City of Brampton

Development of a City-Wide Incentive Program for Housing

Background and Municipal Benchmarking Study

May 10, 2024

SHS CONSULTING

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1. Introduction

1.1 Study Purpose

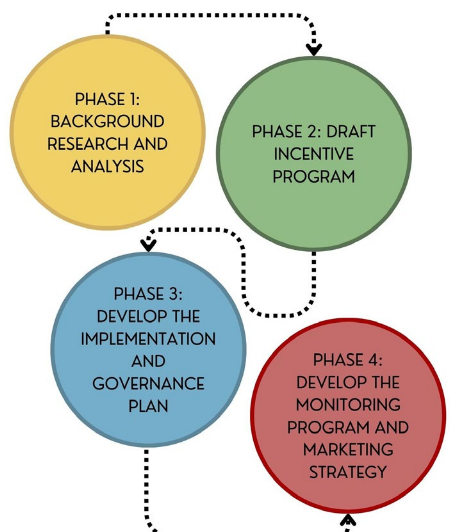
Brampton is the fastest growing city among Canada's 25 largest cities. As this population growth continues to greatly increase the demand for housing, there is an opportunity for the City to focus on smart intensification to meet the forecasted demand and improve housing affordability for current and future Brampton residents.

The City's first housing Strategy – 'Housing Brampton' – was endorsed in May 2021 and proposes a range of solutions and approaches that are based on housing affordability, choice, smart density, and equitable access to housing. The objectives of this study are to develop a City-wide Housing Incentive Program which will focus on incentivizing and attracting various forms of affordable housing. Key priority areas, as indicated in the Housing Brampton strategy, have been identified as: purpose-built rental and affordable housing, infill housing, Single Room Occupancy housing (SRO), large units, and other senior and student-focused developments.

As a secondary objective, the City is committed to fulfilling the ambitions set out in the Brampton 2040 Vision – a document to guide what Brampton will become over the next quarter century. Key commitments from the 2040 Vision document that align with the City-wide Housing Incentive Program include creating sustainable urban places and creating characterful and complete neighbourhoods.

1.2 Study Process

To ensure a clear, transparent study that incorporates regular community and stakeholder input as well as relevant background research, evidence, and technical analysis, this City-wide Housing Incentive Program study has been divided into four distinct phases, with opportunities for feedback from stakeholders, residents, City Staff and Council in each phase.



Phase 1 of the study is comprised of background research and analysis including a financial impact assessment of various featured policy options. Additionally, there is early consultation with the public and outreach to key stakeholders. **Phase 2** focuses on the development of the Draft Incentive Program, including various community and stakeholder feedback sessions. **Phase 3** consists of developing the implementation and governance plan. **Phase 4** develops

the monitoring program and marketing strategy through consultation with City Staff to prepare the Incentive Program for implementation.

1.3 This Report

The purpose of this Background and Municipal Benchmarking Study report is to provide a review, analysis, and synthesis of the research conducted in this phase. This report provides an overview of the applicable legislative and policy framework, and lists and compares programs in respect to housing and sustainable design incentives such as grants, loans, and other financial incentive programs. It also provides a preliminary financial assessment of a range of incentive options that could be delivered in the incentive program for housing.

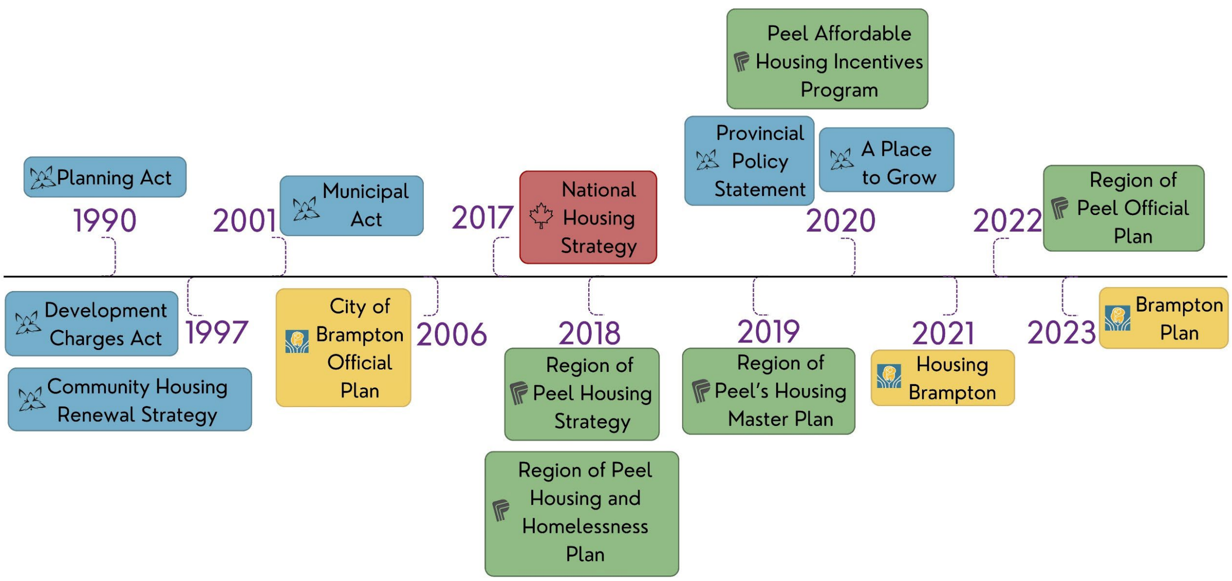
The remainder of this report is organized as follows:

