

# Industry Workshop: Mississauga's Incentive Program for Affordable Rental Housing

Virtual Session: March 26,  
2024 @ 1pm





# City of Mississauga Staff



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# Today's Objectives



Discuss the need for rental housing and proposed City incentives



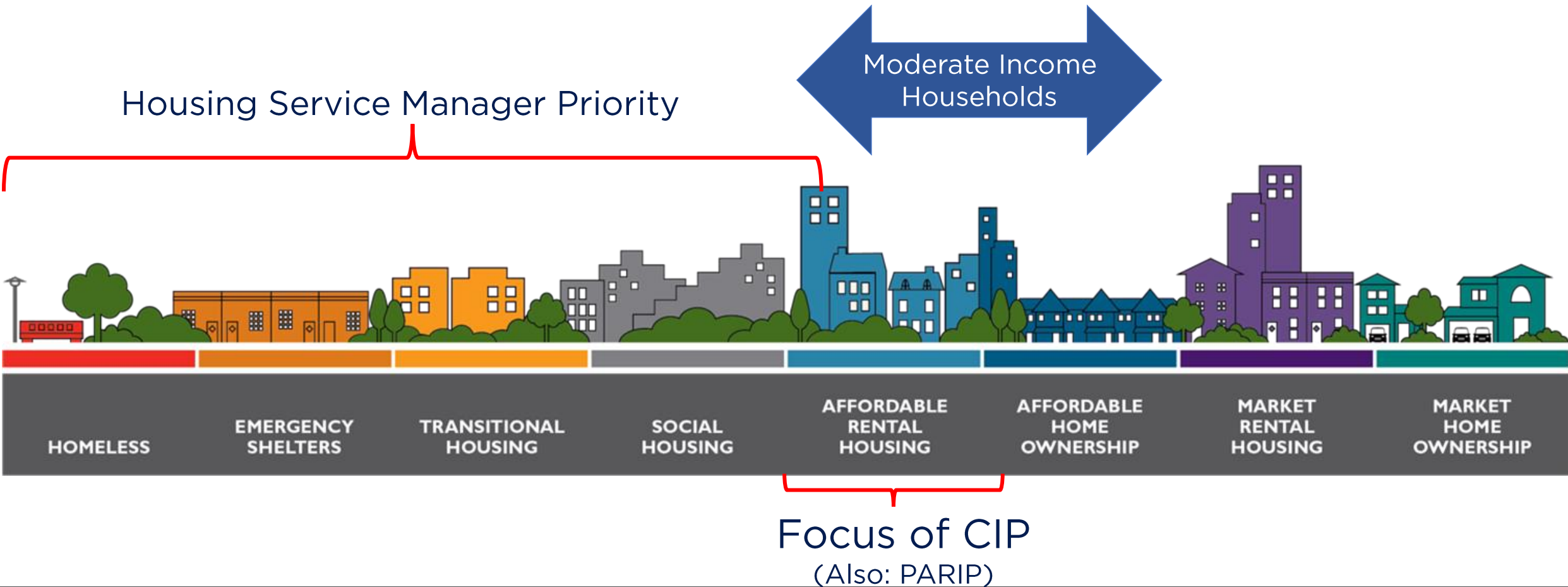
Collaboration, sharing feedback, proposing ideas to ensure program design results in success



