

Date: May 1, 2024	Originator's files: CD.06-COM
To: Chair and Members of Planning and Development Committee	
From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building	Meeting date: May 21, 2024

Subject

PUBLIC MEETING INFORMATION REPORT (City-wide)

Affordable Rental Housing Community Improvement Plan

Recommendation

1. That the report dated May 1, 2024, from the Commissioner of Planning and Building regarding an Affordable Rental Housing Community Improvement Plan be received for information.
2. That following the public meeting, staff bring forward the final Affordable Rental Housing Community Improvement Plan for approval as expeditiously as possible.

Executive Summary

- *Making Room for the Middle – An Affordable Housing Strategy for Mississauga* (2017) and more recently *Growing Mississauga Housing Action Plan* (2023), have documented the barriers associated with developing new affordable rental housing in the City.
- One of the most critical findings of these is the fact that in the City of Mississauga new affordable rental housing is unlikely to be developed without the financial incentives given the gap between market and affordable rents.
- A Community Improvement Plan (CIP) was identified as an appropriate tool to address some of these financial challenges.
- On July 3, 2019 Council directed staff to develop a CIP to enable the City to provide financial incentives to private and non-profit corporations to stimulate rental housing. The proposed outcomes of this CIP include increased supply of:

- affordable rental units in multi-unit rental buildings;
 - substantially below-market rental units in multi-unit rental buildings; and,
 - gentle density rental units in low-rise areas.
- The CIP will be implemented as a grant program which focuses on the aforementioned outcomes. A proposed allocation of \$33M in Housing Accelerator and Housing Reserve funds is proposed to support the grant program.
 - CIP applications will be received for three years to coincide with the Housing Accelerator Fund timelines, or to the point where available funding is exhausted. Staff will report back to Council with a progress report mid-way through the program.
 - The CIP will work in tandem with recent Provincial legislative changes (e.g. Ontario Bills 23, 108, 134) and Federal/Provincial Tax exemptions which have laid out a foundation for financial relief for new market rental and affordable rental construction.
 - Based on the \$33M allocation of funding, it is anticipated that between 300 to 500 new affordable rental units over three years could be achieved through the implementation of the CIP.

Background

The rise in housing costs has significantly outpaced income growth over the last fifteen years, placing significant pressure on the rental housing market. Between 2008 and 2023, average rents in Mississauga increased by 71% while average (Ontario) wages increased by 53%¹.

After a period of very little growth, there has been an increase in purpose-built rental construction in recent years. While this is a positive development, the prevailing market rents in new buildings are higher than many households can afford. **Table 1** illustrates the gap between various household incomes and prevailing rents in new market rate rental buildings.

Table 1 – Comparison: Renter Household Incomes* vs. Monthly Rent in Newly Built Units

¹ Source: Statistics Canada average wage data for Ontario

				Newly Built Unit Rents		
				1 Bedroom \$2,400	2 Bedroom \$2,900	3 Bedroom \$3,500
		Renter Income	Affordable Rent**	Can household afford a newly built unit? ↓		
Low-income households	Decile 1	\$26k	\$660	No	No	No
	Decile 2	\$40k	\$1,000	No	No	No
	Decile 3	\$54k	\$1,350	No	No	No
Moderate- income households	Decile 4	\$67k	\$1,680	No	No	No
	Decile 5	\$81k	\$2,020	No	No	No
	Decile 6	\$96k	\$2,390	No	No	No
High-income households	Decile 7	\$114k	\$2,850	Yes	No	No
	Decile 8	\$135k	\$3,370	Yes	Yes	No
	Decile 9	\$173k	\$4,320	Yes	Yes	Yes
	Decile 10	+\$173k	+\$4,320	Yes	Yes	Yes

*2021 Canada Census Data indexed to 2023

**Affordable Rent costs no more than 30% of household income

a) City Housing Strategy and Plans & Council Actions:

Making Room for the Middle – An Affordable Housing Strategy for Mississauga (2017)² and more recently *Growing Mississauga Housing Action Plan* (2023)³, have documented the barriers associated with developing new affordable rental housing in the City. A Community Improvement Plan (CIP) was identified as an appropriate tool to address some of these challenges. A CIP is a tool under Section 28 of the *Planning Act* that enables the City to provide incentives without contravening the *Municipal Act’s* bonusing rules. Prior to enacting a CIP, a Community Improvement Project Area (CIPA) must be designated by Council.

