



Report No.
SESS-26-25

File No.

Directed to: Mayor Joe Preston and Members of City Council

Meeting Date:
October 14, 2025

Department: St. Thomas Elgin Social Services

Authored By: Brandon Sloan, HAF Coordinator

Attachment
A – Affordable Housing Grant Program

Subject: HAF Action Plan Initiative – Affordable Housing Grant Program

Recommendation:

THAT: Report SESS-26-25 relating to HAF Action Plan Initiative – Affordable Housing Grant Program be received for information; and further,

THAT: A new Affordable Housing Grant Program be created for 2026-2028 in accordance with Attachment A to Report SESS-26-25.

Background:

One of the commitments under the federal Housing Accelerator Fund (HAF) Action Plan is to create a partnership grant program for affordable housing. This would help establish a funding pool from the HAF annual grant dedicated towards priority affordable and supportive housing projects.

To create the Affordable Housing Grant Program (AHGP), other municipal examples were reviewed, a review of the existing St. Thomas grant programs and gap analysis was conducted, a group of non-profit community and housing organizations were engaged, and the internal working team reviewed and established the preferred framework for the program.

Affordable Housing Grant Program Summary:

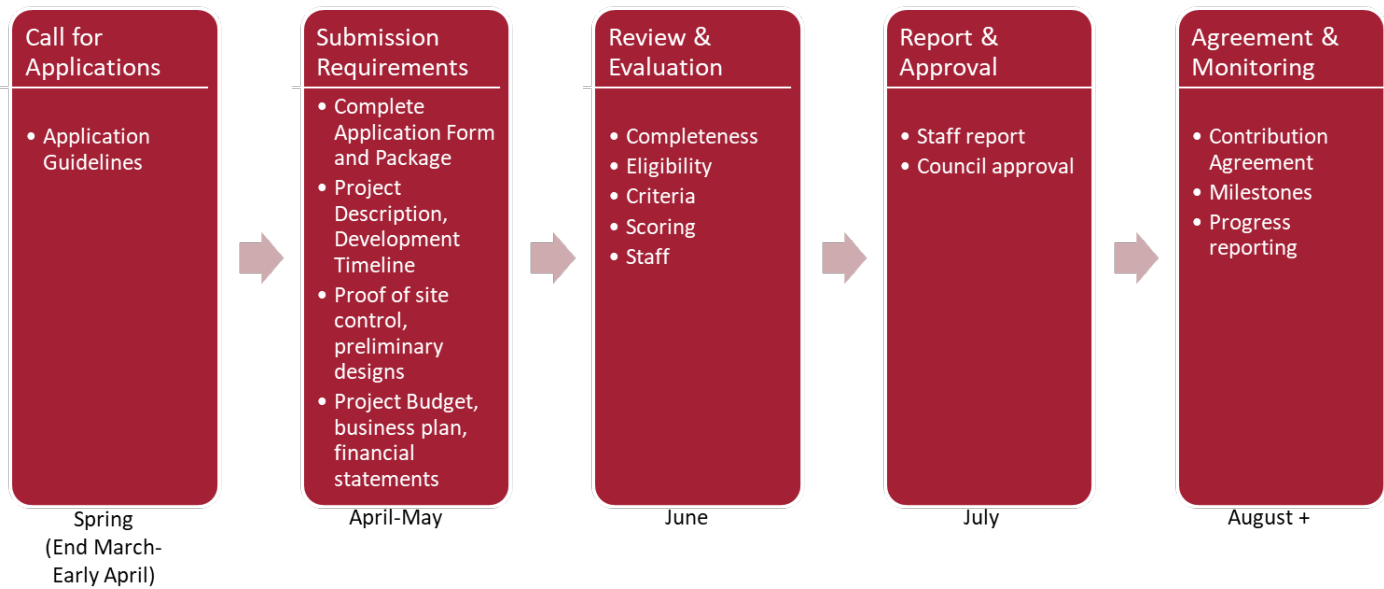
The overall objective is to use part of the federal HAF funding towards a program that partners with non-profits to plan for and create new permanent, more deeply affordable, rental units in St. Thomas.

