midst of a national housing crisis where the supply of housing does not meet the current demand. This has contributed to an overall housing affordability crisis where the cost of buying or renting housing has increased beyond what is considered affordable for many Canadians.

In the shadow of a disruptive global pandemic, Canada's national economy has struggled with rising inflation and interest rates, and significant increases in the overall cost of living. In Kingston, while there are over 8,200 residential units that have zoning approvals that have not yet obtained building permits, the 2024 building permit season is off to a slow start with permits issued for 44 residential units in January and February of 2024, compared to 370 residential unit permits during the same period in 2023.

Through various discussions with homebuilders and developers, rising interest rates and the cost of financing have been identified as a major cause delaying new housing construction and slowing down the real estate market. Municipal financial incentives have the potential to positively impact the financial outlook of a construction project and may ultimately be the difference maker that results in an underutilized or vacant property being developed with new rental units.

The City recently completed a Housing Needs Assessment (attached as Exhibit A to [Report Number 23-172](#)) which details Kingston's housing needs. A summary of pertinent rental housing findings from the Housing Needs Assessment are listed below, including updates where more recent data has been released:

- In 2021, 56% of Kingston's housing units were owner-occupied and 44% were tenant occupied rental units.
- 95% of the city's housing stock is market housing and 5% is publicly funded or provided by non-profit agencies (non-market).
- Kingston's rental housing stock consists of approximately 25% primary rental market households, 15% secondary rental market households, and 5% non-market housing. The CMHC defines the primary rental market as purpose-built buildings with three or more units and the secondary rental market as buildings with three or fewer units.
- Between 2006 and 2021, Kingston's rental market experienced significant growth, expanding from an estimated 18,500 units in 2006 to 25,500 units in 2021. Approximately 70% of the growth is attributable to secondary rental market units. Kingston's rental market

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supply includes approximately 14,600 (57%) primary rental market units and 10,900 (43%) secondary rental market units.

- Over the past ten years, Kingston Census Metropolitan Area's (CMA) average vacancy rate was 1.9%. Following the completion of the Housing Needs Assessment, the CMHC released their newest vacancy rate data which shows that Kingston CMA's 2023 vacancy rate fell to 0.8%, which is the lowest vacancy rate for CMA in Ontario. A healthy vacancy rate is 3%.
- Kingston's non-market housing supply includes approximately 3,160 units, of which 46% are social housing units owned by non-profit organizations, 18% are supportive housing, 12% are rent supplement, 9% are affordable housing, 6% are emergency shelter, 5% are transitional housing, and 4% are portable housing benefit.
- Rents in Kingston's non-market housing are significantly below market rents. For example, the average rent for a one-bedroom, non-market unit is \$410 per month versus the average market rent of \$1,329 per month.
- The average rent for primary market units increased 25% between 2017 and 2022. There is a significant shortage of rental housing that is considered to be affordable for households earning less than \$30,000 per year. To fulfill the shortage there is a current need of 2,300 units with rents of less than \$750 per month.
- There is a need for approximately 400 housing solutions to address the roughly 400 households that are currently homeless. Since the preparation of the Housing Needs Assessment, in February 2024, the By-Name List of homelessness includes approximately 530 individuals.
- There is a current need for approximately 500 rental units to bring the market into balance which is determined to be reflected in a 3% vacancy rate.
- To serve the current demand in the rental housing market, there is a total need for 3,200 rental units, including 2,300 units with rents under \$750 per month, 400 housing solutions to house homeless households and individuals, and 500 units to achieve a balanced rental market, as noted above.
- Approximately 1,300 units per year are required to meet the ten-year growth forecast. Of the 13,000 units required over the next ten years, forecast demand is for 67% rental and 33% ownership, equating to 871 rental units per year every year for the next ten years.
- The supply pipeline aligns well with the forecast demand over the next ten years, however, a considerable portion of approximately 39%, or 5,100 units, would need to be non-market housing. Accordingly, there would need to be a considerable increase in the number of non-market housing projects to meet the anticipated non-market housing demand.

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- To pursue the housing needs of the growing community, a mix of regulatory and financial incentives are required that stimulate the development of a range of medium- and high-density housing projects.

Background: The Housing Continuum

The housing continuum refers to the range of affordable housing options that are available for individuals and families based on income and self-sufficiency. At one end of the continuum are emergency shelter and transitional housing programs. The City works with a variety of non-profit organizations to provide temporary shelter and interim, transitional housing and support services for people who are homeless or at risk of becoming homeless. Supportive housing provides housing for people who require ongoing support services to remain adequately housed. Transitional and supportive housing typically provide housing for individuals on social assistance or other fixed income; accordingly, monthly rents are quite low and require public subsidization for the housing project to be financially viable.

Rent-geared-to-income housing, also known as public or social housing, is another type of affordable housing where the rent is based on a percentage of the tenant's income, ensuring that tenants pay an affordable amount of rent and still have money left over for other necessities. The City contributes funding assistance to a variety of organizations in the community to provide approximately 2,000 rent-geared-to-income units or rent subsidies. Like supportive and transitional housing, rent-geared-to-income housing programs require considerable ongoing public funding subsidization.

In today's rental housing market, moderate-income working households may still struggle to afford market-rent housing while meeting other costs of living. For individuals and households that do not qualify for social housing, affordable rental housing programs reduce the costs of developing new housing so that a portion of units can be rented at or below the average market rate. These housing programs play a critical role in creating new rental housing supply that helps to meet the housing needs of the community.

The objective of the proposed Rental Housing CIP is to encourage the development of new rental housing supply by providing a reduction in property taxes after the completion of the project. This is crucial in addressing the low availability of rental units in the community, which has resulted in high rent rates with low vacancy. While there are other initiatives in place to address the emergency accommodation and housing needs for social assistance and other low-income households, the Affordable Rental Unit Incentive is designed to promote housing affordability for those with moderate incomes struggling to afford market-rate housing.

Background: Kingston's Forecasted Population Growth and Housing Demand

Council recently endorsed the recommended population growth forecast in [Report Number 24-016](#), which projects a population growth from 154,100 people to 220,900 people by 2051, representing 66,800 new residents, 29,300 new houses and 33,400 new jobs over the next 27 years. This growth projection is greater than what Kingston has experienced or projected over

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the past decade and is anticipated to generate a steady demand for new ownership and rental housing to accommodate the City's growing permanent and student populations.