In July 2019, through Resolution 0162-2019, Council directed staff to prepare a city-wide CIP to enable the City to issue financial incentives to private and non-profit housing developers to encourage the delivery of affordable rental housing units. A city-wide CIPA was designated on October 23, 2019, by by-law 0158-2019. Work on the CIP was paused due to budgetary uncertainty caused by the Covid-19 pandemic and various changes to Provincial legislation.

On March 26, 2024, the City held a well-attended workshop targeted to rental builders to share preliminary CIP directions and gain feedback. In addition, *Parcel Economics* consultants were retained to assist in quantifying the appropriate financial incentive package to close the financial gap between market and affordable rents and ensure program uptake in the CIP.

² https://mississauga.ca/wp-content/uploads/2020/08/24131711/Affordable_Housing_Strategy_Appendix12-Web.pdf

³ https://www.mississauga.ca/wp-content/uploads/2023/07/Growing-Mississauga_An-Action-Plan-for-New-Housing.pdf

b) Federal, Provincial, and Regional Government Actions

In June 2023, the City pledged the CIP as an action under the City's Housing Accelerator Fund (HAF) Action Plan commitments, and after securing \$112.9M in total funding, is now in a position to fund the CIP. Staff have a proposed allocation of \$33M in Housing Accelerator and Housing Reserve funds to support the initial CIP program.

The proposed CIP incentives build on the recent fee exemptions and relief announced by the Provincial and Federal Governments. Recent Provincial legislative changes (e.g. Ontario Bills 23, 108, 134) and Federal/Provincial Tax exemptions have laid out a foundation for financial relief for new market rental and affordable rental construction. Additional statutory fee exemptions for units meeting the *Development Charges Act* definition of affordable rental housing are expected to come into effect on June 1, 2024.

The Region of Peel's primary focus is addressing housing and homelessness issues for low-income households. The Peel Affordable Rental Incentive Program (PARIP) provides discretionary grant incentives for new affordable rental housing units, and targets moderate-income households.

Comments

Based on industry input, and analysis provided by *Parcel Economics*, prevailing market rents in Mississauga far exceed affordable rent levels for even our moderate-income renter households. As **Table 1** showed, a renter household would have to have a yearly gross income of almost \$100k to afford even a one-bedroom apartment. Without intervention, it is unlikely that the market will deliver new units at affordable rates.

The CIP proposes incentives for three different desired development outcomes that aim to:

1. increase the supply of affordable rental units in multi-unit buildings
2. increase the supply of substantially below market rental units
3. increase the supply of gentle density rental units in low-rise areas

The CIP is intended to balance the need to provide enough incentives per unit to ensure the units are delivered, while also ensuring the funding goes far enough to incentivize as many units as possible. Based on \$33M in funding, staff suggest that between 300 to 500 new units over three years could be achieved through the CIP.

The CIP is not designed to compete with the delivery of low-income units (Deciles 1-3) that are built and operated by the municipal housing service manager (Peel Region). The focus of the CIP in Mississauga is to increase the supply of rental units affordable to moderate-income renter households earning \$54k to \$96k in household income.

Appendix 1 provides a summary of the proposed programs under the Affordable Rental Housing Community Improvement Plan ("the Plan"). A draft Plan is attached as **Appendix 2**.

a) Proposed *Multi-Residential Rental Incentive Program*

The following highlights the key terms for two streams available under this program. Multi-residential projects need to include a minimum of five (5) affordable units, and affordable units need to stay affordable for 25 years.

1. Affordable Rental Stream

This stream is designed to offer a package of incentives to applicants who provide rents at or below 100% Average Market Rent (AMR),⁴ which equals current rates of no more than \$1,625 for 1-bedroom units, \$1,855 for 2-bedroom units, and \$1,967 for 3-bedroom units.