# Background



# The Housing Continuum





# Why affordable purpose-built rental housing?



## Security of Tenure

Primary vs. Secondary Rental Markets



## Ease of Entry for Occupants

Home ownership vs. renting

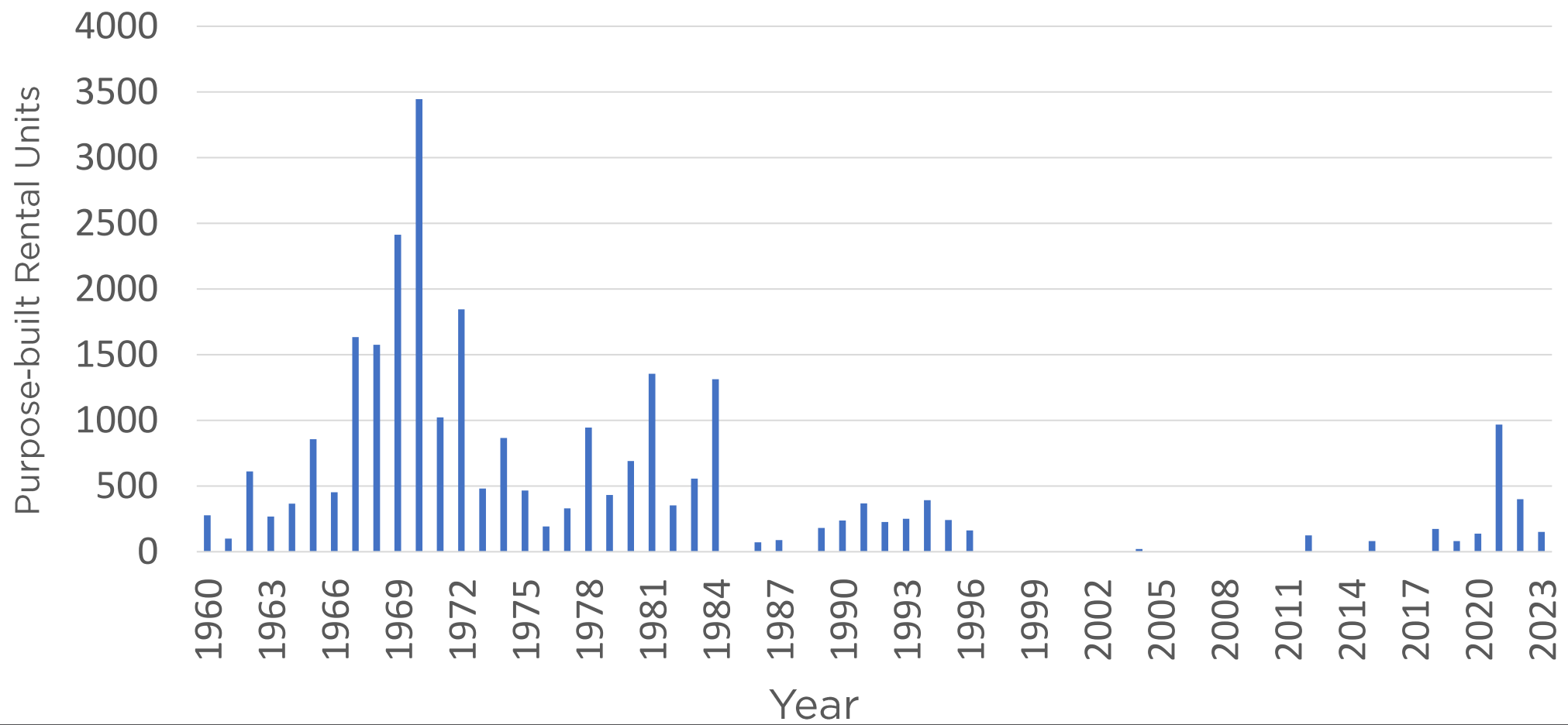


## Social Inclusion

Housing options in every development;  
the right supply



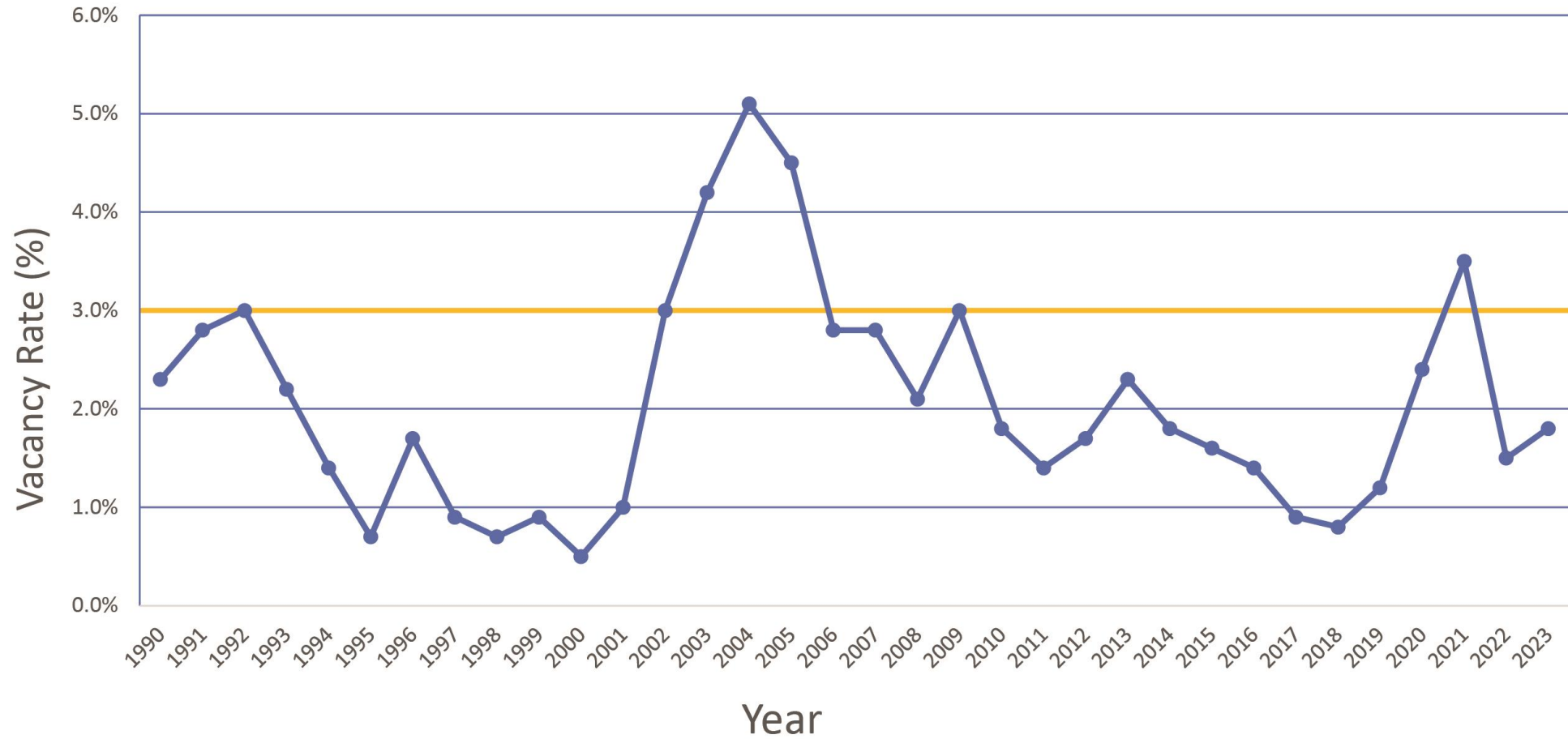
### Purpose-built Rental Units in Mississauga by Year (Building Permits)