Background: Provincial and Federal Initiatives

Over the past two years, the provincial government has introduced a number of initiatives and legislative changes that are, at their foundation, intended to spark a paradigm shift in housing in order to meet a provincial goal of building 1.5 million new homes by 2031. One of the provincial initiatives included a request to the largest and fastest growing municipalities in Ontario to prepare a Municipal Housing Pledge in response to the target established by the province. Council endorsed Kingston's Municipal Housing Pledge in February of 2023, confirming that the City pledges to build at least 8,000 units by 2031 and is committed to taking actions to help reduce costs and increase the supply of housing using all tools and resources that are available to municipalities.

[Announced in August 2023](#), the Building Faster Fund is a three-year, \$1.2 billion provincial program that is designed to encourage municipalities to address the housing supply crisis and is structured to reward municipalities that make significant progress against their targets and Municipal Housing Pledge. The Building Faster Fund is intended to support housing-enabling and community-enabling infrastructure and is provided to municipalities that have reached at least 80 per cent of their provincially assigned housing target for the year with increased funding for municipalities that exceed their target. According to the [Provincial housing tracker](#), Kingston exceeded the target in 2023 at 250%.

Through an application process administered by the CMHC, the federal government created a \$4 billion fund for municipalities called the Housing Accelerator Fund (HAF). The intent of HAF is to incentivize municipalities to implement land use planning and development initiatives that support and accelerate the construction of new housing.

On August 8, 2023, Council directed staff to submit a HAF application with the initiatives identified in [Report Number 23-172](#) to the CMHC, which included the completion of a community improvement plan. During CMHC's review of the City's HAF application, Council passed a motion on [November 21, 2023](#) as a direct response to a request from CMHC which directed staff to include additional initiatives as an enhancement the City's HAF application.

On January 18, 2024, CMHC announced that Kingston's HAF application was successful and awarded \$27.6 million to the City for affordable housing, housing initiatives and housing-supportive infrastructure over a three-year period.

Justification: The *Planning Act* and Matters of Provincial Interest

In order to pass a by-law designating a Project Area and to pass a by-law adopting a Community Improvement Plan, Section 28 of the *Planning Act* requires the City to proceed through the same public notice and meeting process as an application for an Official Plan amendment. In considering an application to designate a Project Area and adopt a Community Improvement Plan, the applicable tests are:

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- Section 2 of the *Planning Act* identifies matters of provincial interest that Council must have regard to when passing a by-law or making a decision that relates to a planning matter;
- Section 3 of the *Planning Act* allows the Minister to issue policy statements on matters relating to municipal planning that, in the opinion of the Minister, are of provincial interest. The current policy statement in effect in Kingston is the Provincial Policy Statement, 2020. All decisions of Council that affect a planning matter must be consistent with the Provincial Policy Statement, 2020.
- Section 24(1) of the *Planning Act* requires all municipal by-laws passed by Council to conform with the Official Plan.

Accordingly, within Section 2 of the *Planning Act*, Council must have regard for matters of provincial interest, including:

- the adequate provision of a full range of housing, including affordable housing;
- the protection of the financial and economic well-being of the Province and its municipalities; and
- the appropriate location of growth and development.

The proposed Project Area and Rental Housing CIP have regard to all matters of provincial interest established in the *Planning Act* and will support the provision of housing, including affordable housing within the most appropriate location for rental apartments (the serviced urban boundary) while protecting the financial well-being of the municipality.

Justification: Provincial Policy Statement, 2020

The Provincial Policy Statement, 2020 (PPS) provides policy direction on matters of provincial interest related to land use planning and development. The PPS sets the policy foundation for regulating the use of land and development in Ontario, supporting the Province's goal to enhance the quality of life for all Ontarians. The intent of the PPS is to provide for appropriate development while protecting resources of provincial interest, public health and safety and the quality of the natural and built environment.

The PPS supports our collective well-being, now and in the future, through well managed land use. It focuses growth and development within urban and rural settlement areas while supporting the viability of rural areas. Strong, livable, and healthy communities are those that promote and enhance human health and social well-being, while being economically and environmentally sound and resilient to climate change. Land use changes must be managed carefully to ensure efficient development patterns are achieved while accommodating appropriate development to meet the full range of current and future needs and ensuring that significant or sensitive resources, as well as areas that pose a risk to public health and safety, are avoided. The PPS encourages municipalities to permit and facilitate a wide range of housing options, including new development and residential intensification.

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The PPS requires municipalities to provide for an appropriate range and mix of housing options required to meet projected requirements of current and future residents and to direct new housing towards locations where appropriate levels of infrastructure and public service facilities are or will be available to support current and projected needs. Municipalities must accommodate an appropriate range of both affordable and market housing in a mix of residential types that meet long-term needs. The PPS also supports long-term economic prosperity through the encouragement of residential uses that respond to dynamic market-based needs and to provide the necessary housing supply and range of housing options for a diverse workforce.

The proposed Project Area and Rental Housing CIP are consistent with the PPS. They will help to support the housing supply of a specific housing type (rental apartments) that have been demonstrated as a market-based need and have been designed to support the construction of more affordable rental units in a manner that is within the financial capabilities of the City. The proposed by-laws will help to meet projected housing requirements of current and future residents with the City's urban boundary where there are appropriate levels of infrastructure and public service facilities.

Justification: Official Plan and Financial Capabilities

The City's Official Plan includes Community Improvement Plan policies in Section 9.8 to revitalize various uses and areas and identifies all lands within the municipal boundary as being eligible to be designated as a Community Improvement Project Area through a by-law and for which a detailed CIP can be adopted through a by-law. The designation of a Community Improvement Project Area and the adoption of a CIP are at the discretion of Council.

Policy 9.8.4. of the Official Plan allows Council to utilize financial assistance programs through a CIP where Council is satisfied that its participation will be within the financial capabilities of the City.

As part of the annual municipal budget process, staff forecast assessment growth from new properties anticipated to be developed, based on building permit trends. New assessment growth leads to an increase in the overall tax base resulting in additional municipal property tax revenues available to support future budgets.

Staff have analyzed previous and forecasted assessment growth to establish a baseline assumption related to the expected assessment growth from new rental apartment buildings realized in any one year. Utilizing this baseline data, the Tax Increment Equivalent Grant Program (TIEG Program) in the CIP has been designed to be self-funding. The program assumes that a projected number of rental units, beyond the City's baseline assumption, will be constructed over the next 3 to 6 years.

Based on this assumption, the incremental property taxes from the increased number of units will be used to fund the costs of the TIEG Program for all units over the incentive timeline. The program is designed to break even over a three-year period. As part of the preparation of the background work in creating this program, staff undertook detailed financial modelling and

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cashflow analysis to arrive at the recommended financial incentives provided through these programs.