An overview of the proposed Grant Program framework includes:

Condition	Principles
Applicant Eligibility	NFP housing provider, housing co-op, NFP-developer partnership
Housing Tenure	Rental dwelling units only
Structure Type	Any dwelling type (apartment, multis, towns, semis, singles, tiny)
Unit Size	Any unit type or size
Type of Incentive	Grant
Program Streams	Stream 1: Pre-Construction Design Stream 2: Capital Construction (site works, building development)
Amount of Incentive	2026 Grant Program: \$500,000 total Stream 1: Up to \$25,000 per project, up to 4 projects, max. \$100,000 Stream 2: Up to \$25,000 per unit, or up to \$200,000 support services facilities, max. \$400,000 Future years – dependent upon HAF allocations, other funding
Eligible Projects	Creation of new, affordable units (new, conversion, reno, addition)
Eligible Costs	Stream 1: Pre-Construction (technical site studies, surveys/designs/ plans, application/permit fees, financial plans, modelling, legal, etc.) Stream 2: Capital Construction (servicing, building development, etc.)
Ineligible Costs	Land acquisition, debt refinancing, operating expenses, prior costs
Affordability Requirements	At or below 80% Average Market Rent, min. 20 years w/ defined rents
Development Benefits /	Supportive uses, environmental sustainability, exceeding

Additional Achievements	construction requirements, amenities/services, deeper affordability, focus on priority populations, innovations, partnerships
Evaluation Criteria	Alignment with municipal priorities, financial viability/readiness, capacity, depth and duration of affordability, community impacts, development benefits, innovation and value-added
Review and Report	Staff
Decision	Council
Successful Recipients	Contribution Agreement, Milestones, Progress Monitoring/Inspection

A summary of the application process and timelines, which could occur for each of the HAF funding years of 2026-28, is shown below:



A staff report would be provided for a July Council decision each year. The report will identify any previous year’s monitoring status and updates along with any recommendations for awarding new grants. The intended timeframe for successful recipients to utilize the funding would be to complete pre-construction work and secure development approvals within approximately 1 year of funding approval (by June 30 of the following year). Building permits and commencement of construction should occur within 18 months (by Dec 31 of the following year). The first year will align with our HAF housing target timeline. The full recommended Affordable Housing Grant Program is attached to this report.

Next Steps:
Following approval of the grant program, online application forms and grant guidelines would be prepared for launching the program by end of March 2026 upon confirmation of receipt of the next financial installment of the HAF.

Strategic Priority:

Strategic Pillar: Excellence in All We Do - Priority #5: Housing for Everyone

Financial Impact:

The grant program would be funded through the annual federal HAF, which is expected to be received in March of each year up to and including 2028. The initial year of the grant program for 2026 is expected to have a total funding amount of \$500,000 with \$100,000 dedicated to Stream 1: Pre-Construction and \$400,000 dedicated to Stream 2: Capital.

Future years of the program may change or increase depending upon the receipt of the HAF, future commitments, or if any additional financial contributions are added to the program.

Report Approval:

This report has been reviewed and approved by: Manager, Housing Stability Services, Director of Social Services, Director of Corporate Services/Treasurer.

All reports are reviewed and approved by the City Manager.

Affordable Housing Partnership Grant Program

Supporting the Creation of More Affordable and Supportive Housing in
St. Thomas

Table of Contents

1. Program Overview	3
2. Program Objectives	3
3. Funding Available	3
4. Eligible Applicants	4
5. Eligible Projects and Costs.....	5
6. Ineligible Costs	6
7. Application Process.....	7
8. Evaluation Criteria.....	8
9. Agreement, Progress, Reporting & Monitoring.....	9
10.0 Definitions	10

1. Program Overview

The Affordable Housing Grant Program supports the development of new affordable dwelling units in St. Thomas by providing grant funding towards pre-construction and capital costs.

The program is open to non-profit organizations, housing cooperatives, and partnerships between non-profit organizations with private developers who demonstrate capacity and commitment to creating new housing for low-income households.

2. Program Objectives

The primary intent and objectives of this program are to:

- Increase the supply of safe, quality, and well-maintained rental affordable housing.
- Support inclusive, accessible, and sustainable housing developments.
- Address the housing needs of vulnerable and marginalized groups.
- Prioritize support services, complementary uses and activities with the provision of new housing.
- Achieve dwelling units with deeper affordability for an extended period.
- Foster innovative approaches and partnerships in housing delivery.

3. Funding Available

The total amount of funding available for the Affordable Housing Partnership Grant Program may vary each year. The expected amount for the 2026 program includes \$500,000 from the federal Housing Accelerator Fund (HAF). The funding for the program may change or increase in future years pending receipt of the HAF contribution or any other funding source contributions to the program.