**~ 27,000  
units  
in Primary  
Rental Market**



## Primary Rental Market (CMHC Rental Survey) Mississauga Vacancy Rate







# Proposed Program Overview



# City Objectives

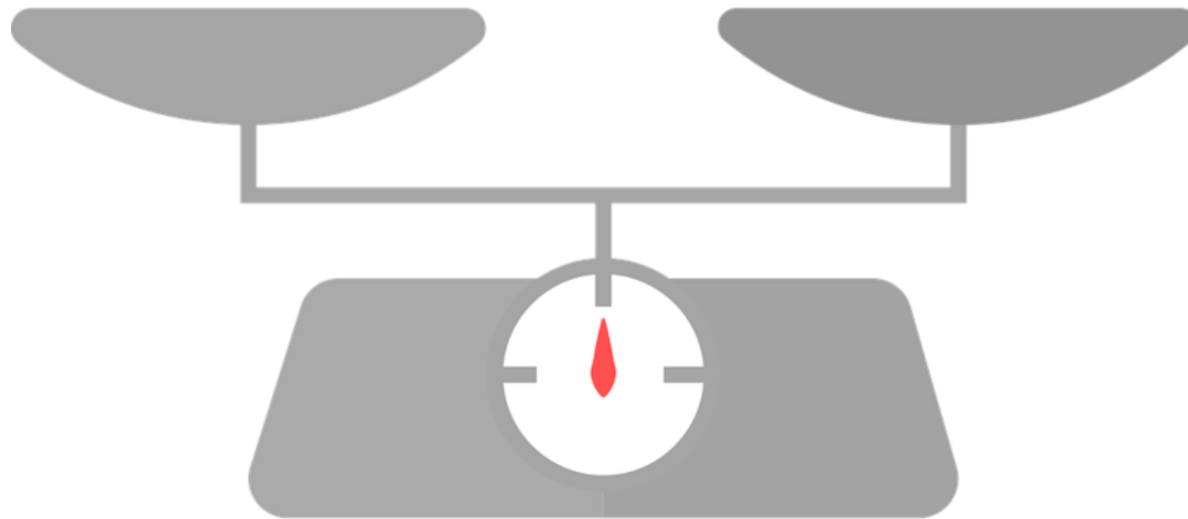
- Encourage construction of affordable rental housing in private and non-profit sectors
- Create Community Improvement Plan (CIP) to offer programs including:
  - Grants and loans for landowners
  - Preparation of land; acquisition and disposition
- Approximately \$30M to spend right now
  - CMHC Housing Accelerator Fund (HAF) is prime funding source
  - Time-limited: HAF \$ to be spend by late 2027
  - Shovel readiness is key



# City Objectives continued

Provide enough \$/unit to  
incentivize development

Create as many  
units as possible





# 3 Streams are Being Considered

1. Traditional Affordable Stream i.e. less than 100% CMHC Average Market Rent (AMR)
2. Below-Market Affordable Stream i.e. between 100%-125% CMHC Average Market Rent (AMR)
3. Rental gentle density units; possible rent restrictions



# AMR Alignment with Ability to Pay

Table 1: Maximum Monthly Rent for Moderate-Income Renter Households

4 <sup>th</sup> Decile	5 <sup>th</sup> Decile	6 <sup>th</sup> Decile
\$1,680	\$2,020	\$2,390

Table 2: CMHC AMR by Bedroom Type

	1Bdrm	2Bdrm	3Bdrm
100% AMR	\$1,630	\$1,850	\$2,000
125% AMR	\$2,040	\$2,310	\$2,500

Rent in the secondary market is estimated at 150% to 200% of AMR



# Affordable Streams 1 & 2

## Overall Eligibility Criteria

- City-wide eligibility
- 5 or more affordable units
- 25 years affordability
- Affordable suite mix reflects market component
- Affordable units: 2 different options

## Evaluation Criteria

- Shovel-readiness
- Proximity to transit
- Total units in project
- Percentage of affordable units
- Support from other funding partners



# Comparison of Government Programs

	Mississauga CIP (Proposed)	PARIP Region of Peel	ACLP (RCFI) (Reforms expected)
Minimum Project Size	≥5 affordable rental units	≥5 affordable rental units	≥5 rental units
% Affordable	No requirements	No requirements	≥20% of units* AND total rental income must be ≤10% gross achievable income
Depth of Affordability	≤100% CMHC AMR & ≤125% CMHC AMR	≤100% CMHC Median Market Rent (similar to AMR)	≤ rents that are affordable to 5 <sup>th</sup> decile (median income)*
Term of Affordability	≥25 years	≥25 years	≥10 years
Suite Mix	Affordable suite mix reflects market component	Affordable suite mix reflects market component	No requirements; Energy efficiency and accessibility requirements
Type of Assistance	Grant/loan, DC, CBC, Parkland relief	Capital Grant with open per unit amount	Loan



# All Rental Units – Legislative Deferrals, Discounts, Exemptions

## Deferrals – In Effect

- Rental housing development - Deferred DC payments
  - 6 annual installments

## Discounts – In Effect

- DC discounts for rental housing development by bedroom type
  - 1B = 15% reduction in DCs
  - 2B = 20% reduction in DCs
  - 3B+ = 25% reduction in DCs