The present value gap between rents at these affordable levels and current market levels is approximately \$120k to \$220k per unit. This accounts for the statutory exemptions from development charges (DC), community benefit charges (CBC) and parkland dedication cash-in-lieu (CIL) fees that are anticipated to take effect June 1, and recently enacted Harmonized Sales Tax (HST) exemptions for rental housing. This program would include the following incentives for each affordable unit:

- \$100k discretionary capital grant
- Building permit fee grant-in-lieu (~\$1,700)
- Planning fee relief for non-profits⁵ (estimated \$50k - \$100k; fee amount depends on size of development and type(s) of application(s) required)

While the City's CIP incentives will not close the entire gap, projects could qualify for Peel's PARIP discretionary grant incentive or Federal Government discounted loans to further aid developments.

2. Below-Market Rental Stream

This stream is designed to offer a package of incentives to applicants who provide rents between 100% AMR and 125% AMR⁶, which equals current rates of no more than \$2,031 for 1-bedroom units, \$2,319 for 2-bedroom units, and \$2,459 for 3-bedroom units.

⁴ Average Market Rent (AMR) is also expressed as "100% AMR." AMR is collected and reported on annually by CMHC. AMR represents the average rent for all existing purpose-built rental units (rented and vacant), and is a significantly lower value relative to the going market rate for rental units, as AMR includes data on many units that are older (e.g. inherently more affordable due to age) and subject to Provincial rent control. Provincial legislation defines "affordable" as the lower of either AMR or no more than 30% of income for moderate-income households.

⁵ This is an interim measure until the proposed updates to the Fees and Charges By-law come forward in Fall / Winter 2024. At that time, staff will recommend a new non-profit category in the tariff.

⁶Smaller (1-bedroom and 2-bedroom units) at 125% CMHC are still affordable for Mississauga's moderate-income households.

This program would provide an incentive focused on the development of new rental units that are significantly below market, but do not qualify for as many statutory incentives. This program would include the following incentives for each below-market unit:

- grant-in-lieu of city development charges, CBCs and parkland dedication (\$25k to \$42k)
- \$30k discretionary capital grant
- Building permit fee grant-in-lieu (~\$1,700)

The combined grant value would be in the order of approximately \$57k to \$74k per unit.

b) Proposed *Gentle Density Incentive Program*

This program is designed to offer incentives to applicants who provide a new rental unit on their property for a minimum period of 25 years.

In November 2023, Council approved four units as-of-right on all lots. Currently, the legislation exempts the 2nd and 3rd unit on a lot from municipal fees, but not the 4th unit. Moreover, for situations where a non-residential space is converted to residential use of up to four dwelling units, there is currently no mechanism in the Parkland Dedication By-law to exempt parkland CIL fees on additional dwelling units (ADUs).

This program would include the following incentives:

- a grant-in-lieu of the City development charges and parkland dedication fees for the 4th unit on residential lots (could be up to \$58k)
- a grant-in-lieu of building permit fees for the 2nd, 3rd, and 4th unit (~\$1,000 per unit)
- a grant in lieu of parkland CIL fees on ADUs created through non-residential conversions (could be up to \$26k)

Administration

To enable the expedient allocation of funding and construction of units, a streamlined administrative structure is proposed. The program will be administered with a rolling application window, whereby applicants can submit applications at any time. Provided the eligibility criteria are met, applicants will receive funding on a first-come, first-served basis. The grants will be paid out at building permit issuance. This approach will require that delegated authority be granted to the City Manager to approve funding for applications.

If units do not comply with the conditions of the grants (25 year rental tenure, 25 year affordability term, as applicable) a payback will be required plus interest. The agreements will be

registered on title. To avoid incenting micro units, a minimum unit size requirement will be included in the final CIP eligibility criteria.

Applications to the programs in the Plan will be received for three years to coincide with the Housing Accelerator Fund timelines, or to the point where available funding is exhausted. Staff will report back to Council with a progress report mid-way through the program.

Additional Measures Proposed for the CIP

The following enabling programs are proposed to be included in the CIP, should Council wish to provide additional incentives. These measures would require a future staff report and Council approval to be active. Council would be under no obligation to use any of these options, rather these would simply be enabled pursuant to the conditions set out by the *Planning Act*.