Section 2: Overview of Federal, Provincial, Regional, and Municipal Housing Policy
Section 3: Environmental Scan of Affordable Housing Incentive Programs
Section 4: Financial Assessment of Incentive Programs on Development in Brampton

2. Policy Framework

This section provides an overview of the legislation, policies, programs, and strategic documents that impacts the development of a city-wide incentive program for housing in the City of Brampton, as well as policies which support and encourage the development of a broad range of housing options.

The image below is a timeline of these relevant legislative documents, policies, programs, and strategic documents.



2.1 Federal Government

National Housing Strategy (2017)

The Federal Government influences the overall direction for housing in Canada through the National Housing Strategy (NHS). Released in 2017, the strategy's goal is to ensure all Canadians have access to housing that meets their needs and that they can afford.

The NHS focuses on creating new housing supply, modernizing existing housing, providing resources for community housing providers, and innovation and research. The Federal Government funds National Housing Strategy programs such as the National Co-Investment

Fund, the Affordable Housing Innovation Fund, the Federal Lands Initiative, the Rental Construction Financing Initiative and the Canada Housing Benefit through the Canada Mortgage and Housing Corporation (CMHC).

CMHC also provides funding for programs for: the repair and retrofit of community housing units, the development and operation of supportive housing, and various supports to make home ownership more affordable, such as mortgage financing.

2.2 Provincial Government

Planning Act (1990)

The *Planning Act, R.S.O. 1990*, as amended, is the primary legislation that establishes how municipalities in Ontario may plan, manage, and regulate land use. It also outlines matters of provincial interest and enables the Province to issue Policy Statements to provide direction to municipalities on these matters.

The Planning Act enables municipal Councils to pass a variety of tools to plan and regulate the use of land and the placement of buildings and structures on a lot. Under Section 16 of the Act, most municipalities, including the City of Brampton, are required to prepare and adopt Official Plans in accordance with the requirements of the Act. Official Plans contain a vision, objectives and policies to guide decision-making on land use planning matters. Municipal decisions, by-laws and public works are required to conform to the policies of the Official Plan (Section 24(1)).

Section 34 of the Planning Act enables Councils to pass Zoning By-laws to regulate the use of land and the location, height, bulk, size, floor area, spacing, character and use of buildings and structures, as well as parking, loading, and lot requirements.

In accordance with Section 24(1), Zoning By-laws must conform to the Official Plan and be consistent with the Provincial Policy Statement. Zoning By-laws are viewed as one of the primary tools to implement the policies of the Official Plan.

Section 2 of the act outlines matters of provincial interest that the Minister, the council of a municipality, a local board, a planning board, and the Tribunal shall have regard to in carrying out their responsibilities under this Act. This includes (j) the adequate provision of a full range of housing, including affordable housing.

Section 28 of the Planning Act permits municipalities with an Official Plan containing provisions on community improvement to adopt a Community Improvement Plan (CIP) and designate, through by-law, part or the whole of an area a community improvement project area. For the purposes of carrying out a CIP, municipalities may sell, lease, or otherwise dispose of municipally owned lands in the community improvement project area for use in conformity with the CIP. A CIP program may also make use of grants or loans without violating restrictions in the *Municipal Act* on a municipality assisting a commercial enterprise.

Changes to the Planning Act

The recent changes to the Planning Act include shorter timelines for making planning decisions; requiring inclusionary zoning (IZ) to be focused on areas known as Protected Major Transit Station Areas (PMTSA) that are generally high-growth and are near higher order transit; allowing a total of three residential units on one property (which would include a primary dwelling and two additional residential units); introducing the community benefits charge which replaces the density bonusing provision (Section 37), development charges for soft costs, and parkland dedication requirements; limiting third party appeals of plans of subdivisions; and allowing the Minister to require that a municipality implement a community planning permit system in a specified area.

Bill 108, the More Homes, More Choice Act, received royal assent on June 6, 2019. The Bill introduced an amendment to the *Planning Act* to expedite local planning decisions by establishing:

- A 120-day timeline for decisions on Official Plan Amendments (instead of 180 days);
- 90 days for Zoning By-law Amendments (instead of 150 days); and
- 120 days for Plans of Subdivisions (instead of 210 days).

