



**City of Kingston  
Report to Planning Committee  
Report Number PC-24-031**

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**To:** Chair and Members of the Planning Committee  
**From:** Paige Agnew, Commissioner, Growth & Development  
**Resource Staff:** Tim Park, Director, Planning Services  
**Date of Meeting:** May 2, 2024  
**Subject:** Recommendation Report – Rental Housing Community Improvement Plan  
**File Number:** D09-001-2024  
**Application Type:** Community Improvement Project Area and Community Improvement Plan

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**Council Strategic Plan Alignment:**

Theme: 1. Support Housing Affordability

Goal: 1.1 Promote and increased supply and affordability of housing.

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

**Executive Summary:**

The following is a report recommending approval to the Planning Committee regarding a City-initiated application to establish a new Rental Housing Community Improvement Project Area (Project Area) and to adopt a new Rental Housing Community Improvement Plan (CIP).

A Community Meeting on the proposed Project Area and CIP was held at Planning Committee on April 18, 2024 to present the proposed application, answer questions and receive feedback. [Report Number PC-24-030](#) provides a detailed explanation of the proposed Project Area and CIP, and includes staff's rationale in support of the application.

This report summarizes and responds to the feedback received in writing and at the Community Meeting and provides staff's final recommended version of the By-Law to establish the Project Area and the By-Law to adopt the CIP.

The recommended Project Area and CIP have regard to all matters of provincial interest, are consistent with the Provincial Policy Statement, 2020, conform with the Official Plan and represent good planning. The proposed by-laws would enable the City to provide grants 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 supply 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, with additional incentives to encourage the development of new affordable rental housing units for low and moderate income households.

This report includes a time-sensitive recommendation for Council's consideration at the upcoming meeting on May 7, 2024 to reflect the urgency in bringing this high priority housing initiative forward. With extremely low building permit numbers issued so far in 2024 (108 residential unit permits issued so far in 2024 compared to 580 residential units during the same period in 2023), the timely implementation of the proposed CIP would help to incentivize quicker rental housing construction and increase the supply of rental units.

**Recommendation:**

**That** the Planning Committee recommends to Council on May 7, 2024:

**That** the applications to establish a new Rental Housing Community Improvement Project Area and to adopt a new Rental Housing Community Improvement Plan (File Number D09-001-2024) initiated by the City of Kingston be approved; and

**That** a By-Law to Designate the Rental Housing Community Improvement Project Area as a Community Improvement Project Area, attached as Exhibit A to Report Number PC-24-031, be presented to Council for all three readings; and

**That** a By-Law to Adopt the Rental Housing Community Improvement Plan, attached as Exhibit B to Report Number PC-24-031, be presented to Council for all three readings.

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

## **Options/Discussion:**

### **Statutory Public Meeting**

This recommendation report forms the basis of a statutory public meeting at Planning Committee. Anyone who attends the statutory public meeting may present an oral submission, and/or provide a written submission on the proposed application. 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.

Planning Committee will consider the recommendations in this report and make its recommendation to City Council at this meeting.

Anyone wishing to be notified of Council's decision on the subject application must submit a written request to:

Laura Flaherty, Project Manager  
The Corporation of the City of Kingston  
Planning Services  
216 Ontario Street  
Kingston, ON K7L 2Z3  
613-546-4291 extension 3157  
lflaherty@cityofkingston.ca

### **Background and Planning Rationale**

The City initiated an application to designate a new Rental Housing Community Improvement Project Area (Project Area) and to adopt a new Rental Housing Community Improvement Plan (CIP). The proposed Project Area and CIP were the subject of a Community Meeting at Planning Committee on April 18, 2024.

[Report Number PC-24-030](#) provides a detailed explanation of the proposed Project Area and CIP, and includes staff's rationale in support of the application. This report provides an overview of the feedback and summarizes the changes in response to that feedback.

## Changes in Response to Feedback at Community Meeting and Written Comments

At the Community Meeting on April 18, 2024, staff presented the proposed Project Area and CIP. No members of the public spoke or provided written comments on the proposal. Members of Planning Committee asked a number of questions and provided feedback related to:

- affordable rents;
- potential eligibility of co-operative housing ownership;
- multi-residential property class taxation rates;
- anticipated/projected apartment building construction;
- financial modelling;
- legal agreements to secure obligations for future owners;
- provincial and federal initiatives for rental housing;
- social impact bonds to fund affordable housing; and
- clarification around expectations related to federal funding agreements.