The funding is expected to be available for two streams of the grant program:

Stream 1: Grant to Offset Pre-Construction Costs:

- Up to \$25,000 per project for eligible soft costs incurred before construction (e.g., studies, planning, design, legal, application fees/permits).
- To a maximum total of \$100,000 in 2026 (maximum of 4 awarded projects).

Stream 2: Grant to Offset Capital Costs:

- Up to \$25,000 per affordable unit or up to \$200,000 towards on-site support service facilities for eligible hard construction costs (site and building development)
- To a maximum total of \$400,000 in 2026.
- Any unawarded amount from Stream 1 may be used towards funding Stream 2.

Applicants may apply for both streams for the same project. Funding under the program is provided in the form of a grant, upon execution of a Contribution Agreement. Loans or other financial investments are not part of this program.

Projects may utilize other funding sources, including other City of St. Thomas financial incentive program (Community Improvement Plan) or approvals. Applicants must disclose any existing, applied for, or proposed funding applications related to the project as part of the grant program application, the purpose / use of that funding and the source / agency.

Grant Program funding is subject to receipt of federal HAF grant contribution annually in Q1 of each year along with any recommended application(s) being approved by Council. It is to the discretion of the municipality regarding the approval of one or more project(s) for funding and funding amounts under the program.

4. Eligible Applicants

Applicants must:

- Be a registered non-profit housing provider, housing cooperative, or a partnership between a non-profit organization and a private developer .
- Own or have secured control of a property within the municipal boundaries of the City of St. Thomas.
- Plan for and/or create new, permanent, affordable, rental housing dwelling units.
- Demonstrate financial and organizational capacity to complete and operate the project.
- Demonstrated financial need for the requested funding.

- Commit to maintaining affordability for the units that the funding would support for a minimum period of 20 years through a Contribution Agreement with the municipality.

5. Eligible Projects and Costs

Projects must:

- Create affordable, rental housing units through new construction, conversion, or additions. Projects may include redevelopment of existing residential that results in the creation of a 'net' new number of affordable units, with only the costs attributable to the creation of those new units as eligible.
- Any dwelling type is eligible (apartment / multis, townhouse, semi-detached, single-detached – including “tiny home”). Projects with any unit type or size are eligible.
- Be permanent housing units.
- Be rental dwelling units.
- Meet applicable municipal policies, zoning, planning requirements and Ontario Building Code.
- Demonstrate financial viability and readiness to proceed.
- Ensure affordability. All dwelling units in the project that are funded through this grant program must have rents at or below 80% of Average Market Rent for at least 20 years. An overall project may include mixed income/rental rate units; however, those above the affordability rate stipulated would not be funded through this program.
- Stream 1: Pre-Construction Costs could include:
 - Property survey and reference plans
 - Financial feasibility studies and business plans
 - Professional appraisals
 - Professional designs, plans, and drawings
 - Technical site studies (geotechnical, transportation, servicing, planning, environmental, stormwater management, etc.)
 - Energy modelling studies
 - Accessibility modelling studies
 - Development application fees
 - Building permit or other development permit fees

- Preliminary design assistance (consultants, etc.)
- Legal-related

Note: stacking with the City's CIP programs for Environmental Site Audit and other programs is permitted. Depending upon location, proposals may be eligible for additional CIP financial incentives (e.g., application fee reductions).

- Stream 2: Capital Costs could include:
 - Site servicing (sanitary, storm, water)
 - Site utilities (hydro, gas, telecom)
 - Building construction for new units
 - Renovation or construction of additions for new units
 - On-site supportive services offices or areas to support new units
 - Accessibility features for new units

Both Stream 1 and Stream 2 can be applied for in the same year for the same project or by the same applicant for different projects.

Applicants for Stream 2 are eligible for the same project that received a Stream 1 grant in a prior year, but not eligible to receive Stream 2 for the same project that received a Stream 2 grant in a prior year.

6. Ineligible Costs

The following are costs are not available for funding under this grant program:

- Acquisition of land or buildings.
- Refinancing of existing debt.
- Operating or maintenance expenses.
- Site preparation, such as demolition, grading, site clean-up.
- Costs incurred before funding approval via Contribution Agreement (unless otherwise approved for expenses between application and agreement date).