## Federal/ Provincial Exemption – In Effect

- HST (most inputs)

These deferrals, discounts, and exemptions apply to all rental housing, not just affordable units





# Affordable Rental Units - Exemptions

## Affordable Rental Units – Awaiting Proclamation

- Exempt from City and Regional DCs, CBCs, and Parkland Cash-in-Lieu
- Must meet the definition as per Provincial Bulletin (TBD)
  - Rent is lesser of AMR or 30% of income of 6<sup>th</sup> renter decile
- 25 year agreement
- Could equate to \$73K to \$113K per unit in savings (or more depending on CBC charge)



# Non-Profits – Exemptions

## Non-Profits – In Effect

- Exempt from City and Regional DCs, CBCs, and Parkland Cash-in-Lieu

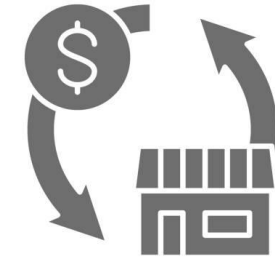
## Non-Profit Property Tax Exemptions – In Effect

- *lands owned, used and occupied by any charitable, non-profit philanthropic corporation organized for the relief of the poor if the corporation is supported in part by public funds*
- Must be owned and used by a charity
- Requires application process (MPAC)



# Overview of Types of Grants

- Covers capital or operating costs
- Capital Per Unit Grant
- Grant-in-lieu of a municipal fee
  - A grant equivalent to the cost of a municipal fee



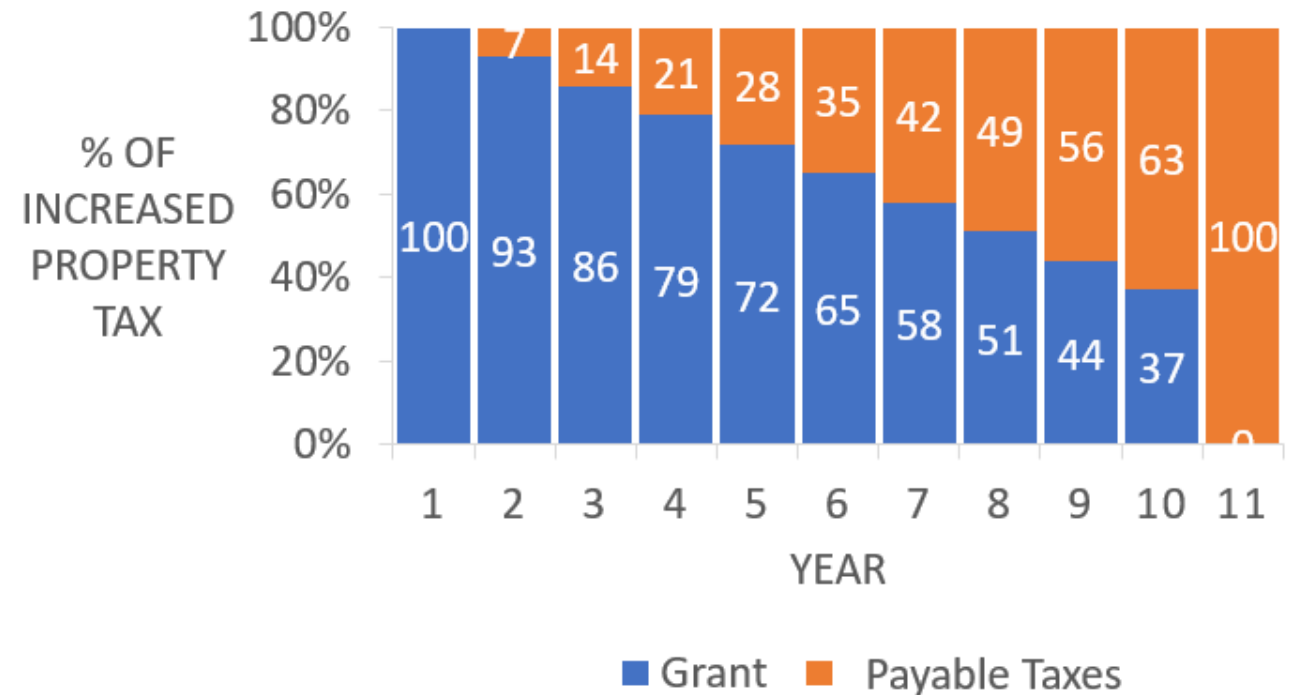
City Fee	Current Per Unit Amount
City Development Charge (DC)	\$17,500 (Small Unit) \$32,100 (Apartment)
Community Benefits Charge (CBC)	Total charge is 4% of assessed value of land
Parkland Cash-in-Lieu (CIL)	Up to \$26,000
Building Permit	~\$2,000