In the event that the Rental Housing CIP does not incentivize the anticipated increase in the number of newly constructed rental units, the City will utilize other sources of funding such as HAF to offset the costs of providing this program. HAF monies can also be used to fund any additional costs related to the Affordable Rental Unit Incentive, the VLT Program and costs related to properties already receiving tax incremental based funding through the City's Brownfield Community Improvement Program.

Staff have reviewed various scenarios and potential outcomes of these programs in detail and are satisfied that the financial incentives offered through the Rental Housing CIP will be within the financial capabilities of the City.

Policies 9.8.5. to 9.8.7. identify the criteria, objectives and implementation strategies for designating a CIP Project Area through a by-law and approving a Community Improvement Plan.

Policy 9.8.5.b. states that a Community Improvement Plan may be established if unused or underutilized land or buildings could be developed, redeveloped, renovated or converted to another use. As demonstrated in the Housing Needs Assessment and the more recent 0.8% vacancy rate data, there is a demonstrated need for more rental apartment units to fulfill the existing and future demand for new housing within the urban boundary on lands that are provided with full municipal services and facilities and that are unused or underutilized.

Policy 9.8.6. identifies the objectives for Community Improvement Plans, including improvement activities that contribute to a strong economic base, and providing a mix of housing types to accommodate all segments of Kingston's population, including the construction of affordable housing. The proposed Rental Housing CIP is intended to support the construction of more rental housing, which is needed to support Kingston's economic base and to provide a housing type that is in high demand in the community, with specific incentives intended to support the creation of more affordable rental units.

Policy 9.8.7. identifies strategies to implement community improvement policies, including the designation of a community improvement project area and the preparation of a Community Improvement Plan. The proposed Project Area and Rental Housing CIP implement this policy.

In summary, the proposed Project Area and Rental Housing CIP conform with the Official Plan and represent good land use planning.

Justification: Kingston's Strategic Plan 2023-2026

[Kingston's 2023-2026 Strategic Plan](#) identifies five central priorities that are designed to help the community build more, move better and grow faster together. With measurable targets focused on increasing housing supply, investing in vibrant public spaces, driving inclusive economic growth and promoting a safe, healthy and welcoming community, the Strategic Plan is focused

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on making Kingston a healthy, happy and vibrant community. The very first pillar of the Strategic Plan is to support housing affordability with a specific target of 4,800 residential permits issued within the four-year term, including 10% as affordable and supportive housing solutions. Under the support housing affordability pillar of the Strategic Plan, the implementation plan identifies the following objectives, each of which is supported by concrete actions:

- promote increased supply and affordability of housing;
- promote increase in purpose-built rental housing;
- increase the supply of new-build not-for-profit and co-op housing and ensure sustainability and quality of existing stock; and
- improve service to unhoused and precariously housed.

One of the concrete actions connected to promoting an increase in purpose-built rental housing is to consider a community improvement plan with incremental property taxes as a financial incentive for purpose-built rental housing. A community improvement plan is also identified as one of the concrete actions connected to the increased supply of housing as a development incentive mechanism to accelerate the realization of approved residential units. The proposed Project Area and Rental Housing CIP implement the concrete actions identified in the Strategic Plan to help achieve the first pillar of supporting housing affordability.

Summary Opinion

The proposed Project Area and Rental Housing CIP respond to a demonstrated need for more rental housing and specifically affordable rental housing and implement concrete actions specifically identified in Kingston's Strategic Plan to help support housing affordability. They have regard for matters of provincial interest set out in the *Planning Act*, are consistent with the Provincial Policy Statement, 2020, conform with and implement the City of Kingston Official Plan and represent good land use planning. Staff's opinion is that the financial programs offered by the proposed Project Area and Rental Housing CIP are within the financial capabilities of the City.

Existing Policy/By-Law:

Planning Act

Provincial Policy Statement, 2020

City of Kingston Official Plan

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Notice Provisions:

A notice of this Community Meeting, as well as the upcoming Statutory Public Meeting (scheduled on May 2, 2024) was provided by advertisement in the Kingston Whig-Standard on March 26, 2024.

At the time of writing of this report, no written public correspondence has been received. Any public correspondence received after the publishing of this report will be included as an addendum to the Planning Committee agenda.

Accessibility Considerations:

None

Financial Considerations:

None

Contacts:

Laura Flaherty, Project Manager, Planning Services, 613-546-4291 extension 3157

Other City of Kingston Staff Consulted:

Jeffrey Walker, Manager, Taxation Services

John Henderson, Housing Program Administrator, Housing & Social Services

Exhibits Attached:

Exhibit A Draft By-Law to Designate the Rental Housing Community Improvement Project Area as a Community Improvement Project Area

Exhibit B Draft By-Law to Adopt the Rental Housing Community Improvement Plan

By-Law Number 2024-XXX

**A By-Law to Designate the Rental Housing Community Improvement Project Area
as a Community Improvement Project Area**

Passed: [Meeting Date]

Whereas Section 28(2) of the *Planning Act*, R.S.O. 1990, provides that the Council of a municipality that has an Official Plan that contains provisions relating to community improvement in the municipality, may, by by-law, designate the whole or any portion of an area covered by such an Official Plan as a Community Improvement Project Area;

Whereas a Public Meeting was held regarding this Community Improvement Project Area on May 2, 2024;

Now Therefore the Council of The Corporation of the City of Kingston hereby enacts as follows:

1. That the Rental Housing Community Improvement Project Area as set out in Schedule 'A' attached to this by-law is hereby designated as a Community Improvement Project Area in the City of Kingston.
2. This by-law shall come into force and take effect in accordance with the *Planning Act*.