The municipality reserves the right to confirm whether other non-stated costs are eligible or ineligible under the program.

7. Application Process

The following are the general steps of the application and review process. The timelines for each year's grant program will be provided on the City's webpage and as part of any application guideline each year.

Step 1: Call for Applications

Applications are accepted annually in the Spring of each year upon opening of the grant program.

Step 2: Submission Requirements

Submit a complete application package including:

- Completed Application Form, including requested grant Steam and amount
- Project description and development timeline
- Proof of property control
- Preliminary designs
- Project budget
- Organizational financial statements
- Business plan and cash flow projections

Step 3: Review & Evaluation

Applications will be reviewed for completeness, eligibility and then scored against the evaluation criteria identified in Section 8 below.

Step 4: Report and Approval

Staff will prepare a report outlining the applications received and the applications recommended for awarding grants to a Council meeting for approval.

Step 5: Agreement, Progress, Reporting and Monitoring

Upon Council approval of the grants, applicants will receive notice, and successful recipients will proceed with a contribution agreement to be executed with the municipality. The agreement will include certain milestones that recipients shall meet for the project with progress reports provided.

8. Evaluation Criteria

Applications will be screened for completeness and eligibility. Municipal staff will then conduct a review based on the following evaluation criteria:

- Alignment with Municipal Priorities – Meets the objectives of the grant program, aligns with Strategic Plan and priorities, meets affordability targets, serves priority populations, supports strategic housing goals and targets of creating net, new affordable units.
- Financial Viability and Readiness - Realistic budget, proper proforma, secured funding, projects where a municipal contribution is required to access funding from another level of government, readiness to proceed.
- Organizational Capacity - Experience and governance to deliver and manage the project.
- Depth and Duration of Affordability - Affordability levels and length of commitment, number of units.
- Community Impact - Inclusivity, accessibility, responsiveness to local needs and impact to housing waitlist.
- Development Benefits - Projects that include additional achievements:
 - Supportive uses and activities
 - Environmental sustainability
 - Exceed building code and planning requirements
 - Accessibility beyond standard requirements
 - On-site amenities and services
 - Affordable units that are even more deeply affordable and for longer period of time
 - Focus on priority populations (at risk, vulnerable, marginalized)
- Innovation and Value-Added – Innovative design, partnerships, construction methods.

A minimum passing score is required. A sample evaluation scoring sheet is included within the appendix.

9. Agreement, Progress, Reporting & Monitoring

Successful applicants must:

- Enter into a Contribution Agreement with the municipality outlining terms and obligations.
- Provide progress updates during construction and annual reports afterward.
- Achieve milestones for completing pre-construction works and/or starting capital construction that the funding is providing for within specific timelines.
- Maintain affordability commitments for the agreed period.
- Allow inspections and audits to verify compliance.

The Contribution Agreement will include at minimum:

- Parties: Municipality & Recipient.
- Funding Amount & Use: Grant to be used for eligible pre-construction and/or capital costs.
- Affordability Period: Minimum (e.g., 20 years) with defined rents.
- Reporting & Monitoring: Construction progress reports and annual compliance reports.
- Repayment/Clawback: Grant repayable if terms breached, project abandoned, or affordability not maintained.
- Security: Municipality may register an interest to secure obligations, as needed.
- Insurance & Indemnification: Recipient to maintain insurance and indemnify municipality.
- Acknowledgement: Satisfactory recognition on signage, events, promotion of municipal and federal contribution to project.

Generally, the project timelines to be achieved as part of the Contribution Agreement include, but are not limited to:

- A) Pre-Construction Costs – All funded pre-construction plans and works completed by June 30th of the following year from funding approval.
- B) Capital Costs -All development approvals (zoning, site plan, development agreement) completed by June 30th of the following year from funding approval.

Building permit issuance and site construction commencing by December 31st of the following year from funding approval

10.0 Definitions

Affordable Housing (rental) / Affordability:

Housing where rent does not exceed 80% of Average Market Rent.

Average Market Rent (AMR):

Published annually by CMHC and during the year by Province of Ontario Development Charges bulletin.

Contribution Agreement:

Legal agreement between municipality and recipient outlining funding, obligations, milestones and remedies.

Priority Populations:

Groups identified in municipal housing strategies or directives as priorities (e.g., low-income households, seniors, youth, Indigenous people, people with disabilities).