



REPORT

Planning and Development Council

Meeting Date: May 4, 2026

FROM: Planning and Development Department

DATE: April 21, 2026

SUBJECT: **Community Improvement Plan Financial Analysis Update**

LOCATION: Town-wide

WARD: Town-wide Page 1

RECOMMENDATION

That Council receive the staff report: "Community Improvement Plan Financial Analysis Update", dated April 21, 2026.

KEY FACTS

The following are key points for consideration with respect to this report:

- This report is in response to Council's direction from the September 8, 2025 Planning and Development Council meeting that staff undertake a financial analysis of potential community improvement plan programs. This analysis is intended to assist Council in identifying suitable program options to develop a Community Improvement Plan (CIP).
- Recommended program types, their target unit types, and their preliminary per unit incentive costs are provided in the table below. Actual program elements such as maximum financial commitments, eligibility, duration, and funding sources for a CIP are not determined through the approval of this report. Those matters will be determined when a recommended CIP is presented to Council for approval.

| TARGET | Additional Dwelling Unit | Not For Profit Affordable Rental | Purpose Built Rental |
|---------------------------------------|---|--|---|
| Program Type | Capital Grant | Forgivable Loan | TIEG |
| Estimated per unit incentive required | ~ \$10K to \$55K Maximum grant to be determined (TBD) ¹ | Loans @ ~20% of unit cost, Maximum loan TBD | %-age of annual property tax increment, Maximum grant TBD ² |

- SHS Consulting prepared the requested financial analysis, based on hypothetical scenarios, in consultation with Town and the Technical Advisory Committee, which includes staff from Halton Region, Ministry of Municipal Affairs and Housing, and Canada Mortgage and Housing Corporation (CMHC).
- The requested financial analysis is inserted as a new chapter of the CIP Background and Options Report that was originally presented in September 2025. The updated CIP Background and Options Report is attached as Appendix A.
- In support of the recommended programs, the findings of the SHS analysis, along with additional research undertaken by staff indicate that:
 - Current resale housing values have declined from the peak values of 2022, causing investor purchasers to exit the housing market and open-up opportunity for first time buyers and more affordable housing options.^{3, 4}
 - Construction of new multi-residential condominiums, with a surplus of resale housing, is challenging at this time.⁵
 - Notwithstanding the demand for rental housing, construction and operation of rental housing continues to be a challenge, especially as vacancy rates (largely in the secondary rental housing market) increase, which is resulting in a lowering of rent rates within existing rental properties.⁶

¹ In comparison, the Town’s current [Brownfield CIP](#) provides grants in the range of \$3,000 - \$30,000 in support of environmental studies that are prepared in relation to the remediation of contaminated lands.

² Presently, the Town offers a similar tax increment grant program that provides an annual grant equivalent to 60% to 100% of the municipal tax increase generated by a contaminated land remediation project for up to 12 years after project completion, provided the project includes one or more of the following: minimum employment densities, sustainability, initiatives, and/or affordable, assisted or special needs housing.

³ [Toronto home prices down 24% — history suggests the correction may not be over - CMT News](#)

⁴ [GTA Home Sales and Prices Expected to Remain Stable in 2026 Amid Ongoing Affordability Pressures – TRREB](#)

⁵ See: [New Condo Sales Fall for 4th Year to Lowest Since 1991 | Urbanation](#), January 21, 2026, wherein it states that “eight cancelled condo projects totaling 2,189 units switched to purpose-built rental in 2025, adding to the 1,434 cancelled condo units that converted to rental in 2024.”