On July 21, 2020, the Government passed **Bill 197,** an omnibus bill that introduced more key changes to the Planning Act. One such change was finalizing the community benefits charges-related provisions of the Act, including a reversal of a Bill 108 change that would have also included parkland dedication within the charges.

The most significant change was the expansion and enhancement of the power of the Minister of Municipal Affairs and Housing to undertake Minister's Zoning Orders (MZOs) under Section 47 of the Planning Act.

An MZO allows the Minister to establish zoning permissions for any land (outside the Greenbelt) irrespective of locally adopted zoning by-laws or official plan policies. Under Bill 197, the Minister may now also make an order with regards to site plan control and inclusionary zoning, including the power to require the provision of affordable housing units in a development. An MZO does not require any prior public notice or consultation and is not subject to appeal to the Ontario Land Tribunal

The government has made the use of MZOs a key part of its housing and economic development efforts. Between March 2019 and Mach 2021 the province issued 44 MZOs. In 2020 alone, 14 MZOs were issued for residential/ mixed commercial residential projects. Though these represent a range of developments, affordable and seniors housing projects account for a significant percentage, and the Province has indicated a clear interest in expediting such projects through use of the MZO, particularly where municipal councils have indicated their support.

Bill 23, More Homes Built Faster Act, 2022, received Royal Assent on November 28, 2022. It is now in effect, although some regulations remain outstanding. Bill 23 is intended to support Ontario's Housing Supply Action Plan, with a stated aim of increasing housing supply in the Province. The bill proposes to introduce various amendments to multiple statutes including: the City of Toronto Act, 2006, the Municipal Act, 2001, the Conservation Authorities Act, the Development Charges Act, 1997, the Ontario Heritage Act, Ontario Land Tribunal Act, 2021, and the Planning Act, 1990.

Some of the changes to the planning Act proposed in this legislation are as follows:

- Removal of planning responsibilities from upper tier municipalities;
- Exemption of residential development with less than ten (10) units from site plan approval process; and
- New Ministerial powers to exempt lands from complying with Provincial policies and Official Plans.

Municipal Act (2001)

The Municipal Act, 2001, sets out the rules for all municipalities in Ontario (except for the City of Toronto) and gives municipalities broad powers to pass by-laws on matters such as health, safety, and wellbeing, and to protect persons and property within their jurisdiction. The Act provides direction for land use planning purposes, but it does not directly legislate Official Plans or Zoning By-laws as these are legislated through the Planning Act.

Section 163 of the Act sets out the definition and requirements for group homes within municipalities in Ontario. The Act defines group homes as:

> A group home is a residence licensed or funded under a federal or provincial statute for the accommodation of three to ten persons, exclusive of staff, living under supervision in a single housekeeping unit and who, by reason of their emotional, mental, social, or physical condition or legal status, require a group living arrangement for their wellbeing.

The Act allows municipalities to enact a business licensing by-law for group homes only if the municipality permits the establishment and use of group homes under section 34 of the Planning Act. A business licensing by-law for group homes can restrict the establishment of group homes to only those with a license and may be required to pay license fees.

Section 99.1 of the Act allows municipalities to prohibit and regulate the demolition of residential rental property and the conversion of residential rental property to a purpose other than the purpose of a residential rental property. However, this power does not apply to residential rental property that contains less than six dwelling units. It should be noted that the More Homes Built Faster Act, 2022 (Bill 23) empowers the Minister to make new regulations regarding the powers of municipalities to regulate demolition and conversion of residential rental properties.

Section 106 of the Municipal Act prohibits municipalities from assisting directly or indirectly any commercial enterprise through the granting of bonuses for that purpose. This includes giving or lending property of the municipality, guaranteeing borrowing, leasing, or selling property of the municipalities at below fair market value, or giving a total or partial exemption from any levy, charge, or fee. This prohibition does not apply however to a council exercising its authority under subsection 28 (6) (7) and (7.2) of the Planning Act (Community Improvement Plans) or section 365.1 of the Municipal Act (cancellation of taxes, environmental remediation).

Provincial Policy Statement (2020)

The Provincial Policy Statement (PPS) outlines the Province's policies on land use planning and is issued under Section 3 of the Planning Act. It provides policy direction on land use planning to promote strong, healthy communities and all local decisions affecting land use planning matters "shall be consistent with" the PPS. The Provincial Policy Statement, 2020 (PPS, 2020) came into effect on May 1, 2020, replacing the previous PPS, 2014. In 2023, the Province unveiled Bill 97: Helping Homebuyers, Protecting Tenants Act, 2023, in which changes to the PPS were proposed.

Many of the key changes introduced in the PPS 2020 fall under the auspices of the government's broader "More Homes, More Choice: Ontario's Housing Supply Action Plan", the Province's overarching framework for a series of legislative and policy changes aimed at streamlining the land use planning process and cutting red tape to make housing more affordable.

