

## Staff Report 2025-0395

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Meeting: Planning and Development Committee Meeting

Meeting Date: September 16, 2025

Subject: Gentle Density Community Improvement Plan

Submitted By: Jeff Hignett, Senior Planner, Planning

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### RECOMMENDATION

That Council enact the Gentle Density Community Improvement Plan (CIP) Area Designation By-law, attached to this report as Schedule A;

That Council enact the Town-Wide CIP By-law, attached to this report as Schedule B to enable the CIP to apply town-wide;

That the Commissioner, Planning and Development/Chief Planner be delegated authority to administer the CIP and approve and execute grant agreements for streams approved under the CIP to support the supply of housing in Caledon; and

That staff report back annually on the uptake of incentives available through the CIP, and at the end of the program period with recommendations on next steps.

### REPORT HIGHLIGHTS

- Caledon's [Housing Needs Assessment](#) found a critical need for more diverse housing forms and rental supply to meet the needs of the Town's growing and aging population.
- Caledon was the successful recipient of \$14M through the Federal Government's Housing Accelerator Fund (HAF). As part of the funding agreement, Caledon has committed to developing a CIP to increase housing supply and enable diverse housing options to meet the needs of our growing community. The proposed CIP includes 2 streams:
  1. Direct development grants; and
  2. Municipal land leasing and disposition.
- The proposed CIP will be completely funded by the \$14M of HAF funding Caledon received with grants being issued on a first-come, first served basis.
- The proposed CIP will be administered by staff and will run until the end of 2028 subject to the availability of HAF funding.
- In compliance with the requirements of the Planning Act, the Town held a statutory public meeting to present the proposed CIP on September 2, 2025

## **DISCUSSION**

### **Background on Caledon's Housing Needs**

Caledon's 2025 [Housing Needs Assessment](#) identified significant housing challenges characterized by rapidly rising housing prices and a severe shortage of affordable rental housing and home ownership options. This shortage has created a considerable cost burden on many residents, particularly those with low-to-moderate incomes, young people looking to enter the housing market, and seniors looking to downsize. The Assessment emphasized the need for more diverse housing forms, including townhomes and multiplexes, to meet the needs of the Town's growing and aging population.

Caledon's housing needs are amplified by rapid projected population growth. The Town of Caledon is projected to grow to a population of 300,000 by 2051, with growth rates expected to outpace the national average in the near term. To accommodate for this growth, the Town has pledged to construct 13,000 homes by 2031. The Future Caledon Official Plan sets clear targets to guide this development, including

- No more than 50% of new homes will be detached houses,
- At least 25% will be rental units, and
- A minimum of 30% will be affordable housing.

Complementary policies are also in development to encourage more homes to include secondary units (e.g. zoning by-law updates, licensing by-law) and enhance housing diversity and availability. Collectively, these measures aim to accommodate population growth while promoting varied and attainable housing options.

### **Federal Support and the Housing Accelerator Fund**

The Federal Government's Housing Accelerator Fund (HAF) aims to fast-track the supply of housing across Canada in response to similar housing challenges nationwide. Caledon was the successful recipient of \$14M through the fund, conditional on the delivery of 8 initiatives and 27 associated milestones that realize 2,628 housing units by December 11, 2027. Two of these initiatives included the development of a CIP to support direct development grants for gentle density and the creation of opportunity for future potential Town-owned land leasing and dispositions. Information about Caledon's action plan is posted online at [www.caledon.ca/housing](http://www.caledon.ca/housing).

The proposed CIP is a deliverable of Caledon's HAF agreement and will provide financial assistance to accelerate gentle density residential development in both urban and rural areas. Specifically, it aims to accelerate the development of Additional Residential Units (ARUs) and multiplexes and provide future potential opportunity to unlock underused Town-owned land for housing.

## **Proposed Gentle Density Community Improvement Plan**

Community improvement plans are tools enabled by the Planning Act, R.S.O. 1990, c. P.13 to support and encourage physical improvement and investment within a delineated area of a municipality. Section 28 of the Planning Act, R.S.O. 1990, c. P.13 enables municipalities to develop community improvement plans and offer financial incentives to develop, redevelop, construct, or reconstruct specified areas. This legislation also provides municipalities with the authority to sell, lease, or otherwise dispose of municipal land in a manner that advances the specific objectives of the adopted CIP in a way that would otherwise be considered 'bonusing' under the Municipal Act, S.O. 2001, c. 25.

The proposed CIP describes eligibility (who qualifies under each program stream), available incentives (financial or regulatory benefits per stream), and the application, review and approval process (steps and decision-making authority, such as Council vs. staff approvals).

The Region of Peel and the Ministry of Municipal Affairs and Housing (MMAH) were consulted as part of the development of this CIP. All comments are included in this report as Schedule C"

### **Financial Incentive Programs**

The CIP introduces two distinct streams:

1. Direct Development Grants: Financial incentives for private homeowners, builders, and developers to create new gentle density housing; and
2. Municipal Land Leasing and Dispositions: The strategic use of Town-owned land to facilitate affordable housing.