Given all Three Readings and Passed: [Meeting date]

Janet Jaynes
City Clerk

Bryan Paterson
Mayor



**Schedule 'A'
to By-Law Number _____**

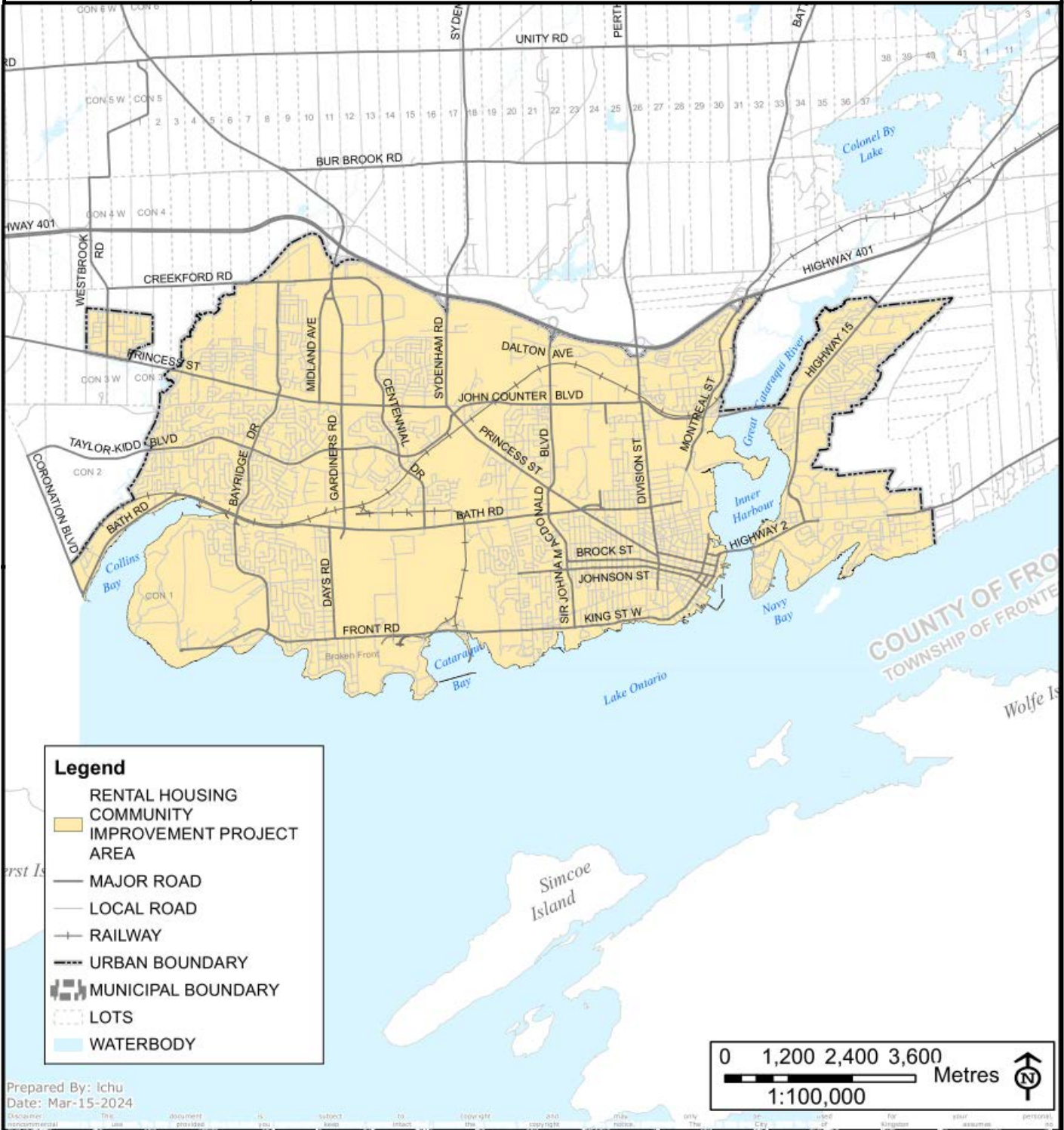
File Number: D09-001-2024

Certificate of Authentication

This is Schedule 'A' to By-Law Number _____, passed this _____ day of _____ 2024.

Mayor

Clerk



Prepared By: Ichu
Date: Mar-15-2024

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By-Law Number 2024-XXX

A By-Law to Adopt the “Rental Housing Community Improvement Plan”

Passed: [Meeting Date]

Whereas Section 28(4) of the *Planning Act*, R.S.O. 1990, provides that, when a by-law has been passed by the Council of a municipality designating the whole or any portion of an area covered by such an Official Plan as a Community Improvement Project Area, the Council may provide for the preparation of a plan suitable for adoption as a community improvement plan for the community improvement project area and the plan may be adopted;

Whereas a Public Meeting was held regarding this Community Improvement Plan on May 2, 2024;

Now Therefore the Council of The Corporation of the City of Kingston hereby enacts as follows:

1. That the Rental Housing Community Improvement Plan attached as Schedule ‘A’ to this by-law is hereby adopted as a Community Improvement Plan.
2. This by-law shall come into force and take effect in accordance with the *Planning Act*.

Given all Three Readings and Passed: [Meeting date]

Janet Jaynes
City Clerk

Bryan Paterson
Mayor

DRAFT
**Rental Housing
Community Improvement Plan**



City of Kingston

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Section 1: Introduction and Context

1.1. What is a Community Improvement Plan?

1.1.1. A Community Improvement Plan (CIP) is a tool that the **City** can use to direct financial benefits and implement policy initiatives toward a specific geographical area. CIPs are intended to encourage rehabilitation initiatives and/or stimulate development. A CIP can include municipally driven initiatives (such as the acquisition or development of land) or incentive-based programs (such as grants, loans or tax assistance).

CIPs are passed under Section 28 of the *Planning Act*. A municipality must have CIP policies in its Official Plan before a CIP By-law can be passed to designate a Community Improvement Project Area and before **Council** can adopt a CIP. Once adopted, a CIP allows the **City** to provide tax assistance, grants or loans as financial incentives in accordance with the *Planning Act* and the *Municipal Act*.

1.1.2. The **City's** Official Plan includes CIP policies in Section 9.8 to revitalize various uses and areas and identifies all lands within the municipal boundary as being eligible to be designated as a CIP Project Area through a by-law and for which a detailed CIP can be prepared. The designation of a CIP Project Area and the approval of a CIP are at the discretion of **Council**.

Policy 9.8.4. of the Official Plan allows **Council** to utilize financial assistance programs through a CIP where **Council** is satisfied that its participation will be within the financial capabilities of the **City**. Policies 9.8.5. to 9.8.7. identify the criteria, objectives and implementation strategies for designating a CIP Project Area through a by-law and approving a CIP.

1.2. Housing Affordability Crisis & Kingston's Housing Needs

The Housing Crisis

1.2.1. Canada is in the midst of a national housing crisis where the supply of housing does not meet the current demand. This has contributed to an overall housing affordability crisis where the cost of buying or renting housing has increased beyond what is considered affordable for many Canadians.

Economic Impacts

1.2.2. In the shadow of a disruptive global pandemic, Canada's national economy has struggled with rising inflation and interest rates, and significant increases in the overall cost of living. In Kingston, while there are over 8,200 residential units that have zoning approvals that have not yet obtained building permits, the 2024 building permit season is off to a slow start with permits issued for 44 residential units in January and February of 2024, compared to 370 residential unit permits during the same period in 2023.