Property Tax Increment Equivalent Grants (TIEGs)

During consultation on the CIP several developers suggested that operating incentives, such as property tax relief, would also assist in the creation of new affordable units. Presently only charities providing affordable housing that meet the “organized for the relief of the poor” clauses in *Assessment Act* could apply to obtain statutory tax relief. A TIEG is included as a potential future program, subject to a funding source, likely after the HAF period ends in 2027.

Permission to Acquire or Dispose of Land for Housing Purposes

Similar to the other CIPs in the City it is recommended that an enabling program be added to allow the City to acquire and dispose of municipally-owned property for affordable housing purposes. The City’s HAF submission includes opportunities to use funding to purchase land for housing purposes. In addition, other action items in Growing Mississauga (8.1, 8.2 and 7.5) would rely on this permission.

This enabling policy would allow the City to be more strategic and pro-active on affordable housing development. Non-profits and other affordable housing producers would be able to partner with the City in this program. Any funding to acquire new land for housing purposes would be limited to HAF resources and/or the Housing Reserve. Detailed implementation would be determined at the time of land acquisition or disposition.

Strategic Plan

The Affordable Rental Housing CIP aligns with the Belong pillar of the Strategic Plan. This initiative will encourage the development community to create new rental housing units that are affordable to our moderate-income renter households. These households are integral to Mississauga’s workforce and maintaining a strong local economy. Creating affordable housing units will ensure our workforce has a diversity of housing options.

Engagement and Consultation

On March 26, 2024, staff held a virtual industry workshop to share preliminary incentive directions with market and non-profit sector developers. The session was well attended with over 80 people in attendance. Both sectors welcomed the CIP programs and confirmed that financial incentives were required to stimulate new affordable rental housing supply. Some housing developers however, raised concerns about the size of the grants proposed, relative to the financial gap between market and affordable units. Others preferred that both capital and long-term operating grants (e.g. property tax rebates) be provided.

Following the public meeting on May 21, 2024 staff will consider comments received and prepare the final CIP for approval and adoption, along with the implementing by-law to be brought forward for Council enactment.

Financial Impact

Grants provided under this Affordable Rental Housing Community Improvement Plan will be fully funded using the monies received from CMHC for the *Housing Accelerator Fund* in October 2023. Once the HAF monies are exhausted, the City can draw upon its *Affordable Housing Reserve Fund* to provide the grants. Currently the breakdown of available funding for the CIP equates to roughly \$24.8M of HAF dollars, plus the \$8.2M in the Housing Reserve, for a total of \$33M.

Conclusion

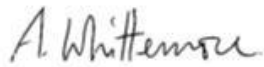
The objective of the CIP is to strike a balance between providing enough incentives per unit to ensure the units are delivered, while also ensuring the funding goes far enough to incentivize as many units as possible. The proposed grant programs are not expected to close the entire gap between affordable and market rents. For this reason, the CIP has been designed to enable proponents to stack funding with other government programs.

Implementation of the CIP will be an important step forward for securing more affordable housing in Mississauga.

Attachments

Appendix 1: Summary of Proposed Affordable Rental Community Improvement Plan Programs

Appendix 2: Draft Affordable Rental Housing Community Improvement Plan



Andrew Whittlemore, M.U.R.P., Commissioner of Planning & Building

Prepared by: Catherine Parsons, MCIP RPP, Planner, City Planning Strategies Division