#### **1. Direct Development Grants:**

Through this stream, four grants are proposed to encourage gentle density:

***i. Servicing Review for Rural Lots (Grant A)***

- Purpose: Support servicing reviews for rural lots developing ARUs or multiplexes.
- Funding: Up to \$35,000 per property, covering review and construction costs.

***ii. Multiplex Development (Grant B)***

- Purpose: Assist homeowners converting existing homes or building new multiplexes to diversify housing.
- Funding: Up to \$50,000 per project, covering eligible costs.

***iii. Subdivision Secondary Suites (Grant C)***

- Purpose: Incentivize developers to include multiplexes or ARUs in new subdivisions.
- Funding: Up to \$15,000 per unit, covering eligible costs.

***iv. Additional Residential Units (Forgivable Loan D)***

- Purpose: Support homeowners to create/legalize ARUs by offsetting construction and permit costs.
- Funding: Up to \$30,000 per project as a forgivable loan, contingent on maintaining affordable rental rates (per provincial benchmarks) for two years.

Definitions and eligibility are detailed in Section 6 of the CIP (Schedule B).

## **2. Municipal Land Leasing and Dispositions**

The proposed CIP also enables the Town of Caledon to lease or sell municipally owned land at below-market rates to support affordable housing. This tool is designed to catalyze housing and infrastructure projects and revitalize underutilized public properties. Any below-market transactions will follow criteria ensuring public benefit and alignment with CIP goals. Any transaction would adhere to the to the Town's Land Sale By-law 2017-81 and direction otherwise provided by Council for delegated authority.

Additional incentives, such as grants or loans, may also be provided to support land acquisition for affordable housing, employment uses, or public interest projects. These measures aim to reduce financial barriers for non-profit developers and advance key Town priorities. Any funding agreement will include clear eligibility requirements, repayment terms, and conditions to ensure accountability and project success.

### **Implementation**

The CIP will be implemented through the policies of the Official Plan and Section 28 of the Planning Act, 1990, R.S.O 1990, c. P.13 and is proposed to be in effect until December 31, 2028.

If Council, in consultation with Town staff, is satisfied that the vision, goals, and objectives of this Plan have been realized, or if it is determined that the Plan or components of the Plan are no longer relevant, the Community Improvement Plan and Community Improvement Project Area may be dissolved.

### **Administration and Monitoring**

The proposed CIP delegates implementation authority to the Commissioner of Planning and Development, including approval of Direct Development Grants. Day-to-day administration is handled by staff who will be responsible for:

- Guidance & Eligibility: Meeting with applicants to review proposals, confirm eligibility, and assist with submissions.
- Streamlined Approvals: Coordinating with relevant stakeholders to expedite processes.
- Incentive Management: Facilitating financial agreements and disbursing funds per CIP policies.
- Community Outreach: Promoting ADU and gentle density opportunities through targeted marketing.
- Monitoring & Evaluation: Ensuring effective plan execution through ongoing oversight.

The CIP will be monitored on an ongoing basis to track progress relative to the goals and objectives. A simple application process for the CIP will maximize uptake and support Town efficiency. Applications will be accepted online or through the Town's Planning and Development Commission on a first-come, first-served basis.

Issuance of incentives is subjective to eligibility criteria and the availability of continued funding through the HAF. At the end of the program period, a performance report will be provided to Council as well as a recommendation on whether, if any funding remains, to continue offering incentives through potential sources (including any remaining HAF dollars) available at that time. All approvals require a legal agreement with the Town, and permits must be obtained by December 31, 2028, to secure funding.

### **FINANCIAL IMPLICATIONS**

The funding source for the proposed CIP program is the federal HAF. Grants and Incentives are issued on a first-come, first-served basis until funding is depleted.

At the end date of the proposed CIP, December 31, 2028, Council can expect an update report on the program performance, and a recommendation, if any, to continue with a housing-related CIP.

The implementation of the proposed CIP is a condition of Caledon's continued eligibility for funding through the HAF. Failure to implement these changes would require a renegotiation of Caledon's contribution agreement and may jeopardize subsequent funding installments.

### **COUNCIL WORK PLAN**

#### **Strategic Plan 2023-2035**

This report is directly related to the following priority in Caledon's 2023-2035 Strategic Plan:

Community Vitality and Livability

Details about Caledon's 2023-2035 Strategic Plan can be found at [caledon.ca/strategicplan](https://caledon.ca/strategicplan).

### **ATTACHMENTS**

Schedule A: Proposed Community Improvement Plan Area Designation By-law XXXX

Schedule B: Proposed Gentle Density Community Improvement Plan By-law XXXX

Schedule C: Summary of Public, Staff, and Agency Comments