Through various discussions with homebuilders and developers, rising interest rates and the cost of financing have been identified as a major cause delaying new housing construction and slowing down the real estate market. Municipal financial incentives have the potential to positively impact the financial outlook of a construction project and may ultimately be the difference maker that results in an underutilized or vacant property being developed with new **rental units**.

Kingston's Rental Housing Needs

1.2.3. The City recently completed a Housing Needs Assessment (attached as Exhibit A to [Report Number 23-172](#)) which details Kingston's housing needs. A summary of pertinent rental housing findings from the Housing Needs Assessment is listed below, including updates where more recent data has been released:

- In 2021, 56% of Kingston's housing units were owner-occupied and 44% were tenant occupied rental units.
- 95% of the city's housing stock is market housing and 5% is publicly funded or provided by non-profit agencies (non-market).
- Kingston's rental housing stock consists of approximately 25% primary rental market households, 15% secondary rental market households, and 5% non-market housing. The Canada Mortgage and Housing Corporation (CMHC) defines the primary rental market as purpose-built buildings with three or more units and the secondary rental market as buildings with three or fewer units.
- Between 2006 and 2021, Kingston's rental market experienced significant growth, expanding from an estimated 18,500 units in 2006 to 25,500 units in 2021. Approximately 70% of the growth is attributable to secondary rental market units. Kingston's rental market supply includes approximately 14,600 (57%) primary rental market units and 10,900 (43%) secondary rental market units.
- Over the past ten years, Kingston Census Metropolitan Area's (CMA) average vacancy rate was 1.9%. Following the completion of the Housing Needs Assessment, CMHC released their newest vacancy rate data which shows that Kingston CMA's 2023 vacancy rate fell to 0.8%, which is the lowest vacancy rate for CMA in Ontario. A healthy vacancy rate is 3%.
- Kingston's non-market housing supply includes approximately 3,160 units, of which 46% are social housing units owned by non-profit organizations, 18% are supportive housing, 12% are rent supplement, 9% are affordable housing, 6% are emergency shelter, 5% are transitional housing, and 4% are portable housing benefit.
- Rents in Kingston's non-market housing are significantly below market rents. For example, the average rent for a one-bedroom, non-market unit is \$410 per month versus the average market rent of \$1,329 per month.

- The average rent for primary market units increased 25% between 2017 and 2022. There is a significant shortage of rental housing that is considered to be affordable for households earning less than \$30,000 per year. To fulfill the shortage there is a current need of 2,300 units with rents of less than \$750 per month.
- There is a need for approximately 400 housing solutions to address the roughly 400 households that are currently homeless. Since the preparation of the Housing Needs Assessment, in February 2024, the By-Name List of homelessness includes approximately 530 individuals.
- There is a current need for approximately 500 rental units to bring the market into balance which is determined to be reflected in a 3% vacancy rate.
- To serve the current demand in the rental housing market, there is a total need for 3,200 rental units, including 2,300 units with rents under \$750 per month, 400 housing solutions to house homeless households and individuals, and 500 units to achieve a balanced rental market, as noted above.
- Approximately 1,300 units per year are required to meet the ten-year growth forecast. Of the 13,000 units required over the next ten years, forecast demand is for 67% rental and 33% ownership, equating to 871 rental units per year every year for the next ten years.
- The supply pipeline aligns well with the forecast demand over the next ten years, however, a considerable portion of approximately 39%, or 5,100 units, would need to be non-market housing. Accordingly, there would need to be a considerable increase in the number of non-market housing projects to meet the anticipated non-market housing demand.
- To pursue the housing needs of the growing community, a mix of regulatory and financial incentives are required that stimulate the development of a range of medium- and high-density housing projects.

The Housing Continuum

1.2.4. The housing continuum refers to the range of affordable housing options that are available for individuals and families based on income and self-sufficiency. At one end of the continuum are emergency shelter and transitional housing programs. The City works with a variety of non-profit organizations to provide temporary shelter and interim, transitional housing and support services for people who are homeless or at risk of becoming homeless. Supportive housing provides housing for people who require ongoing support services to remain adequately housed. Transitional and supportive housing typically provide housing for individuals on social assistance or other fixed income; accordingly, monthly rents are quite low and require public subsidization for the housing project to be financially viable.

Rent-g geared-to-income housing, also known as public or social housing, is another type of affordable housing where the rent is based on a percentage of the tenant's income, ensuring that tenants pay an affordable amount of rent and still have money

left over for other necessities. The **City** contributes funding assistance to a variety of organizations in the community to provide approximately 2,000 rent-geared-to-income units or rent subsidies. Like supportive and transitional housing, rent-geared-to-income housing programs require considerable ongoing public funding subsidization.



Image 1: Kingston’s Housing Continuum

In today’s rental housing market, moderate-income working households may still struggle to afford market-rent housing while meeting other costs of living. For individuals and households that do not qualify for social housing, affordable rental housing programs reduce the costs of developing new housing so that a portion of units can be rented at or below the average market rate. These housing programs play a critical role in creating new rental housing supply that helps to meet the housing needs of the community.

The objective of this CIP is to encourage the development of new rental housing supply by providing a reduction in property taxes after the completion of the project. This is crucial in addressing the low availability of rental housing in the community, which has resulted in high rent rates with low vacancy. This CIP also offers an additional incentive to developers who agree to rent some of the units at the average market rent. While there are other initiatives in place to address the emergency accommodation and housing needs for social assistance and other low-income households, this program is designed to promote housing affordability for those with moderate incomes struggling to afford market-rent housing.

Kingston’s Forecasted Population Growth and Housing Demand

1.2.5. **Council** recently endorsed the recommended population growth forecast in [Report Number 24-016](#), which projects a population growth from 154,100 people to 220,900 people by 2051, representing 66,800 new residents, 29,300 new houses and 33,400 new jobs over the next 27 years. This growth projection is greater than what Kingston has experienced or projected over the past decade and is anticipated to generate a

steady demand for new ownership and rental housing to accommodate the Kingston's growing permanent and student populations.