Section 1.4 of the PPS includes housing-related policies. Some important changes from the 2014 PPS include the following.

The PPS 2020 increases the requirement for municipalities to maintain the ability to accommodate residential growth for a minimum of 15 years (from 10 years) through residential intensification and redevelopment (1.4.1.a). The new PPS also provides upper-tier and single-tier municipalities with the choice of maintaining land with servicing capacity to provide at least a five-year supply of residential units (1.4.1.b).

The PPS 2020 also clarified the requirement for planning authorities to provide an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents of the regional market area by (1.4.3): (a) establishing and implementing minimum affordable housing targets which align with applicable housing and homelessness plans; and (b) permitting and facilitating all housing options required to meet the social, health, economic and wellbeing requirements and needs arising from demographic changes and employment opportunities and all types of residential intensification, including additional residential units.

Revised language throughout creates greater flexibility, for example, by stating that municipalities "should" rather than "shall," require new development to have a compact form, mix of uses and densities and establish and implement phasing policies.

The definition of affordable housing in the PPS 2020 remained the same as PPS 2014. However, The PPS 2020 added a new definition for "Housing Options", clarifying the range of housing forms and tenures to be accounted for:

> A range of housing types such as, but not limited to single-detached, semi-detached, rowhouses, townhouses, stacked townhouses, multiplexes, additional residential units, tiny homes, multi- residential buildings and uses such as, but not limited to life lease housing, co-ownership housing, co-operative housing, community land trusts, affordable housing, housing for people with special needs, and housing related to employment, institutional or educational uses.

A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2020)

Effective May 16, 2019, the Growth Plan replaced the 2017 Growth Plan for the Greater Golden Horseshoe. In August 2020, Amendment 1 to the 2019 Growth Plan came into effect and a revised land needs assessment methodology was released.

The Growth Plan is a long-term plan for the Greater Golden Horseshoe (GGH) designed to promote economic prosperity, environmental protection, and a high quality of life for people of all ages. The Growth Plan seeks to foster complete communities by directing growth to designated settlement areas and urban growth centres. The Growth Plan also establishes intensification and density targets, directing municipalities to prioritize intensification and higher densities in identified strategic growth and settlement areas to make efficient use of land and infrastructure. Strategic growth areas are inclusive of urban growth centres, MTSAs and other major opportunities including areas with existing or planned frequent transit service/higher order transit corridors.

The City of Brampton is located within a Settlement Area of the Growth Plan and includes lands within the Delineated Built-Up Area, Designated Greenfield Area, as well as the Brampton Urban Growth Centre. In general, the Growth Plan requires municipalities to achieve a minimum intensification target throughout the Delineated Built-Up Area. Similarly, Urban Growth Centres as high-density areas for mixed-use development.

Development Charges Act (1997)

The Development Charges Act, 1997, regulates development charges - the fees collected by municipalities to fund "hard services" such as roads and servicing infrastructure. The Act enables municipalities to pass by-laws imposing these charges on new development to fund the capital costs associated with that growth. Municipalities must complete a development charge background study and conduct statutory consultation before passing a development charge by-law.

Changes to the Development Charges Act

Under Bill 108 (2019), “soft services”, such as parks, community centres, libraries, and other community facilities were removed from development charges and financed through a new “community benefits charge” (CBC) based on land value. Further, municipalities are now required to prepare a community benefits charge strategy, including consultation requirements, prior to adopting a new Community Benefits Charge By-law. The new CBC replaced the existing density bonusing provisions under Section 37 of the Planning Act, as well as existing requirements and municipal by-laws for parkland dedication. The Province explained this provides greater certainty regarding upfront costs rather than making these matters subject to negotiation on an ad hoc basis.

Bill 134 received Royal Assent on December 4, 2023, and introduced significant updates to the affordable housing definition within the Development Charges Act. Subsection 4.1(1) established the creation of an “Affordable Residential Units Bulletin”, published by the Minister of Municipal Affairs and Housing online in May of 2024. The Bill amended subsection 4.1(2) of the Development Charges Act to define rent as the lesser of: the income-based affordable rent or the average market rent for the residential unit as set out in the Affordable Residential Units bulletin. Subsection 4.1(3) was amended to define the price of a residential unit as the lesser of the income-based affordable purchase price or 90-percent of the average purchase price identified for the residential unit set out in the Affordable Residential Units bulletin. Affordability is defined for both renters and owners as households at the 60th percentile of gross annual incomes for respective local municipalities, where rent or purchase price shall be 30% of gross annual income.

Under Bill 23 (2022), Sections 4.1, 4.2, and 4.3 respectively were added to provide development charge exemptions for the creation of affordable residential units and attainable residential units, non-profit housing developments, and inclusionary zoning residential units. Additionally, Section 26.2 was amended to provide that development charges in the case of rental housing development be reduced by a percentage based on the number of bedrooms.