Staff have reviewed and considered the feedback received and have made an amendment to the proposed CIP (Exhibit B) to allow Council to consider site-specific requests for an extension of the CIP grants to properties that are developed with a multi-unit residential building with more than 7 units, where the property is owned by an alternative ownership model that is intended to provide a more affordable opportunity for ownership, such as co-operative housing (new Section 3.2.5. of the CIP).

In addition, staff received written comments from the Ministry of Municipal Affairs and Housing (MMAH) (Exhibit C) which support the proposed CIP and identify requested changes for clarification purposes. In response to the feedback from MMAH, the following revisions have been made to the recommended CIP attached as Exhibit B:

1. A new definition of “property owner” has been added and all references to owner throughout the document have been updated accordingly.
2. References to Section 106 of the *Municipal Act* have been added to clarify the prohibitions on municipalities providing bonuses, except where a CIP has been adopted to allow for grants or loans.
3. Language has been added to Sections 2.3. and 2.4. clarifying the grant program and the administration of those grants either as a payment to the property owner (where applicable property taxes have been paid in full) or as a credit against the property tax bill.
4. An expiration date of the CIP has been established in Section 2.2. to align with the last possible date that financial grants would be paid out by the CIP.
5. The definition of affordable rental unit has been amended to provide additional details about qualifying incomes for low and moderate income households.
6. Language has been added to 3.2.2. that would allow a property owner to appeal to Council if they disagree with staff’s determination of eligibility.
7. The definition of low and moderate income households has been added and the definition of affordable rental unit has been refined to align with the existing Provincial Policy Statement, 2020 definition.

## **Effect of Public Input**

As described in this report, all of the input received on the proposed Project Area and CIP at the Community Meeting and in writing has been considered, and revisions have been made to the proposed CIP where necessary to address the feedback.

## **Conclusion**

As demonstrated in [Report Number PC-24-030](#), the recommended Project Area and CIP have regard to all matters of provincial interest, are consistent with the Provincial Policy Statement, 2020, conform with the Official Plan and represent good planning. 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 supply 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, with additional incentives to encourage the development of new affordable rental housing units for low and moderate income households.

## **Existing Policy/By-Law:**

The proposed amendment was reviewed against the policies of the Province of Ontario and City of Kingston to ensure that the changes would be consistent with the Province's and the City's vision of development. The following documents were assessed:

*Planning Act*

Provincial Policy Statement, 2020

## **City of Kingston Official Plan**

### **Notice Provisions:**

Pursuant to the requirements of the *Planning Act*, a notice of the Statutory Public Meeting was provided by advertisement in The Kingston Whig-Standard 20 days in advance of the Public Meeting. If the application is approved, a Notice of Passing will be circulated in accordance with the provisions of the *Planning Act*.

### **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

Jenna Morley, Legal Counsel to the City

**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

Exhibit C      MMAH Comments

**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]

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**Janet Jaynes**  
**City Clerk**

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**Bryan Paterson**  
**Mayor**