1.3. Strategic Plan & Government Programs

Kingston's Strategic Plan

1.3.1. [Kingston's 2023-2026 Strategic Plan](#) identifies five central priorities that are designed to help the community build more, move better and grow faster together. With measurable targets focused on increasing housing supply, investing in vibrant public spaces, driving inclusive economic growth and promoting a safe, healthy and welcoming community, the Strategic Plan is focused on making Kingston a healthy, happy and vibrant community. The very first pillar of the Strategic Plan is to support housing affordability with a specific target of 4,800 residential permits issued within the four-year term, including 10% as affordable and supportive housing solutions. Under the support housing affordability pillar of the Strategic Plan, the implementation plan identifies the following objectives, each of which is supported by concrete actions:

- promote increased supply and affordability of housing;
- promote increase in purpose-built rental housing;
- increase the supply of new-build not-for-profit and co-op housing and ensure sustainability and quality of existing stock; and
- improve service to unhoused and precariously housed.

One of the concrete actions connected to promoting an increase in purpose-built rental housing is to consider a community improvement plan with incremental property taxes as a financial incentive for purpose-built rental housing. A community improvement plan is also identified as one of the concrete actions connected to the increased supply of housing as a development incentive mechanism to accelerate the realization of approved residential units.

Provincial Initiatives

1.3.2. Over the past two years, the provincial government has introduced a number of initiatives and legislative changes that are, at their foundation, intended to spark a paradigm shift in housing in order to meet a provincial goal of building 1.5 million new homes by 2031. One of the provincial initiatives included a request to the largest and fastest growing municipalities in Ontario to prepare a Municipal Housing Pledge in response to the target established by the province. **Council** endorsed Kingston's Municipal Housing Pledge in February of 2023, confirming that the **City** pledges to build at least 8,000 units by 2031 and is committed to taking actions to help reduce costs and increase the supply of housing using all tools and resources that are available to municipalities.

[Announced in August 2023](#), the Building Faster Fund is a three-year, \$1.2 billion provincial program that is designed to encourage municipalities to address the

housing supply crisis and is structured to reward municipalities that make significant progress against their targets and Municipal Housing Pledge. The Building Faster Fund is intended to support housing-enabling and community-enabling infrastructure and is provided to municipalities that have reached at least 80 per cent of their provincially assigned housing target for the year with increased funding for municipalities that exceed their target. According to the [Provincial housing tracker](#), Kingston exceeded the target in 2023 at 250%.

Federal Housing Accelerator Fund

1.3.3. Through an application process administered by the CMHC, the federal government created a \$4 billion fund for municipalities called the Housing Accelerator Fund (HAF). The intent of HAF is to incentivize municipalities to implement land use planning and development initiatives that support and accelerate the construction of new housing.

On August 8, 2023, **Council** directed staff to submit a HAF application with the initiatives identified in [Report Number 23-172](#) to the CMHC, which included the completion of a community improvement plan. During CMHC’s review of the **City’s** HAF application, **Council** passed a motion on [November 21, 2023](#) as a direct response to a request from CMHC which directed staff to include additional initiatives as an enhancement the **City’s** HAF application.

On January 18, 2024, CMHC announced that Kingston’s HAF application was successful and awarded \$27.6 million to the **City** for affordable housing, housing initiatives and housing-supportive infrastructure over a three-year period.

1.4. Goal of this CIP

1.4.1. In accordance with the Community Improvement Area policies of the Official Plan, **Council’s** Strategic Plan, the findings of the Housing Needs Assessment and the **Council**-endorsed initiatives connected to the **City’s** successful HAF application, the goal of this CIP is to help to address the ongoing housing affordability crisis and low rental vacancy rates by reducing financial barriers for new **rental apartment buildings** with incentives intended to:

- increase the number of affordable rental apartments;
- increase in the number of purpose-built rental apartments; and
- accelerate the timing of the construction of planned purpose-built rental apartments to bring more units on the market sooner.

Section 2: Rental Housing CIP Program

2.1. CIP Project Area

2.1.1. This CIP applies to all lands within the **urban boundary**.

2.2. Program Eligibility, Timelines and Requirements

2.2.1. **Property** owners are eligible for the TIEG Program outlined in Section 2.3. and may be eligible for the VLT Program in Section 2.4. and the Affordable Rental Unit Incentive program in Section 2.5. if they meet all of the following criteria:

1. The **property** is to be **developed** with a **rental apartment building** within the **urban boundary** and the **development** of the **rental apartment building** results in an increase in **property taxes**.
2. The **property** owner is not exempt from the payment of **property taxes**.
3. An application for this CIP is submitted to the **Director** prior to the issuance of full building permits in an application form to the satisfaction of the **City**, including an estimated cost of construction of the **rental apartment building**.
4. The **Director** has issued a written response to the **property** owner and the **Chief Financial Officer** confirming that the **property** is eligible for specified financial programs in this CIP following receipt of the application, subject to fulfilling criteria 5 through 9 below.
5. The **property** is eligible for and obtains full building permits for the **rental apartment building** from the **Chief Building Official** between the date this CIP comes into effect, and on or before December 31, 2026.
6. The **property** is eligible for and obtains occupancy permits for the **rental apartment building** from the **Chief Building Official** within three years of receipt of the full building permit and all deficiencies have been addressed to the satisfaction of the **Chief Building Official**.
7. All **property taxes** have been paid in full at the time of application to the TIEG Program.
8. The **property** is not subject to any Fire or Building Code orders.
9. The **rental apartment building** is secured through an agreement registered on title of the **property** in accordance with Section 28(11) of the *Planning Act* to the satisfaction of the **City**.

2.2.2. For **properties** that meet all eligibility requirements of Section 2.2.1., eligible costs for the purpose of Section 28(7) of the *Planning Act* are the construction costs of the eligible **rental apartment building**, to a maximum grant value stipulated in 2.3.1., 2.4.4., and 2.5.

2.3. Tax Increment Equivalent Grant Program

2.3.1. Where a **property** will be **developed** with a **rental apartment building** that meets all eligibility requirements of Section 2.2., the **property** owner is eligible for the Tax

Increment Equivalent Grant Program (TIEG Program) to be administered by the **City's** Taxation Services as follows:

1. Following completion of construction and occupancy, and once the new construction has been assessed by Municipal Property Assessment Corporation, the **City** will grant the **property** owner with a **property tax** credit equivalent to 50% of the municipal portion of incremental **property taxes** for the **property** for two years, based on the difference between the municipal portion of the post construction **property taxes** and the municipal portion of the pre-construction **property taxes** for the eligible **rental apartment building**.
2. The **property tax** credit will be calculated and commence the first full calendar year following receipt of the new **assessment value**.
3. In accordance with Section 28(7.3) of the *Planning Act*, the combined value of the grants provided through the TIEG Program and the VLT Program must not exceed the eligible cost identified in Section 2.2.2.

