

A nighttime photograph of a city skyline, likely Mississauga, with several high-rise buildings illuminated against a dark blue sky. The image is framed by large, overlapping geometric shapes in shades of blue.

# Affordable Rental Housing Community Improvement Plan

Planning and Development Committee

May 21, 2024, 6pm



# Background

- A CIP is a *Planning Act* tool which allows the city to:
  - Offer financial incentives to stimulate construction of affordable housing that may not otherwise occur
  - Acquire and dispose of land for housing purposes
- Priority action identified in both *Making Room for the Middle* (2017) and *Growing Mississauga* (2023)
- Council directed staff to prepare a housing CIP
  - City-wide Community Improvement Project Area established (2019)



# How is affordability determined?

Housing that costs  
no more than  
**30%**  
of income

**vs.**

Average Market  
Rent (AMR)

- Source of AMR is CMHC Annual Rental Market Survey – entire primary rental universe
- AMR is a lower value compared to newly built market units due to older units & rent control

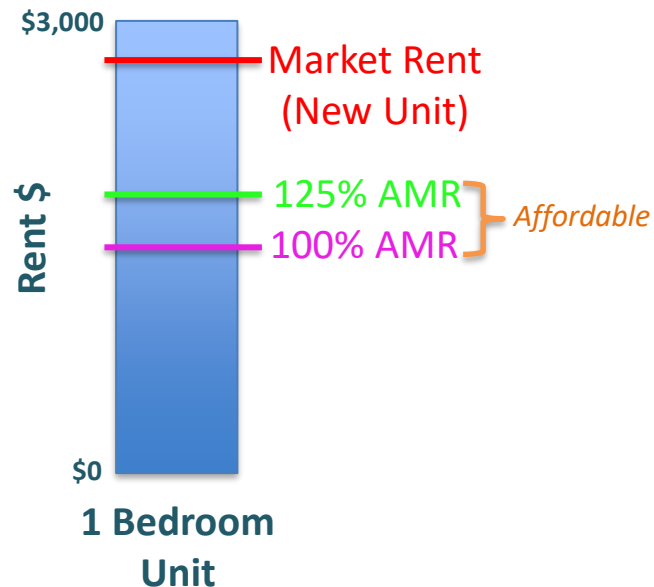
# The Issue: Most Households cannot afford Newly-built Rental Units

				Monthly Rent for Newly-Built Unit		
				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

\*Affordable rent in this case is rent that does not exceed 30% of household income

# The Financial Gap

- If units are priced at 100% AMR or up to 125% AMR, they are affordable for moderate-income households
- For a builder to offer a unit that is affordable for these households, the **financial gap is \$120k to \$220k per unit**



# Proposed Approach: Addressing the Gap

## 1. Multi-Residential Rental Incentive Program

- a) Incentives for Affordable units
- b) Incentives for Below-market units



## 2. Gentle Density Rental Incentive Program (max 4 units on a lot)



## 3. Enabling programs

- a) Land acquisition and disposition
- b) Tax relief

# Multi-Residential Incentives

## Overview

- Encourage the provision of affordable and below-market units in new higher density rental projects
- Align program with other government policies / programs (stacking)
- Eligibility
  - Minimum 5 affordable and/or below-market units in a rental project
  - Must stay affordable for 25 years



# Multi-Residential Incentives continued

## a) Affordable Units (rents at or below 100% AMR)

- Eligible for DC, CBC & Parkland CIL statutory exemptions
- CIP incentives would include:
  - Capital Grant of up to \$100,000 per affordable unit
  - Grant-in-lieu of Building Permit fees for affordable units
  - Non-profits: Planning application fee relief
- Region's PARIP grant program and federal loans and grants can help cover remaining gap



# Multi-Residential Incentives continued

## **b) Below-Market Units (rents at or below 125% AMR)**

- Not eligible for statutory exemptions
- CIP incentives would include:
  - Grant-in-lieu of City DCs, CBCs, and Parkland CIL for below-market units
  - Capital Grant of up to \$30,000 per below-market unit
  - Grant-in-lieu of Building Permit fees for below-market units

# Gentle Density Incentives (max 4 units)

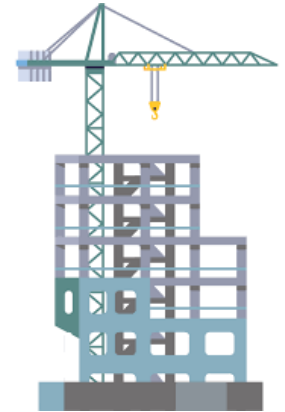
## CIP Incentives would include:

- Grant-in-lieu of City DCs and Parkland CIL for 4<sup>th</sup> unit (must be rental)
  - 2<sup>nd</sup> and 3<sup>rd</sup> unit already statutorily exempt
- Grant-in-lieu of Building Permit fees for units 2,3,4
- Municipally-supported Conversions: Provide grant where small non-residential to residential conversions currently pay large parkland fees



# Impact & Operations

- Proposing \$33M to be allocated to CIP, which includes Housing Accelerator and Housing Reserve funds
  - CIP lasts 3 years or until funding is exhausted
  - Report back to Council midway on success of Plan
- Anticipate 300 to 500 new units incentivized over three years



# Next Steps

- Receive and incorporate feedback, bring final plan back for approval
- Call for applications later in 2024
- CIP Project Staff contact:

**Catherine Parsons**

[Catherine.Parsons@mississauga.ca](mailto:Catherine.Parsons@mississauga.ca)

**Paulina Mikicich**

[Paulina.Mikicich@mississauga.ca](mailto:Paulina.Mikicich@mississauga.ca)