⁶ See: [GTHA Rental Projects Forge Ahead in Q3 Despite Declining Rents | Urbanation](#), October 28, 2025, which notes that rental rates have declined owing to competition with secondary market

- All new rental housing construction requires CMHC financial support, to which most rental housing developers would have access.
- Most, if not all, rental housing is affordable to the Oakville moderate income households; but, not to the subset of current renter low- and moderate-income households.⁷
- Construction of additional residential units in existing residential buildings is supported by changes to the Building Code that provide exemptions from certain standards that do not apply to new construction.⁸
- The Canada Mortgage and Housing Corporation has prepared “pre-approved” building designs for accessory dwelling units to assist with fast tracking their development.^{9, 10}
- Given the slow-down in new home construction, trades people are well positioned to participate in smaller-scale construction and renovation projects.¹¹
- A CIP’s development should be carefully undertaken to deliver an effective incentive tool that will result in the creation of housing that responds to gaps identified in the Housing Needs Assessment, while considering the Town’s financial position and maximizing the effectiveness of the incentive.
- With Council’s approval of this report’s recommendations, staff will engage the public on a Draft Community Improvement Plan throughout Q4 2026 and can bring forward a recommended Community Improvement Plan for Council approval in 2027.

rentals that are available for lower rent rates while owners await improvements to the sale value of their investment properties.

⁷ Per the Housing Needs Assessment Report, 22% of all households rent their home, most of which are provided through the secondary rental market (i.e. they are condominium units that are rented out by individual unit owners).

⁸ The [Home Construction Regulatory Authority](#) states that in relation to secondary suites: “Ontario has aligned with the National Building Code (NBC) for secondary suites but will maintain flexibility on suite sizes to support housing objectives and minimize costs. Information on requirements such as ceiling heights, fire separation, and shared air systems can be found on the following page from Suite Additions: [The New 2024 Ontario Building Code: What You Need to Know for Second Suites & Multiplex Conversions](#).”

⁹ See: [Housing Design Catalogue: Designs](#)

¹⁰ The CMHC pre-approved plans provide a 1-Bedroom 59 sq. m. (634 sq. ft.) and 3-bedroom 95 sq. m. (1017 sq. ft.) plans, with cost of construction estimates ranging from \$251,000 to \$314,000 and \$343,000 to \$429,000 per unit, respectively. See: [Housing Design Catalogue Construction Cost Estimate Summary - Ontario](#)

¹¹ [Slowing housing market will trigger construction job losses, Ontario builders group says | CBC News](#)

BACKGROUND

In March 2024, Council directed staff to investigate and, if deemed appropriate, to undertake development of:

- Community Planning Permit By-law in Midtown;
- Inclusionary Zoning within Protected Major Transit Station Areas; and
- Community Improvement Plan to facilitate the development of affordable housing in Oakville.

These three initiatives represent a multi-pronged approach to facilitating affordable housing in Oakville through a combination of: permissive policies, clear regulatory provisions, and financial incentives.

To date, Council has:

- Adopted Official Plan enabling policies to prepare a Community Planning Permit By-law, and has reviewed and commented on the draft CPP By-law for both Midtown and (per the Mayor's direction) Bronte Village (consultation regarding these by-laws is on-going);
- Endorsed the completed Town of Oakville Housing Needs Assessment;
- Received a peer review of the Inclusionary Zoning Assessment and draft inclusionary zoning enabling policies (OPA 77),
- Received a background and options report related to the preparation of a CIP, and
- Adopted housing policies, including targets for affordable and rental housing (OPA 78).

Following direction from Council at the September 8, 2025, meeting, Town staff and SHS have undertaken further consultation and analysis of possible CIP programs for consideration. This analysis is documented in Appendix A, which is an updated CIP Background and Options Report.

The financial analysis that has been undertaken over the last few months considered and evaluated possible financial incentive programs based on the principles of the CIP development that were shared with Council at the September 8, 2025, meeting, which are:

- Address two or more housing gaps (as noted in the [Housing Needs Assessment](#), section 5);
- Provide sufficient incentive for proponent uptake, as quantified through financial modelling;
- Be stackable with other programs offered by the Region, Province, Federal governments and/or others;
- Be administered in a simple/straight forward manner;
- Be financially viable for the Town and the applicant; and

- Be implemented anywhere within the Town's urban area.

Using these principles, a preliminary assessment of potential programs was undertaken to narrow program options from 24 to eight. By applying qualitative considerations, based on research to date, this qualitative assessment minimizes resources required to undertake the financial analysis component of this work.