# Overview of Types of Grants cont. – TIEG

- Tax Increment Equivalency Grant (TIEG)
- The City could provide a grant equivalent to a portion of the increase in City property taxes
- Would not be needed for non-profits that qualify for MPAC exemption

EXAMPLE: 10-YEAR DECLINING TIEG MODEL





# Stream 1: Units at or below 100% AMR

- Proposed Grant-in-Lieu of City DCs, CBC, and Parkland CIL until legislation effective
- Proposed Grant-in-Lieu of Building Permit Fees
- Proposed Housing Accelerator Capital Grant
  - For projects that are building permit ready during next 3.5 years
  - Could be in order of \$40,000 per unit
- TIEG could be considered but would need additional Council budget approval and would be far more effective with matching Regional TIEG
- **Non-profits:**
  - Likely fall under this category
  - DCs, CBCs, and Parkland CIL exemption already in effect
  - Relief from Planning Application (Rezoning) Fees



## Stream 2: Units between 100% and 125% AMR

- Proposed 50% discount on City DC, CBC, and Parkland CIL fees
- Proposed 50% discount on Building Permit fees
- Proposed Housing Accelerator Capital Grant
  - For projects that are building permit ready during next 3.5 years
  - Could be in order of \$20,000 per unit



# Stream 3: Gentle Density

- Proposed Grant-in-Lieu for City DC, CBC, and Parkland CIL Fees on 4<sup>th</sup> Unit
  - DCs, CBC, and Parkland CIL are exempt for 2<sup>nd</sup> or 3<sup>rd</sup> units, however fourth unit is currently not exempt
- Proposed Grant for Building Permit Fees (2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> unit eligible)
- Will look to partner with Region to expand scope of additional unit (My Home) grant program

## Eligibility

- Units must be rental to receive above-noted incentives
- May be some affordability requirements



# CIP Administration

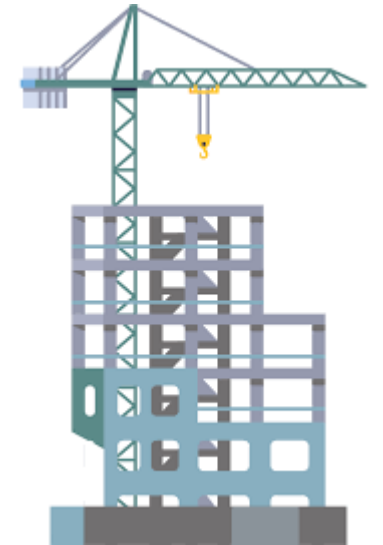
- Application-based program
  - Rolling application window for expedited incentive approvals
- Competitive vs. Non-competitive
  - Non-competitive portion
    - If deemed eligible, automatically receive grants-in-lieu of municipal fees
  - Competitive portion
    - Capital grant (Housing Accelerator Grant) / TIEG
- Will involve legal agreement for duration of affordability





# Next Steps

- Staff will incorporate today's feedback and prepare CIP
  - Sign up for follow-up communications
- Recommendation Report to Planning and Development Committee targeted for May
- Council adoption and program launch as soon as possible





# Stay Informed and Share Your Ideas

In progress City project

## Affordable Rental Housing Community Improvement Plan

Through the Community Improvement Plan, the City is creating an incentive program to encourage the development of affordable rental housing across Mississauga.

### What's on this page

- ↓ Overview
- ↓ Proposed incentives
- ↓ Consultation
- ↓ Background

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# Thank you!