Community Housing Renewal Strategy (2019)

The Provincial government announced a new ***Community Housing Renewal Strategy*** with $1 billion in 2019 – 2020 to help sustain, repair, and build community housing and end homelessness. The Strategy includes the following elements:

- Removing existing penalties for tenants who work more hours or who are going to college or university;
- Simplifying rent calculations;
- Freeing up the waitlist by having tenants prioritize their first choice and accept the first unit they are offered;
- Ensuring rent calculations do not include child support payments;
- Requiring an asset test; and,

- Making housing safer by empowering housing providers to turn away tenants who have been evicted for criminal activity.

The Province also launched two new programs in 2019 – 2020. These are:

- Canada-Ontario Community Housing Initiative (COCHI) – provides funding to Service Managers to replace the federal Social Housing Agreement funding which expires each year beginning in April 2019; and,
- Ontario Priorities Housing Initiative (OPHI) – provides flexible funding to all Service Managers and the two Indigenous Program Administrators to address local priorities in the areas of housing supply and affordability, including new affordable rental construction, community housing repair, rental assistance, tenant supports, and affordable ownership. Housing providers can dedicate a percentage of spending for various supports that will keep people housed and prevent homelessness.

2.3 Region of Peel

Region of Peel Housing and Homelessness Plan 2018-2028

The Peel Housing and Homelessness Plan (PHHP) sets the renewed direction for the Region of Peel and its housing partners to make affordable housing available and to prevent homelessness for all Peel residents over the next ten years. The 2018 PHHP is a renewal of the 2013 Plan and fulfills the Province's requirement for Service Managers to review their long-term strategies to address affordable housing and homelessness every five years.

The PHHP sets out both long- and short-term outcomes and five strategies to achieve these outcomes. The long-term outcomes are:

- Affordable housing is available to all Peel residents.
- Homelessness in Peel is prevented.

The five strategy pillars to achieve these outcomes are:

- Transform service
- Build more community housing
- **Maximize planning tools and incentives**
- Optimize existing stock
- Increase supportive housing

The PHHP also sets out annual housing targets for 2018 – 2028 to support population growth over the next ten years. The PHHP identifies a target of 7,500 new housing units annually, 2,000 units of which will be affordable housing for households with low and moderate incomes. A target for rental housing has been set at 25% of all new housing development and 50% of all new housing development medium or high density.

Region of Peel's Housing Master Plan (2019)

The Housing Master Plan is one of the key actions identified in the PHHP and it supports the strategy to build more affordable housing. It is a long-term capital infrastructure plan meant to guide how Peel Region will create more affordable housing. The Housing Master Plan was endorsed by Regional Council in July 2019 and was allocated $1 billion of funding in principle to support the development of an initial 2,240 units to be built by 2028. If the Housing Master Plan is fully funded and implemented, it will add more than 5,650 new affordable rental units, including 226 supportive units and 60 emergency shelter beds to the housing stock in Peel by 2034. A total of 31 projects will be built on Region of Peel lands and Peel Housing Corporation sites.

Region of Peel Housing Strategy (2018)

The Peel Housing Strategy was undertaken in 2018 and is made up of four components: a housing needs assessment, long- and short-term outcomes and targets, roles and responsibilities of the Region and its housing partners, and financial incentives and planning tools. The Peel Housing Strategy aligns with the vision and goals of the Peel 2015-2035 Strategic Plan as well as Peel's Growth Management Strategy.

The Housing Strategy sets out the vision and goal for housing in Peel Region. It also identifies the long- and short-term outcomes, the strategies and actions to achieve these outcomes, and annual affordable housing targets which are also reflected in the PHHP.

In addition, the Housing Strategy recommends a financial incentive program as well as planning tools to help meet the housing targets. Implementation of these incentives is recommended through a Regional Community Improvement Plan and a Peel Affordable Housing Pilot Program. Furthermore, the Housing Strategy proposed housing policy directions, including amendments to the Regional Official Plan, to reflect the recommended strategies. These housing policy recommendations speak to the housing targets, second suites, intensification, a diverse housing supply, shared housing, inclusionary zoning, providing municipally owned surplus land, securing land, planning and policy tools such as alternative development standards and demolition and conversion control, and identifying new revenue sources.

Peel Affordable Housing Incentives Program (2020)

The Region of Peel Affordable Housing Incentives Program, initially crafted as a pilot program, was created as part of the implementation of the PHHP, specifically, Strategy Three: Provide Incentives to Build Affordable Housing. This capital grant program is designed to support private and non-profit developers building affordable rental housing.

Regional Council approved the Affordable Housing Incentives Pilot Program on July 9, 2020. Regional Council subsequently approved the pilot program as a permanent program on July 7,

2022. As of August 2023, a total of 97 affordable rental units have been funded or approved for funding through the program. The program offered up to $10 million in funding through the 2023 Call for Applications.