Appendix B provides an overview of the 24 options and rationale for not proceeding with two-thirds of the possible program types, based on the above-noted principles.

As noted in the attached Background and Options Report, the target households for which the CIP program would be developed are households that are classified as moderate income¹² and/or priority household¹³ per the Town's Housing Needs Assessment. To address the needs of these households, the qualitative analysis narrowed down program options to those that support:

- the creation of rental housing;
- not-for-profit providers; and/or
- specifically target priority households.

Given that the CIP would be intended to address short term needs (i.e. incentivize new housing to be built in the next three to five years), key qualitative considerations included consideration of current market conditions. A significant observation regarding the current market is the overall slowdown in relation to the construction of multi-unit condominium dwellings as noted in reports such as those produced by Urbanation.¹⁴

In contrast, some projects are converting to rental housing that:

- is subject to a different financing scheme;
- has access to CMHC funding programs such as the [Mortgage Loan Insurance](#) and [Apartment Construction Loan Program](#);

¹² The Housing Needs Assessment classifies moderate income households as those households that are earning incomes from the bottom end of the 40th percentile to the top end of the 60th percentile of all households. The HNA also provides a sub-class of moderate income households that is based on incomes of households who are presently renting their home between the 40th and 60th percentile of renter households. These households are generally not eligible for services provided by the Halton Region Housing Service Manager, and are not the target occupants for new home builders.

¹³ The Housing Needs Assessment defines priority populations as households wherein occupant(s) are:

- with a physical activity limitation; cognitive, mental or addiction activity limitation; and/or
- Indigenous; racialized; black-led; new-immigrant led; refugee claimant-led; woman+ led; single mother led; headed by someone under 25; headed by someone over 65.

¹⁴ See: [New Condo Sales Fall for 4th Year to Lowest Since 1991 | Urbanation](#), January 21, 2026, wherein it states that "eight cancelled condo projects totaling 2,189 units switched to purpose-built rental in 2025, adding to the 1,434 cancelled condo units that converted to rental in 2024."

- addresses pent-up demand from households in all income levels;¹⁵ and
- is occurring despite higher-than-normal rental vacancy rates and lower than usual rent rates.¹⁶

Furthermore, staff note that there are new “[pre-approved](#)” additional residential unit (ARU) building plans and [refinancing programs](#) available for developers and homeowners interested in building these types of units, which could be leveraged with additional Town incentives to increase the construction of this type of permitted unit.

Given that there are programs available through the federal and provincial governments, a key component of a CIP program should be to leverage and complement CMHC (or [Build Canada Homes](#)¹⁷) funding programs to maximize public investment. Accordingly, the forthcoming CIP program will need to be designed to be flexible so that if changes to federal and/or provincial programs are made, the CIP program can seamlessly adjust accordingly.

Section 6 of the report provides more information regarding program design elements focussing on the impact of proceeding with certain program types in terms of:

- Impact on the proponent to garner interest and uptake of a financial incentive;
- Impact on the Town in terms of the financial investment that is needed to attract proponents; and
- Impact on residents of the Town in terms of the identified housing gaps the program would assist in addressing.

¹⁵ The Housing Needs Assessment estimates that due to the current undersupply of purpose-built rental units, 56.2% of net new housing should be purpose-built rental to meet projected needs ([Town of Oakville Housing Needs Assessment](#), p. 131).

¹⁶ See: [GTHA Rental Projects Forge Ahead in Q3 Despite Declining Rents | Urbanation](#), October 28, 2025, which notes that rental rates have declined owing to competition with secondary market rentals that are available for lower rent rates while owners await improvements to sale value of their investment properties.

¹⁷ Established in the summer of 2025, Build Canada Homes is a new federal agency focused primarily on non-market housing (as depicted in the image below). Presently, the agency is in the process of developing stable, long-term, low-cost financing which will be offered to private and non-profit housing providers. ([Housing, Infrastructure and Communities Canada - About Build Canada Homes](#))



The financial analysis provided in section 6 of the report considered potential capital grant programs in the form of up-front grants, forgivable loans, and Tax Increment Equivalent Grants (TIEG).