APPENDIX 1: SUMMARY OF PROPOSED AFFORDABLE RENTAL HOUSING COMMUNITY IMPROVEMENT PLAN PROGRAMS		
Category	Incentive Descriptions (per unit)	Details
Multi-Residential Rental Incentive Program		
Affordable (Max 100% AMR)	<ul style="list-style-type: none"> • Discretionary grant of up to \$100,000 per affordable unit • Grant-in-lieu of building permit fee for affordable units <p>Non-Profits only:</p> <ul style="list-style-type: none"> • Planning application fee relief 	<ul style="list-style-type: none"> • Minimum 5 affordable / below-market units • Minimum 25-year affordability • Statutory municipal fee exemptions <u>apply</u>
Below-Market (Max 125% AMR)	<ul style="list-style-type: none"> • Grant-in-lieu of City development charges, community benefits charge, and parkland cash-in-lieu (CIL) fee for below-market units • Discretionary grant of up to \$30,000 per below-market unit • Grant-in-lieu of building permit fee for below-market units 	<ul style="list-style-type: none"> • Minimum 5 affordable / below-market units • Minimum 25-year affordability • These units are not eligible for statutory municipal fee exemptions
Gentle Density Incentive Program		
Accessory Dwelling Units (ADUs)	<ul style="list-style-type: none"> • Grant-in-lieu of building permit fee to facilitate the construction or legalization of new ADUs on residential lots 	<ul style="list-style-type: none"> • Applies up to a maximum of four units • Unit(s) must be rental tenure for a minimum of 25 years
Four Plexes / Fourth unit on a residential lot	<ul style="list-style-type: none"> • Grant in lieu of City DCs and Parkland CIL for the fourth unit, to treat it the same as second and third units from a municipal fee perspective 	<ul style="list-style-type: none"> • Unit must be rental tenure for a minimum of 25 years • Conversion to condo not permitted
New Residential Units created through small conversions	<ul style="list-style-type: none"> • Grant-in-lieu of Parkland CIL (4 unit maximum) for non-residential space converted to residential 	<ul style="list-style-type: none"> • Conversion must be municipally supported / in conformity with the City's Official Plan
Enabling Programs		
Tax Increment Equivalency Grants (TIEGs)	Tax Increment Equivalency Grants (TIEG) to be included as a potential future program for consideration, subject to a funding source, likely after the HAF period ends in 2027.	
Land Acquisition for Housing Purposes	The City will be permitted to acquire and dispose of municipally-owned property for affordable housing purposes. It would also be allowed to offer up such property at nominal or below market rates, issue requests for proposals (RFPs) for private development and/or participate in public-private partnerships (P3s) for development that achieves the objectives of the CIP. Any funding to acquire land would be limited to HAF resources and/or the Housing Reserve.	

Affordable Rental Housing Community Improvement Plan

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1. Introduction

The rise in housing costs has significantly outpaced income growth over the last fifteen years. Rental housing is an essential part of the Housing continuum as it is more financially attainable for many individuals and households. However, between 2008 and 2023, average rents in Mississauga increased by 71% while average (Ontario) wages increased by 53%.¹

After a lengthy period of very limited growth since 1990, there has been an increase in purpose built rental construction in recent years. However, significant costs in construction (price of land, labour,

¹ Source: Statistics Canada average wage data for Ontario

materials, financing) have resulted in prevailing market rents in new buildings that are considerably higher than many households can afford.

Moderate income households ²which make too much to qualify for housing subsidies are increasingly challenged to secure appropriate market housing. *Making Room for the Middle – An Affordable Housing Strategy for Mississauga* (2017) identified the need to address housing needs of moderate-income households to ensure Mississauga’s residents and workforce have broader and more affordable housing options. A CIP was identified as a mechanism to address some of the barriers to achieving affordable rental housing.

A Community Improvement Plan (CIP) is a tool that enables municipalities to provide financial incentives and other programming to help meet specific goals and community improvement objectives, such as increasing affordable housing options for residents. The rationale for establishing a CIP is that the desired development is unlikely to occur *without* municipal intervention through the creation of programs like financial incentives.

In 2023, Council adopted *Growing Mississauga: An Action Plan for New Housing*, which renewed Council’s priorities to address housing affordability for renters through a CIP.

2. Purpose of the Plan

The purpose of this CIP (“the Plan”) is to stimulate new affordable rental housing development. The Plan will achieve this purpose through two primary mechanisms:

- Provide financial incentives, to private and non-profit housing developers and property owners to construct new rental and affordable rental housing units; and,
- Enable the City to acquire, prepare, and lease or dispose of land for the purposes of affordable housing development.

The anticipated outcome of this Plan is to provide new rental housing options for Mississauga’s current and future moderate-income renter households throughout the city and achieve mixed-income, inclusive communities.