2.4. Vacant Land Tax Program

- 2.4.1. Where a **property** is vacant and will be **developed** with a **rental apartment building** that meets all eligibility requirements of Section 2.2., the **property** owner is eligible for the Vacant Land Tax Program (VLT Program) stipulated in Section 2.4.4.
- 2.4.2. Where a **property** is **developed** with an existing **building** that will be **developed** in a manner that eliminates existing uses in the existing **building** by converting the whole of the existing **building** or demolishing the existing **building** to **develop** a **rental apartment building** that meets all eligibility requirements of Section 2.2., the **property** owner is eligible for the VLT Program stipulated in Section 2.4.4.
- 2.4.3. Where a **property** is **developed** with an existing **building** that will continue to be occupied and used for any existing purposes while another portion of the same **property** is **developed** with an eligible **rental apartment building**, the **property** owner is not eligible for the VLT Program.
- 2.4.4. The VLT Program will be administered by the **City's** Taxation Services as follows:
 1. While the eligible **rental apartment building** is actively under construction, which, at a minimum, includes the pouring of foundations and continuous progress towards the completion of the **development**, to the satisfaction of the **Chief Building Official**, the **City** will grant the **property** owner with a **property tax** credit equivalent to the municipal portion of **property taxes** that apply to the vacant **property** for a maximum period of two years or until an occupancy permit is obtained for the **rental apartment building**, whichever occurs first.
 2. In accordance with Section 28(7.3) of the *Planning Act*, the combined value of the grants provided through the TIEG Program and the VLT Program must not exceed the eligible cost identified in Section 2.2.2.

2.5. Affordable Rental Unit Incentive

- 2.5.1. In addition to the TIEG Program, where a **rental apartment building** meets all eligibility requirements of Section 2.2. and includes **affordable rental units**, the **affordable rental units** will be awarded an additional Affordable Rental Unit Incentive that effectively doubles the TIEG Program financial incentives for the **affordable rental units** only.
- 2.5.2. After an eligible **rental apartment building** enters into the required agreement with the **City** to meet the definition of an **affordable rental unit**, the **Director** will provide written confirmation to the **property** owner and the **Chief Financial Officer** that the **property** qualifies for a specified Affordable Rental Unit Incentive subject to fulfilling all eligibility requirements of Section 2.2.
- 2.5.3. Where an eligible **rental apartment building** includes a mix of market **rental units** and **affordable rental units**, the **City's** Taxation Services will calculate the additional TIEG Program benefits in a proportionate manner. For example, if a **building** includes 100 **rental units** and 50 of those units are **affordable rental units**, the TIEG Program benefits will be calculated at a total of 75% of the municipal portion of incremental **property taxes** to be credited for two years.
- 2.5.4. The intent of the Affordable Rental Unit Incentive is to help offset the revenue loss experienced by the developer or housing provider for incorporating **affordable rental units** in their development (i.e. the difference between the market rent that would have been collected for the **dwelling unit** and the affordable rent over the full affordability period).

Section 3: Implementation and Administration

3.1. Implementation

- 3.1.1. Where a **property** is **developed** with more than one **building** and only one or a portion of the total number of **rental apartment buildings** meet all eligibility requirements in Section 2.2., the TIEG Program and VLT Program financial benefits will be calculated by the **City's** Taxation Services in a manner that represents the new **assessment value** connected to the eligible **rental apartment buildings** only.
- 3.1.2. Where a **property** is **developed** with an existing **building** as of the date this CIP comes into effect, and that **building** is **converted** in a manner that results in the creation of at least seven net new **rental units**, the **conversion** is considered a **rental apartment building** for the purpose of this CIP. The TIEG Program and VLT Program financial benefits will be calculated by the **City's** Taxation Services in a manner that represents the new **assessment value** connected to the **development** of the new eligible **rental units** only.

- 3.1.3. Where a **property** is receiving funding through the **City’s** Brownfield Community Improvement Program, the **property** may also be eligible for the Rental Housing CIP programs outlined in Section 2 if it meets all eligibility requirements.
- 3.1.4. A **property** that is eligible for the Affordable Rental Unit Incentive may be eligible for other financial incentives provided by the **City** and will be evaluated on a case-by-case basis to the satisfaction of the Director of Housing & Social Services, or their designate.
- 3.1.5. Where a **property** is **developed** with a **rental apartment building** that is eligible for this CIP and the **property** is subsequently sold to a different owner, applicable financial programs of this CIP can be assigned to the subsequent owner if the subsequent owner agrees to all terms and conditions to the satisfaction of the City Solicitor.
- 3.1.6. Where a **property** is **developed** with a **rental apartment building** that is eligible for this CIP and the **property** owner receives any grant through this CIP, the **property** must remain an occupied **rental apartment building** for a minimum of 15 years following occupancy, and during such time the **property** is not permitted to be converted to a condominium.

3.2. **Administration & Delegated Authority**

- 3.2.1. The **Director**, or their designate, will report to the Commissioner of Growth & Development Services for the purposes of this CIP. The **Director** has delegated authority to confirm eligibility in accordance with Section 2.2.
- 3.2.2. In the event of a disagreement between a **property** owner and the **Director** about eligibility of a **property**, the Commissioner of Growth & Development Services, or their designate, will make the determination about its eligibility and may seek **Council’s** direction.
- 3.2.3. The **Director** has delegated authority to approve all necessary agreements on behalf of the **City** to facilitate this CIP.
- 3.2.4. Where the **Director** has provided written notice of eligibility of a **property** to the **Chief Financial Officer**, the **Chief Financial Officer**, or their designate, has delegated authority to implement the financial components of this CIP.

3.3. **Financial Management**

- 3.3.1. As part of the annual municipal budget process, staff forecast assessment growth, which includes the number of new **rental apartment buildings** that are anticipated to be **developed** based on building permit trends. This forecast establishes a baseline assumption of new city-wide **property** assessment growth and related municipal **property taxes** available to support future budgets, as a result of the **development** of new **rental apartment buildings** in any one year.

The financial incentive programs in this CIP have been designed to be self-funding. The program assumes that a projected number of **rental units** beyond the **City's** baseline assumption will be constructed over the next 3 to 6 years. Based on this assumption, incremental **property taxes** resulting from the increased number of units will be used to fund the costs of the TIEG Program. The program is designed to break even over a three-year period, with the additional assessment growth and related municipal **property taxes** available to support operating budgets in subsequent years.