Additional Residential Unit Capital Grant Program

The analysis related to incentivizing additional residential units was primarily based on precedent programs in Ontario. Based on this jurisdictional scan, SHS recommends establishing a program that provides the option of a low-value grant (i.e. \$10,000) for the creation of an ARU with no affordability requirements, or a higher incentive grant (i.e. \$55,000) with affordability requirements. In both cases, the program incentivizes the creation of new, ground-oriented, rental housing that can accommodate a variety of households, in a relatively quick manner given that the zoning for these units is already in effect and there are pre-approved building plans that can be used to establish the unit.

Non-For-Profit Priority Household Forgivable Loan Program

The analysis related to supporting the acquisition of units by not-for-profit housing providers for priority household use is based on an understanding of:

- what a not-for-profit could provide as a mortgage downpayment;
- what a resident of these homes would pay in rent; and
- the additional funds that would be needed to pay the balance of mortgage payments (which would effectively be the grant).

This proposed program capitalizes on current market condition (i.e. reduced price) and results in almost immediate supply of affordable housing geared to priority households.

The loan would be forgiven if the unit is in the ownership of a not-for-profit housing provider.

Purpose Built Rental Grant Programs

The financial analysis for this program returned some revealing results. When looking at the tables provided in the report, the following was observed: the CMHC threshold rent for affordable rental housing (i.e. \$4,070) is much higher than the affordable threshold used by the Province in its Bulletin and the Provincial Planning Statement (ranging from \$1,317 to \$2,379 per Average Market Rent by unit type).¹⁸ Consequently, in Oakville's case, an entire building of rental housing could qualify as "affordable" per the CMHC definition. Meanwhile, the rents received, even at

¹⁸ [Municipal development and community benefits charges, and parklands | ontario.ca](https://www.ontario.ca/page/municipal-development-and-community-benefits-charges-and-parklands)

these higher values are commensurate with developing an entire building based on the “affordable” ownership threshold of \$575,800¹⁹ or less per unit, which in a condominium scenario is determined to be unviable.

The analysis undertaken by SHS notes the following key observations:

- The proportion of financial assistance needed to support rental housing becomes significantly higher as buildings increase in size and units.
- The proportion of financial assistance needed to support rental housing is much higher for concrete construction versus wood construction.
- Upfront capital grants in the order of 19% to 37% of the project cost are needed to support new rental purpose built rental housing, even with the CMHC loans and Town fee and development charge exemptions, deferrals and discounts.²⁰

In the case of Tax Increment Equivalent Grants, the grant would need to be two-and-a-half to seven times the amount that would otherwise be paid in property taxes over a 10 to 20-year period.

These observations highlight the challenges purpose-built rental housing faces and clarifies that financial supports from the Town to bridge the gap between the cost of development and the possible rent returns are significant and not likely something the Town could do on its own.

Consequently, a purpose-built rental grant will only be successful if it is complemented by programs from other levels of government, and likely only for small scale developments in the form of multi-plexes or low-rise apartment buildings.

To that end, a TIEG program may be more suitable than an upfront capital grant for the following reasons:

- The annual grant that would be provided by the Town is spread out over many years, during which time the Town may be able to devise a stable funding source through which to flow the necessary funds.
- The grant provided would assist the rental housing provider with annual operational costs, including debt reductions.

¹⁹ The \$575,800 value is the affordable ownership home price per the provincial bulletin based on 2025 dollars for the 60th percentile household in Oakville, see: [Municipal development and community benefits charges, and parklands | ontario.ca](#). This value is comparable to the CMHC calculation for median household.

²⁰ Per the *Planning Act* and *Development Charges Act*, housing units that are priced or rented at or below the “affordable” threshold as determined in the Provincial Bulletin are exempt from Parkland, Community Benefit and Development charges/fees. These units are required to remain affordable for a period of up to 25 years. The development charge for market rental housing units is discounted depending on the unit size, and are paid in five annual installments, interest free.