3. Legislative Authority

3.1 Municipal Act

Section 106(1) of the *Municipal Act, 2001* prohibits municipalities from assisting, either directly or indirectly, any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for that purpose. However, an exception is made in Section 106(3) of the *Municipal Act, 2001* for municipalities exercising powers under Section 28 of the *Planning Act*, which enables the granting of incentives for the achievement of municipal objectives, such as, but not limited to promoting new affordable rental housing development.

² (Between \$56,000 and \$96,000 in 2024)

3.2 Planning Act

Provided that the official plan of a municipality contains policies relating to community improvement, the municipality may designate, by by-law, the whole or any part of an area covered by an official plan as a Community Improvement Project Area (CIPA) (*Planning Act*, Subsection 28(2)), where community improvement is, in the opinion of Council, desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason (*Planning Act*, Subsection 28(1)).

Once the CIPA is designated, the municipality may adopt a CIP for a CIPA. The CIP allows municipalities to provide assistance to landowners without contravening the anti-bonusing provisions of Section 106 of the *Municipal Act*. The municipality may undertake the following actions:

- Acquire, hold, clear, grade or otherwise prepare land within CIPA (Subsection 28(3));
- Construct, repair, rehabilitate or improve buildings on land acquired or held by it in the CIPA in conformity with the CIP, and sell, lease or otherwise dispose of any such buildings and the land appurtenant thereto (Subsection 28(6)(a)).
- Sell, lease or otherwise dispose of any land acquired or held by it in the CIPA to any person or governmental authority for use in conformity with the CIP (Subsection 28(6)(b)).
- Provide grants and/or loans in conformity with the CIP, to registered owners, assessed owners and tenants of lands and buildings within the CIPA, 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 CIP (Subsection 28(7)).³
- Provide grants and/or loans for eligible costs identified within the CIP which may include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of land and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities (Subsection 28(7.1)).

3.2 Official Plan Policy

Community improvement policies are contained within Section 19.22 of Mississauga Official Plan. These policies identify affordable housing as a type of community improvement CIPs may consider. The policies also identify the manner in which CIPs may be carried out, including participation in funding programs with senior governments, acquisition and assembly of land, and allocation of public funds in the form of grants, loans, or other financial instruments.

4. Community Improvement Project Area

On October 23, 2019, Council passed By-law 0158-2019, thereby designating the entire City of Mississauga as a Community Improvement Project Area. The rationale for the city-wide boundary is to provide greater opportunity to attract affordable rental housing development in the city, with the

³ The total of all grants, loans, and/or tax assistance provided to lands or buildings within the CIPA cannot exceed the eligible costs as described within the CIP (*Planning Act*, Subsection 28(7.3)).

objective of creating diverse, mixed-income communities within Mississauga that offer a range of housing options for residents of various socio-economic backgrounds.

5. Community Improvement Plan Programs

The Plan consists of two major financial incentive programs – the Multi-Residential Rental Incentive Program and the Gentle Density Incentive Program.⁴ In addition, enabling programs that may be explored in more depth and utilized at a later time are included in this Plan.

5.1 Multi-Residential Rental Incentive Program

The Multi-Residential Incentive Program is aimed at providing financial incentives to support the creation of affordable and below-market rental housing units in non-profit and new market-priced purpose-built rental housing projects, and is intended to be stackable with incentive / financing programs offered by other levels of government. The Multi-Residential Incentive Program will offer grants / grant-in-lieu of certain municipal fees for affordable units achieving one of two thresholds of affordability.