In the event that this CIP does not incentivize the anticipated increase in the number of newly constructed **rental units**, the **City** will utilize other sources of funding such as HAF monies to offset the costs of providing this program. HAF monies can also be used to fund any additional costs related to the Affordable Rental Unit Incentive, the Vacant Land Tax Program and costs related to properties already receiving tax incremental based funding through the **City's** Brownfield Community Improvement Program.

Staff have reviewed various scenarios and potential outcomes of these programs in detail and are satisfied that the financial incentives offered through this CIP will be within the financial capabilities of the **City**.

3.4. Monitoring & Amendments

- 3.4.1.** Minor and technical amendments, such as the correction of typographical errors, revisions to definitions and administrative details of specific programs, may be made by the **Director** without **Council** approval.
- 3.4.2.** The **Director, Chief Financial Officer** and **Chief Building Official** will monitor the uptake and anticipated financial impacts of this program up to December 31, 2026. In the event amendments are required to this program prior to December 31, 2026 or if it is determined that the **City** would benefit from an extension of the eligibility period, the **Director** will bring forward proposed amendments for **Council's** consideration. Any substantive amendments to this CIP or extension of the eligibility period are at the sole discretion of **Council** and will be subject to the statutory requirements of the *Planning Act*.

3.5. Interpretation

- 3.5.1.** Interpretation of this CIP is at the sole discretion of the **Director**.

3.6. Definitions

- 3.6.1.** In this CIP, if words, terms or phrases are formatted in a **bold** font, the following definitions and interpretations apply and any words not specifically defined in this Section carry their ordinary meaning:

Affordable Rental Unit means a **dwelling unit** used as a rented residential premises for which:

1. The rent meets either the definition provided in the *Development Charges Act* or according to the most recent CMHC, at the sole discretion of the **Director**, as follows:
 - (a) In accordance with the *Development Charges Act*, the rent is no greater than the lesser of:
 - (i) The income-based affordable rent for the **dwelling unit** set out in the “Affordable Residential Units for the Purposes of the *Development Charges Act, 1997*”, as it is amended from time to time; or
 - (ii) The average market rent identified for the **dwelling unit** set out in the “Affordable Residential Units for the Purposes of the *Development Charges Act, 1997*”, as it is amended from time to time;
 - (b) The rent is no greater than the most recent average market rent for the City of Kingston identified for the same size **dwelling unit** (by bedroom count) by the CMHC; and
2. The tenant is dealing at **arm’s length** with the landlord; and
3. The **affordable rental unit** is secured through an agreement executed by the **City** registered on title of the **property** in accordance with Section 28(11) of the *Planning Act* during the affordability term requiring:
 - (a) An affordability term set for a minimum of 15 years;
 - (b) Following the initial occupancy, during the affordability term, the rent must not increase by more than the annual *Residential Tenancies Act* guideline increase;
 - (c) It is the **property owner’s** responsibility to ensure that the tenants who occupy **affordable rental units** qualify based on household income to ensure that future residents are low and moderate income households; and
 - (d) Annual reporting on the **affordable rental units** in a form satisfactory to the **City**.

Arm’s Length has the same meaning as arm’s length in section 251 of the *Income Tax Act* (Canada) with necessary modifications.

Assessment Value means the assessment for real **property** made under the *Assessment Act* according to the last returned assessment roll.

Building means anything that is comprised of components joined together and that stands more or less permanently in one place. A **building** includes all components such as walls, roof, floors, structural systems, columns, plumbing, fixtures, service systems, private sewage systems, decks, porches, canopies, architectural features, chimneys, mechanical systems and any component that is attached to a **building**. This definition excludes all items that are designed to be easily portable.

Chief Building Official means the municipal official appointed pursuant to the *Building Code Act, 1992*, S.O. 1992, c. 23 and includes their authorized representatives.

Chief Financial Officer means the **City’s** Chief Financial Officer, or their designate, or in the event of organizational changes, the appropriately titled position.

City means the Corporation of the City of Kingston.

Convert means to change the use of an existing **property** or **building**, or a part thereof, to another use.

Co-Living Unit means the use of a **building** intended for rented residential accommodation where private bedrooms and/or living spaces share the use of one common kitchen and may share common washroom facilities or living spaces.

Council means the Municipal Council of the Corporation of the City of Kingston.

Develop or **Development** means to:

1. **Convert** to a different use; or
2. Alter, enlarge, erect, build, construct, reconstruct, relocate, renovate or restore **buildings** or parts thereof.

Director means the **City’s** Director, Planning Services, or their designate, or in the event of organizational changes, the Director of the appropriately titled department.

Dwelling Unit means the use of a **building**, comprised of one or more habitable rooms designed to provide at least one washroom and kitchen for residential accommodation. This definition excludes bunkhouses, recreational vehicles, travel trailers, tent trailers or motor homes. For the purpose of this CIP, **dwelling unit** includes **co-living units** at a ratio of four private bedrooms and/or living spaces in a **co-living unit** to one **dwelling unit**.

Hotel means the use of any **property** or **building** for the temporary lodging of the travelling public or for recreation purposes, but excludes any Short-term Rental as defined in the **City’s** Short-Term Rental Licensing By-law.

Planning Act means the *Planning Act*, R.S.O. 1990, c. P.13.

Post-Secondary Institution means a university, college of applied arts and technology or other post-secondary institution established pursuant to the *Ministry of Training, Colleges and Universities Act*, R.S.O. 1990, c. M.19.

Property means a single parcel, tract of land or parcel of tied land, in each case that may be conveyed in compliance with the provisions of the *Planning Act* or the *Condominium Act, 1998*, excluding a unit, as that term is defined in the *Condominium Act, 1998*, or a **common element**.

Property Tax means the **City’s** component of the levy on a **property** based on the **assessment value** and municipal tax rate, excluding any components that are payable to school boards or other external agencies.

Rental Apartment Building means a multi-unit residential **building** that is used for residential purposes that has seven or more self-contained **rental units**. A **rental apartment building** may also include commercial uses or other non-residential uses which would not be eligible for the TIEG Program.

Rental Unit means a **dwelling unit** that is rented for long-term residential accommodation where the tenant is dealing at **arm’s length** with the landlord. This definition excludes:

1. Short-term rentals, as defined in the **City’s** Short-Term Rental Licensing By-law;
2. **hotel**;
3. **dwelling units** that are owned by a **post-secondary institution**; and
4. **dwelling units** that are held in separate ownership from the owner of the **property** or **building** in which they are located, such as a condominium unit or common element as defined in the *Condominium Act, 1998*.

Urban Boundary means the area delineated as “Urban Boundary” on Schedule 2 (City Structure) of the City of Kingston Official Plan.