- Confirmation of the grant would assist the rental housing provider in receiving their initial financing.

COMMENTS

Subsequent to the completion of the SHS Financial Analysis, at the [April 15, 2026](#) Regional Council meeting, Regional Council approved a new property tax subclass. (See: FN-08-26 – 2026 Tax Policy). Accordingly, units that meet the definition of affordable per the Development Charges Act, will be subject to the New Affordable Rental Housing Subclass property tax ratio of 0.65 (rather than 1.00 which will apply the balance of market rate units in the same building). This new subclass was established based on the Provincial decision in May 2025, which provided single and upper-tier municipalities the option to reduce the municipal property tax ratio, starting in 2026, for eligible affordable rental housing units by up to 35%. Halton Region passed a by-law July 9, 2025, adopting the new subclass, applicable to new multi-residential units built or converted from a non-residential use pursuant to a building permit issued after January 1, 2026. As noted above, the April 15, 2026 Regional Council decision sets the ratio to 0.65.

While this new subclass does result in a reduction to property taxes for future purpose-built rental buildings, the reduction only applies to the “affordable units” not all units of the building. Based on the analysis undertaken by SHS which indicated that significant property tax reductions are required for the entire purpose built rental building, it is noted that the proposed subclass on its own, while helpful to a developer, is not enough to support the on-going provision of affordable rental housing, and would not be sufficient to incentivize new purpose built rental housing.

Prior to finalizing a recommended TIEG program, this new tax subclass will be considered in forthcoming analysis.

Based on the information provided in the updated CIP Background and Options report and the additional analysis undertaken by staff, to incentivize new affordable housing in the short-term, a CIP should be drafted to support the implementation of the following program types:

- An **Additional Residential Unit capital grant program** geared to homeowners to off-set costs associated with the conversion of an existing dwelling to create ARUs or to add an accessory ARU structure to an existing residential property. (The maximum grant amount will be determined through the program design and additional consultation.)
- A **forgivable loan program to non-profit housing providers** to assist with initial financing of property acquisitions geared to priority households. The Town could provide grants that assist with a portion of the purchase cost to

enable these providers to capitalize on current resale values. (Preliminary analysis indicates that a forgivable loan of approximately 20% of the unit cost would strongly assist non-profit housing providers in purchasing and operating units geared toward priority households. Maximum loan values will be determined through program design and additional consultation.)

- A **purpose-built rental housing Tax Increment Equivalent Grant** that is provided to new construction applicants who are successful in receiving federal financing, mortgage insurance and/or loans. (The depth of grant and length of time for the grant will be determined through the program design and additional consultation.)

As noted in the background report, developing these types of programs:

- Addresses two or more housing gaps;
- Has potential to attract development proponents that share common interests with the Town to provide affordable, rental, and/or special needs housing;
- Assists eligible members of the development community to pursue new housing development in Oakville while an overall reset to the industry and process of new home construction is underway,
- Demonstrates the Town's competitiveness with other communities in the Greater Toronto and Hamilton Area as a place to invest and build new housing,²¹ and
- Will result in long term return on investment for the Town in terms of:
 - additional property taxes;
 - reduced service costs associated with households that are not sufficiently housed; and
 - potential investment attraction, when the Town can be promoted as a proponent of affordable housing with the potential to be an affordable place for new employers and employees to live.²²

NEXT STEPS

Based on the foregoing, staff will prepare a draft CIP for public consultation in the fall of 2026.

The draft CIP will provide:

- Goals and objectives of the Plan overall and each program therein;

²¹ As noted in the [Planning Act Tools to Facilitate Affordable Housing](#), many communities in the GTAH have brought into effect Community Improvement Plans to facilitate the development of affordable and rental housing, including: Brampton, Burlington, Halton Hills, Hamilton, and Richmond Hill.

²² Recall the 2017 Amazon Head Quarters request for proposals specifically asked bids include information regarding the cost of living, including the cost of housing and the diversity of housing options, see: [Amazon HQ2 RFP](#)

- Eligibility requirements to apply for one or more incentive program;
- Specific matters that may be funded by the program, where appropriate;
- Identify any funding caps associated with the program;
- Establish a duration for the program/plan; and
- Outline general administrative matters regarding the implementation of the Plan.