5.1.1 Affordable Units

For units with rents at or below 100% of Average Market Rent (AMR), the following incentives are available:

- Capital grant of up to \$100,000
- Grant-in-lieu of Building Permit fees
- Planning fee relief for non-profits⁵ (estimated \$50k - \$100k; fee amount depends on size of development and type(s) of application(s) required)

5.1.2 Below-Market Units

For units with rents above 100% AMR but below 125% AMR, the following incentives are available:

- Grant-in-lieu of City DCs, CBCs, and Parkland CIL
- Capital grant of up to \$30,000
- Grant-in-lieu of Building Permit fees

5.1.3 Eligibility and Evaluation Criteria

To be eligible for this program, projects must:

- Include five (5) or more affordable or below-market units
- Include a minimum 25-year affordability term for the affordable / below-market units

The City may use additional criteria to evaluate applications to the program, including:

⁴ A “but for” test establishes the need for incentives in Mississauga. But for the provision of financial incentives affordable rental housing will likely not be developed in the City. This was confirmed through consultation with development stakeholders on March 26, 2024 and a statutory public meeting held on May 21, 2024. Additional financial analysis was conducted by Parcel Economics to inform the CIP programs.

⁵ This is an interim measure until the proposed updates to the Fees and Charges By-law come forward in Fall / Winter 2024. At that time, staff will recommend a new non-profit category in the tariff.

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

5.2 Gentle Density Incentive Program

In December 2023, the City permitted 4 units as-of-right on all residential lots to increase opportunities for gently density in Mississauga's residential neighbourhoods. The Gentle Density Program is intended to provide financial incentives to encourage the provision of up to four units on lower density lots in the City. Eligible proposal include Additional Dwelling Units (ADUs) on a single-detached, semi-detached, or townhouse lot and fourplexes. This program is intended to be stackable with incentive / financing programs offered by other levels of government.

The following incentives are available:

- A grant-in-lieu of building permit fees is available for the creation / legalization of ADUs. The ADU receiving the incentive must remain rental for a period of 25 years.
- Currently, Provisional legislation does not exempt the fourth unit on a lot from municipal development fees, whereas the second and third unit are exempt. To encourage the provision of four units on a lot, a grant-in-lieu of City DCs and Parkland CIL for the fourth unit is available, provided the fourth unit remains rental for a period of 25 years.
- There are some scenarios where the City may support the conversion of non-residential space to residential space. A grant-in-lieu of Parkland CIL fees is available for the creation of up to four residential units. The conversion must be in conformity with the City's Official Plan.

5.3 Enabling Programs

Tax Increment Equivalency Program

As a component of the Multi-Residential Program, consideration was given to the provision of Tax Increment Equivalency Grants (TIEG) to offset the increase in property taxes on the affordable units that occurs as a result of redevelopment. However, since one of the primary funding for this Plan is a time-limited federal funding program, the City will need to investigate alternative, stable, long-term funding sources to fund the TIEG.

Land Acquisition Program

The City may acquire and dispose of municipally-owned property for affordable housing purposes. It may also offer up such property at nominal or below market rates, issue requests for proposals (RFPs) for private development and/or participate in public-private partnerships (P3s) for development that achieves the objectives of the CIP. Additionally, the City may elect to dispose of City-owned lands for the purpose of attracting new rental / affordable rental housing.

6. Administration

This Plan and the Programs contained therein, will be administered by the Planning and Building Department. The Programs will be administered with a rolling application window whereby applications

will be accepted at any time. This approach will ensure expedited incentive approvals. As such, funding is on a first-come, first-served basis.

If incentives are granted, the landowner or tenant will be subject to terms and conditions for the duration of the rental / affordability term (as applicable), to be secured within a legally binding agreement.

The Programs in this Plan are intended to be stackable with incentive / financing programs offered by other levels of government.

7. Monitoring and Amendments

The City will monitor the use of the programs contained in this Plan, to understand program participation and effectiveness on an ongoing basis. Periodic reporting to Council will occur to ensure Council is apprised of program effectiveness, address any amendments to the Plan, recalibrate incentives based on program uptake, and to address budgetary issues.

A formal amendment to this Plan is required in the following circumstances:

- changes to the Affordable Rental Housing Community Improvement Plan boundary
- the addition of grant, loan and incentive programs, not referred to in the Affordable Rental Housing Community Improvement Plan
- other major revisions (e.g. program time frames, eligibility criteria, etc.)

This Plan is subject to funding. The discontinuation or pause, by Council, of any program referred to in this Plan shall not require an amendment to the Plan. Amendments are subject to the provisions of the *Planning Act* with respect to notice, public involvement and appeal provisions.