The Region offered capital grants through the 2023 round of the program. Applicants were required to determine a reasonable amount of incentive per unit required for their project, taking into consideration requirements such as depth and duration of affordability, as well as unit mix. In the 2021 round of the program, the per unit incentive amount for approved projects ranged from $40,000 to $100,000 per unit. For the 2023 Peel Affordable Rental Incentives Program, the maximum rental rates for affordable units are 100% of median market rent for the local municipality, as reported annually by Canada Mortgage and Housing Corporation. Additional requirements and expectations around unit mix, size and unit number are outlined throughout the program.

Region of Peel Official Plan (2022)

Peel Regional Council adopted the new Region of Peel Official Plan (RPOP) on April 28, 2022. The RPOP serves a number of purposes, including providing a holistic approach to planning, providing a long-term regional strategic policy framework, and recognizing the importance of planning for equity and inclusion in consideration of the population diversity in the Region, among other objectives.

Section 5.9 of the Plan outlines objectives and policies for housing, recognizing that housing that meets local need is an essential component of the Community for Life vision adopted by Regional Council in the Region of Peel Strategic Plan. This section provides a number of objectives relating to housing, including the promotion of complete communities and intensification, the achievement of region-ride housing unit targets, ensuring an adequate supply of rental housing stock, promoting energy conversation and efficiency in housing development, making housing available for diverse populations, and considering barriers to housing.

The RPOP outlines several policies directing housing. Policies are broken down into several categories, including Housing Options and Targets, Complete Communities and Residential Intensification, Inclusionary Zoning, Housing and Sustainable Development, and Housing Options for Diverse Populations. Policy 5.9.21 directs the Region to collaborate with the local municipalities to explore offering incentives to support affordable and purpose-built rental housing to achieve Peel-wide new housing unit targets. Policy 5.9.38 further directs the Region to advocate to the Federal and Provincial governments for increased funding and incentives as well as improved cost-sharing arrangements that support the development of permanent and long-term affordable housing to achieve Peel-wide new housing unit targets and to support full implementation of the Regional Housing Strategy and the Peel Housing and Homelessness Plan.

2.4 City of Brampton

City of Brampton Official Plan (2006)

Brampton's current Official Plan was adopted by the City Council in October 2006 and approved by the Ontario Municipal Board (OMB) in October 2008. The latest Office Consolidation is dated September 2020. Parts of the 2006 Official Plan are still under appeal and are highlighted in the Office Consolidation.

The purpose of the Official Plan is to give clear direction as to how physical development and land-use decisions should take place in Brampton to meet the current and future needs of its residents. It is also intended to reflect their collective aims and aspirations, as to the character of the landscape and the quality of life to be preserved and fostered within Brampton. The Plan also provides policy guidance to assist business interests in their decision to invest and grow in the City of Brampton. Finally, the Plan clarifies and assists in the delivery of municipal services and responsibilities.

The Official Plan is required to conform with all applicable Provincial Plans and the Region of Peel Official Plan. As those plans have been updated in the intervening years, the policies of the Brampton Official Plan have become out of date and in some cases, may conflict with higher order planning policies.

Current policies related to housing are set out in Section 4.2 of the Plan.

Key provisions of the plan include introducing housing mix through various dwelling types, density policies (4.2.1.2) and across income bands (4.2.1.3). The plan encourages a variety of measures to achieve its policy objectives, such as permitting rooming, boarding, and lodging houses in residential designations (4.2.1.10), encouraging the use of Brampton Technical Standards (4.2.1.18), and having policies that relate to special housing needs in sub-section 4.2.6. The policy considers design principles, the need to be reflexive and variable, and to maintain a minimum supply of housing to support the community's needs; these considerations are laid out across 4.2.7-10.

Brampton Plan (2023)

Starting in late 2019, the City of Brampton began developing a new Official Plan, titled "Brampton Plan." On November 1, 2023, the new Official Plan was adopted by City Council. Brampton Plan provides the path forward to implement the aspirations of the Brampton 2040 Vision and achieve a sustainable, urban, and vibrant future for the city.

Part 3.3 of Brampton Plan provides direction on Housing and Social Matters. Headline Targets include that 30% of new housing unit will be affordable, and that 50% of all affordable housing be made affordable to individuals with low income; that 50% of all new housing units will be through forms other than detached and semi-detached units; and that 25% of all new housing will be rental tenure. The Brampton Plan states that its objective is to have a range and diversity of housing types that is responsive and innovative to the growth of the City, diverse demographics and ever-changing needs of Brampton's residents.

Housing policies are laid out in the Brampton Plan over several categories, including Housing Targets, Housing Supply and Diversity, Affordable Housing, Purpose-Built Market Rental Housing, Multi-Tenant Shared Housing, Supportive Housing, Additional Residential Units, Family-Friendly Housing, and Housing Implementation.