Consultation on the draft CIP will include:

- Giving notice of and publishing the draft plan for public input;
- Holding a statutory public meeting, supported by a report to Planning and Development Council;
- Hosting a focus group session(s) with the development industry; and
- Finalizing a recommendation report to Planning and Development Council in support of the adoption of the Affordable Housing Community Improvement Plan and Community Improvement Plan Project Area By-law (amendment) in Q1 2027.

CONSIDERATIONS

(A) PUBLIC

The topic of affordable housing has been discussed with the public through various initiatives. Presently, the Town has created a [Housing](#) webpage wherein all the Town's recent efforts to address the housing crisis and provincially mandated housing targets are identified, and updates are provided regarding this on-going work.

Consultation of the forthcoming CIP will involve the development industry as well as the public.

(B) FINANCIAL

There are no financial implications related to the approval of the report's recommendation. Should Council adopt an Affordable Housing Community Improvement Plan, there will be financial implications related to the program as well as its administration. The scope of these will be clarified through the creation of the CIP.

The financial analysis prepared so far indicates that advancing the selected programs would result in the following implications:

- Capital grants are paid out annually, as such annual budgets will need to be adjusted to support the CIP. Grants can be established with a maximum annual pay out, as well as maximum per unit amounts. The actual grant payment may be a percentage of eligible costs to a maximum

amount; in this manner the Town has a clear understanding of maximum annual costs. Any amount that is not expended in the year can be carried over to the following year. This is important where the Town has committed a grant to an applicant, but the applicant has not yet undertaken the necessary step(s) before the grant is paid out. Funding sources for these grants may be from one or more of the following: property taxes, special levies, Town reserves, the Town's Community Benefits Charge reserve, revenue from a possible vacant home tax, and/or government funding/transfers. This funding matter will be addressed in greater detail along with the draft CIP.

- Forgivable loans are like capital grants; however, where a recipient of the loan chooses to sell a property and the new owner does not intend on maintaining the property as affordable rental, the loan would be paid back to the Town at the time of the property sale.
- Tax Increment Equivalent Grants would be accounted for by providing an annual grant to refund a portion of property tax revenue. Where these grants are conveyed, the Town would effectively be collecting less property tax revenue for the specific property over a defined period of time, after which full property tax revenue would be collected.
- Given the nature of the proposed programs, successful CIP applications may benefit from exemptions, discounts, or deferrals from development charges (DC). Any DC reduction is required to be covered from Town sources.
- Some successful CIP applications may also benefit from reductions in community benefit, and/or parkland dedication charges, which results in foregone revenue for the Town.

The administration and monitoring of the CIP will also require staff resources. As much as possible, these programs will be integrated within work staff are already undertaking in terms of the review and approval of planning and/or building permit applications, to minimize administrative time and costs.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

Staff within the Economic Development, Real Estate, and Finance departments have been involved in the preparation of the financial analysis provided in Appendix A of this report. They will continue to be involved in the development of the draft CIP and future consultation.

(D) COUNCIL STRATEGIC PRIORITIES

This report addresses Council's strategic priorities: Community Belonging and Accountable Government.

The preparation of a Community Improvement Plan that facilitates affordable housing is a means of improving community belonging by increasing the supply of affordable housing for Oakville residents. Implementing the CIP demonstrates Council's commitment to partner with other levels of government and to work with the development community to build new affordable housing units that may not otherwise be constructed.

(E) CLIMATE CHANGE/ACTION

This report does not address climate change/action.

APPENDICES

Appendix A – Community Improvement Plan Background and Options Report,
Updated, February 2026 (Financial Analysis)

Appendix B – Qualitative Analysis of (Long List) of Potential Program Options

Prepared by:

Sybelle von Kursell, MCIP RPP
Manager, Midtown Oakville and Special Programs

Recommended by:

Gabe Charles, MCIP RPP
Director, Planning & Development