**Schedule 'A'  
to By-Law Number \_\_\_\_\_**

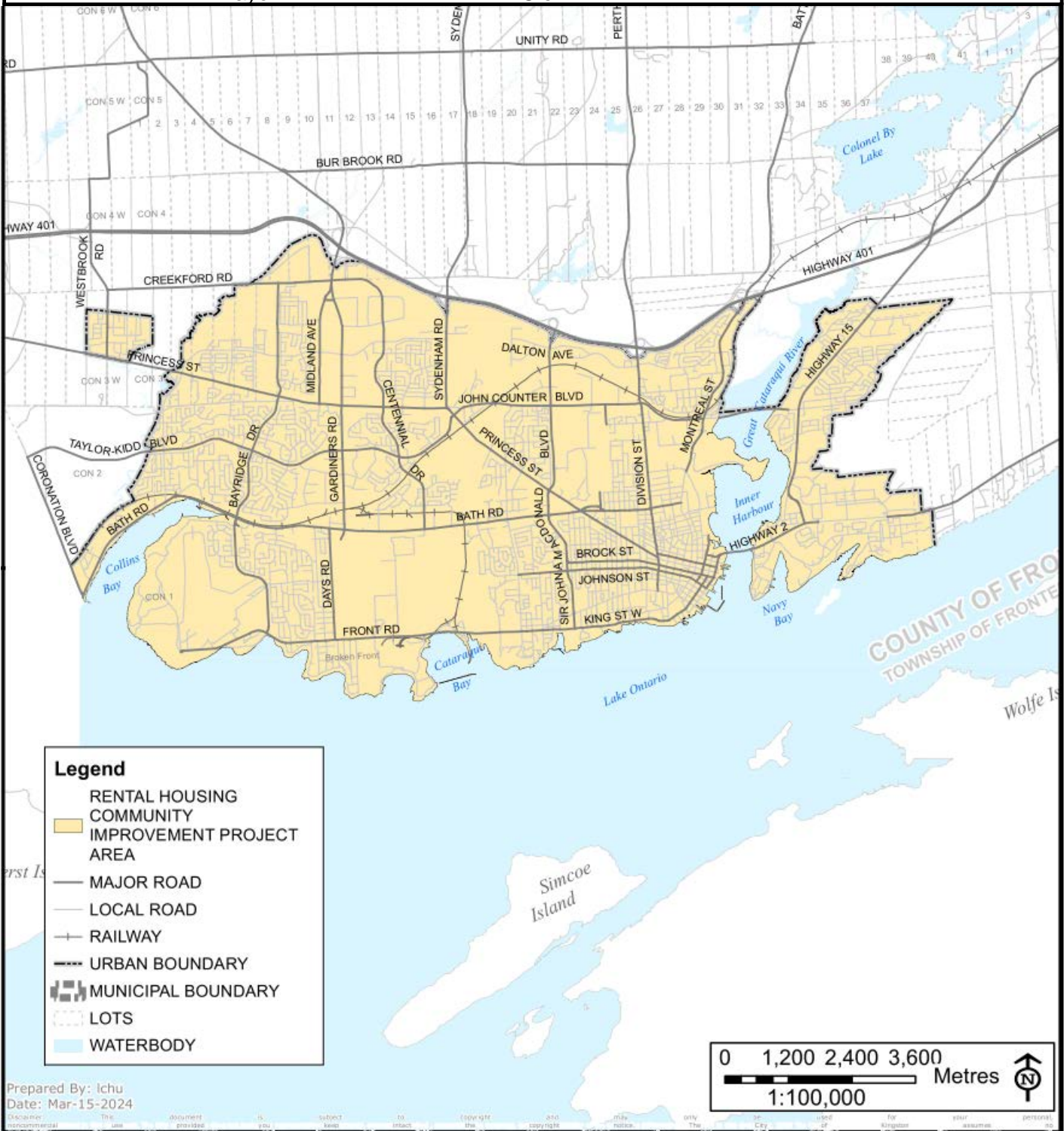
File Number: D09-001-2024

**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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# 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).

Section 106 of the *Municipal Act* prohibits municipalities from granting financial assistance to any manufacturing business or other industrial or commercial enterprise. Financial assistance includes giving or lending money or property, guaranteeing borrowing, leasing or selling property below fair market value or giving a total or partial exemption from any levy, charge or fee. An exception to this prohibition is the granting of financial assistance through the adoption of a CIP in accordance with Section 28 of the *Planning Act*.

Section 28 of the *Planning Act* allows municipalities to provide financial assistance through a grant or loan in conformity with the CIP. 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 municipality to provide grants or loans as financial incentives in accordance with the *Planning Act* and the *Municipal Act*. When a CIP is adopted for environmental remediation purposes, a municipality may also provide tax assistance.

- 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-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, **low and moderate income 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 **low and moderate income households** 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.

2.2.3. This CIP is repealed on January 1, 2033.

### 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 a grant provided through a 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 provide the **property owner** with a grant that is 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 grant will be calculated and commence the first full calendar year following receipt of the new **assessment value**. Where the applicable **property taxes** have been paid in full, the grant will be provided directly to the **property owner**. Where the applicable **property taxes** have not been paid in full, the grant will first be applied as a credit against the applicable outstanding **property taxes**, with any balance provided to the **property owner** (if such grant exceeds the amount owing on the applicable **property taxes**).
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 Grant 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 a grant provided through a Vacant Land Tax Grant 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 grant 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 grant.