Several policies within the Brampton Plan outline directives for the use of incentive programs to support the development of affordable housing. Under Housing Targets, the Brampton Plan outlines several target types, what percentage of the total annual target they make up, the products required to achieve the target, and the methods to achieve the target (3.3.1.1). Incentive programs and capital assistance programs (e.g., Community Improvement Plan) are noted as methods to achieve targets for these target types, including new ownership and rental housing affordable to moderate-income and low-income households. Policy 3.3.1.12 further supports the supply of relatively affordable missing middle housing, including by exploring opportunities to ensure a portion of new missing middle residential units are created to be affordable, including through incentives.

Housing Brampton – Housing Strategy and Action Plan (2021)

In 2017, Brampton Council approved the framework for preparation of a housing strategy. The strategy, "Housing Brampton", is designed to build upon the Brampton 2040 Vision process to deliver a forward-looking plan that has regard for complete communities, the environment, jobs and urban centres, neighborhoods, transportation, social matters, and health. Housing Brampton seeks to develop a policy response to the varying housing needs of residents in Brampton and improve housing choices for all.

Housing Brampton is aligned with legislation and policy at the national, provincial, and regional levels. This includes alignment with the National Housing Strategy, the ***Planning Act***, the ***Provincial Policy Statement***, the provincial Growth Plan, the Region of Peel Official Plan, the Region's Growth Management work, the Region of Peel Major Transit Station Area Studies, the Peel Intensification and Market Demand Analysis, the Region of Peel Housing Master Plan and the Peel Housing and Homelessness Plan.

Recent lessons from COVID-19 have also influenced Housing Brampton, specifically the increased understanding that all urban areas need healthy housing, housing choices with thoughtful infill density, better non-institutional ageing options and permanent housing (not shelters) for the homeless.

Housing Brampton was endorsed by City Council in May 2021. Implementation is planned over five years, with the first short term phase expected to establish supportive policies and regulations.

Various early deliverables of Housing Brampton have already been advanced, these include:

- Student Housing Review
- Supportive Housing Review
- Lodging Houses Review
- Concierge Program for Affordable Housing Developments
- Short-Term Rentals Review
- Infrastructure Capacity Analysis
- Seniors Housing Report
- Additional Residential Units Review
- Housing Catalyst Capital Project
- CBC Strategy and By-law
- Brampton Parking Plan

2.5 Brampton Housing Study Reviews

The Student Housing Review, Concierge Program for Affordable Housing Developments, Seniors Housing Report and Additional Residential Units Review are outlined in further detail below.

Student Housing Review

To assess the impacts post-secondary institutions—such as Ryerson University and Sheridan College—have on the supply, demand, and types of housing available, Council conducted a Student Housing Policy review in May of 2018. By June 2018, an internal Steering Committee (comprised of Planning, Building & Zoning, By-Law Enforcement, Fire and Emergency Services) was formed. The Committee conducted a benchmarking exercise that outlined policies relating to students and rental housing in Waterloo, Oshawa, Guelph, Mississauga, and Hamilton. Based on the results of the review and exercise, it was recommended that the City continue with its enforcement measures and not pursue a comprehensive licensing regime, such as those in Waterloo.

In late 2019 and 2020, staff also met with the main post-secondary institutions in Brampton, where policy staff met one-on-one with students to hear first-hand about housing concerns in the community.

This review aligns with the City's 2040 Vision, Living the Mosaic, as it supports the development of complete, vibrant communities. It also embodies Vision 3: Neighbourhoods, through its promotion of a range of housing options, and Action 5.2 of Vision 2040 through its examination of the current housing climate and offering innovative solutions to contribute to and improve the housing stock.

Housing Brampton provides adaptive affordable housing solutions for students, including a new rental typology: Single Room Occupancy housing. This strategy also includes programs such as Additional Residential Units, and policies that enable a balanced supply of housing types and mixed-use developments.

Concierge Program for Affordable Housing

The Concierge Program is an early deliverable of the larger Housing Brampton initiative. It was launched in 2021 as a two-year pilot program.

The goal of the Concierge Program is to assist non-profit and private-sector developers of affordable rental and ownership housing, including transitional housing, to navigate through site selection, funding, incentives, partnerships, and approvals processes.

Projects that are eligible for the Concierge Program include:

- Region of Peel transitional and supportive housing developments (e.g., emergency youth shelters);
- Non-profit sector affordable housing projects; and,
- Private sector ownership or purpose-built rental projects qualifying for Canada Mortgage and Housing Corporation (CMHC) funding for affordable housing (at least 25% of the units would need to be affordable); projects approved for Region of Peel Incentives Program for middle income affordable rental housing; and projects partnering with registered non-profits primarily working in housing.