- 2.4.4.** The VLT Program grant 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 provide the **property owner** with a grant that is 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.** Where the applicable **property taxes** have been paid in full, the grant will be provided directly to the **property owner**. Where the applicable **property taxes** have not been paid in full, the grant will first be applied as a credit against the applicable **property taxes**, with any balance provided to the **property owner** (if such grant exceeds the amount owing on the applicable outstanding **property taxes**).
  - 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.

## **2.5. 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 grant 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** in Section 3.6. of this CIP, 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 grant 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**.
- 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 grants 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 grants 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 **property owner**, applicable financial programs of this CIP can be assigned to the subsequent **property owner** if the subsequent **property 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** 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** will make the determination about its eligibility and may seek **Council’s** direction. Where a **property owner** disagrees with the **Commissioner’s** eligibility determination, which will be provided to the **property owner** in writing, the **property owner** is permitted to appeal the eligibility determination to **Council** for a final decision on eligibility, so long as the **property owner** gives written notice of its desire to appeal the **Commissioner’s** eligibility determination to the **Commissioner** within 15 days after receipt of the **Commissioner’s** eligibility determination.
- 3.2.3.** The **Director** has delegated authority to approve all necessary agreements on behalf of the **City** to facilitate this CIP and authority to determine the applicable average market rent and income threshold for **low and moderate income households**.
- 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.
- 3.2.5.** Despite the definition of **rental apartment building** and **rental unit** in Section 3.6., where a **property** is **developed** with a multi-unit residential **building** containing 7 or more **dwelling units** that is owned through an alternative ownership model such as co-operative housing intended to provide an affordable ownership model, the **property owner** may submit a request to **Council** through the **Commissioner** requesting that their **property** is determined to be eligible for one or more elements of this CIP. Where a resolution of **Council** is adopted in this regard that would have the effect of confirming eligibility and providing some or all of the grants provided through this CIP to such **property**, no formal amendment to this CIP is required. **Council** may identify specific conditions, modifications or restrictions in such resolution.

### **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, stylistic and document formatting changes, 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 the date of repeal of this CIP. In the event amendments are required to shorten or extend the eligibility period of this CIP based on the date full building permits are obtained, the **Director** will bring forward proposed amendments for **Council's** consideration through a by-law in accordance with the requirements of the *Planning Act*.
- 3.4.3. Any substantive amendments to this CIP or extension of the eligibility period are at the sole discretion of **Council** and a by-law must be passed to adopt such amendments in accordance with the 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 is the lesser of:
  - (a) A maximum of 30% of the gross annual income for **low and moderate income households**; or
  - (b) A maximum of the average market rent for the same size **dwelling unit** (by bedroom count) in the regional market area; 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** have a household income that is equal to or less than the maximum income that qualifies as a **low and moderate income household** at the time the **affordable rental unit** is rented; 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.

**Commissioner** means the **City’s** Commissioner of Growth & Development Services, or their designate, or in the event of organizational changes, the appropriately titled position.

**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.

**Low and Moderate Income Households** means households with incomes in the lowest 60 percent of the income distribution for renter households in the regional market area.

**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 Owner** means registered owner(s) of a **property** within the designated project area, and any person to whom such an owner has assigned the right to receive a grant or loan pursuant to this CIP.

**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 **property 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.

**Flaherty, Laura**

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**From:** Kalnina, Anna (MMAH) [REDACTED]  
**Sent:** April 16, 2024 4:31 PM  
**To:** Flaherty, Laura  
**Subject:** RE: City of Kingston - Proposed Rental Housing Community Improvement Plan - Notice of Complete Application, Community Meeting and Statutory Public Meeting

**Caution:** This email is from an external source. Please exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Laura,

Thank you for the opportunity to review and comment on the City's Draft Rental Housing Community Improvement Plan (CIP). We are pleased to see the City's efforts and achievements to-date to incentivize development of rental housing. The CIP aligns well with the provincial priorities outlined in the Housing Supply Action Plans, as well as the Building Faster Fund program. We only have a few suggestions to offer for your consideration:

**Page 1, Section 1.1 - What is a Community Improvement Plan?**

- The document should acknowledge that through a CIP, a municipality is exempt from the bonusing prohibition pursuant to section 106 of Municipal Act. The city should also reference section 365.1 of the Municipal Act (i.e., tax assistance program). Currently, the document only references section 28 of the Planning Act as a legislative authority for CIPs.

**Page 7, Section 2.2 – Program Eligibility, Timelines and Requirements**

- For greater clarity, the city may wish to include a definition of the term “owner” in its CIP, which would reflect the specific eligible grant/loan recipient types listed under subsection 28(7) of the Planning Act: “registered owners, assessed owners and tenants of lands and buildings within the community improvement project area, and to any person to whom such an owner or tenant has assigned the right to receive a grant or loan, to pay for the whole or any part of the eligible costs of the community improvement plan”. Currently, the CIP does not appear to include a comprehensive explanation of the term “owner”.
- The current version and proposed amendments to the CIP do not seem to mention a maximum duration or “shelf life” for the program. For greater clarity and transparency, the city may wish to define the duration of the CIP (e.g., 10 years or longer).

**Page 8, Section 2.4 - Vacant Land Tax Program**

- For greater clarity, the city may wish to reference the legislative authority (or specific section/s of the Municipal Act, or any other act/s) for providing the “property tax credit” to eligible participants in the Vacant Land Tax Program.

**Page 9, Section 2.5 – Affordable Rental Unit Incentive**

- It is recommended that this section provide more specific details regarding affordability (for example, establishing maximum household income limits for tenant eligibility for affordable units).
- We note that the requirements to secure an agreement and register it on title, as well as affordability term being 15 years is provided on page 12. For clarity, it is recommended that this section references Section 3.6 Definitions or reiterates this information.

**Page 10, Section 3.2 - Administration & Delegated Authority**

- As a best practice, the city may wish to consider including a provision for unsuccessful applicants to appeal to city council as the final approval authority.

**Page 11, Section 3.4 - Monitoring & Amendments**

- For greater transparency, the city may wish to include a statement that “when making amendments to a CIP, the city must pass a by-law to adopt such amendments”.
- We note that this section indicates that monitoring of the plan will only be up until December 31, 2026. As city council endorsed Kingston’s Municipal Housing Pledge to build at least 8,000 units by 2031, if feasible, we recommend monitoring be extended to 2031 to better align with municipal commitments. The CIP program up-take may be measured incrementally and amended accordingly, considering the implementation timelines of municipal strategic plans (e.g., Municipal Strategic Plan 2023-26 and the 10-year Housing and Homelessness Plan).

**Page 11, Section 3.6 – Definitions**

- We recognize that it is the City’s intention to align the definitions in the CIP with recent legislative changes. Until the definitions in the Development Charges Act are in effect, we recommend aligning the terms with the in-effect municipal documents, including the city’s Official Plan to define the following:
  - Affordable
  - Average Market Rent
  - Low- and Moderate-income Households.

If you have any questions or concerns with the comments above, I am happy to set up a meeting for us to discuss.

Sincerely,

**Anna Kalnina** RPP, MCIP  
Planner | Municipal Services Office – Eastern Region  
Ministry of Municipal Affairs and Housing | Ontario Public Service



*Taking pride in strengthening Ontario, its places and its people*

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**From:** Flaherty, Laura [REDACTED]  
**Sent:** March 26, 2024 9:51 AM  
**To:** Flaherty, Laura [REDACTED]  
**Subject:** City of Kingston - Proposed Rental Housing Community Improvement Plan - Notice of Complete Application, Community Meeting and Statutory Public Meeting

**CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.**

Good morning,

Please see attached Notice of Complete Application, Community Meeting and Statutory Public Meeting regarding city-initiated applications to designate a new Community Improvement Project Area and to

adopt a new Rental Housing Community Improvement Plan. The proposed by-laws to designate the Project Area and to adopt the Community Improvement Plan are also attached.

Please do not hesitate to contact me should you have any questions or comments.

Regards,  
Laura



**Laura Flaherty (MacCormick), MCIP RPP**  
**(she/her/hers)**

Project Manager, Planning Services

City of Kingston  
216 Ontario Street Kingston, ON K7L 2Z3  
(613) 546-4291 extension 3157  
[REDACTED]



The City of Kingston acknowledges that we are on the traditional homeland of the Anishinaabe, Haudenosaunee and the Huron-Wendat, and thanks these nations for their care and stewardship over this shared land.