As of early 2024, the Concierge Program functions to connect development projects with the correct City staff members in the application and approvals process, as well as assisting in expediting planning approvals.

The Concierge Program was originally created to include services to assist in navigating and streamlining the development process, with measures such as:

- Assistance to developers on site feasibility aspects, identification of requisite studies prior to developers applying for regional or federal funding;
- Facilitation of inclusionary housing opportunities by connecting market developers with non-profit groups providing affordable housing;
- Education on financial assistance programs (e.g., at Region of Peel, FCM and CMHC), package of City incentives (e.g., fee waivers, grants etc. that will be established upon endorsement of Housing Brampton);
- Simplified development, planning, and application requirements around parking minimums, allowing phased approvals of Site Plan applications, alternate development standards and innovative approaches; and,
- Preferential processing and fast-tracking of applications, allowing concurrent applications for the same project, inter-divisional pre-application co-ordination, a timely inter-divisional application review, and dedicated staff contacts and resources to facilitate approvals.

The Concierge Program has the potential to be expanded as part of a broader city-wide incentive program to include these former measures, while folding in other recommended incentive programs.

Seniors' Housing Study

The Seniors' Housing Study was endorsed by Brampton City Council in 2016 as part of Phase 1 of the Housing Brampton initiative and completed in December 2018. The purpose of the study was to identify potential sites and areas in the City suitable for seniors' housing and to provide several recommendations that could improve the availability of seniors' housing in Brampton.

The Seniors' Housing Study describes the Policy Framework that governs seniors' housing and gives an overview of the socio-economic profile of seniors and the available housing options to them in Brampton. In addition, the study includes a benchmarking exercise of what constitutes a suitable site for seniors' housing based on a best practice study in Vaughan, Toronto, Mississauga, and Hamilton. Furthermore, consultation was conducted with several key stakeholders such as faith-based and community organizations representing seniors, the Region of Peel, the City of Brampton, CMHC and providers of seniors' housing in Brampton.

Based on this work, the study identifies 15 sites that would be suitable for seniors housing and provides several recommendations for the City to take into consideration, as it develops the housing strategy. These recommendations are:

- Additional affordable housing for seniors is needed to respond to challenges with affordability for seniors' housing.
- Culturally sensitive seniors housing is needed, given the City's growing level of diversity.
- Development applications for seniors' developments should be assessed against the site selection criteria contained within this study, with consideration for socio-economic or market studies, as a requisite submission report for seniors housing development applications.
- The City should continue to support the creation of local partnerships which address the housing needs of local seniors, particularly partnerships that support the not-for-profit and faith community;
- The City's official plan policies should be strengthened to support the direction of Provincial Policy to provide a range of housing options for residents, as well as consideration for pre-zoning the potential sites identified through the study; and,
- Incentives and tools to promote the development of seniors housing sites should be explored as part of the development of the City's affordable housing strategy.

This study aligns with the City's 2040 Vision, Living the Mosaic, as it supports the development of complete communities through encouraging a range of housing options promoted in Vision 3: Neighbourhoods and is part of Action 5.2 of Vision 2040 to Adopt a Brampton-Made Comprehensive Housing Strategy.

Housing Brampton identifies a need for policies that propose a range of seniors-oriented housing available in the City. Approaches mentioned include providing for accessible and adaptable housing, family-friendly apartments, a range of amenity areas, senior housing adjacent to transit and community hubs, an appropriate housing unit mix in new developments, home-sharing (for example seniors and students), specialized senior-oriented SROs, design features for multi-generational households (e.g., a master bedroom on the main floor of houses) and well-designed and accessible additional residential units (e.g., backyard/garden units).

Additional Residential Units Policy Review

The Additional Residential Units Policy Review was an early deliverable of the larger Housing Brampton initiative, which aims to support the provision of age friendly and inclusive housing that is affordable and accessible to all.

The Policy Review brought Brampton into compliance with *Bill 108: More Homes, More Choice Act, 2019* and *Bill 23: More Homes Built Faster Act, 2022*. Each successive act enabled municipalities to support a range of affordable housing options, with provisions for accessory structures as a method to increase the supply of the housing stock.

On February 13, 2023, the City engaged in a public review and consultation with community members; on March 21, the Recommendation Report was delivered based on its results. Within it, the proposed policy changes were to permit a maximum of two ARUs per single-detached, semi-detached, and/or townhouse lot. ARUs could be constructed in two possible configurations: either with both units as an attached ARU located in the primary dwelling, or with one unit in the primary dwelling and one as an accessory structure, such as a garden suite. Two garden suites cannot be located within two separate accessory structures on the same lot. Brampton has permitted second units since 2015 and garden suites since August 2022; the update to this by-law introduced the allowance for these “three-unit dwellings”.

Parking requirements for principal dwellings and ARUs were not required to exceed more than one space per unit, for a maximum of three units and three parking spaces per lot. There were no parking requirements when only a secondary unit or a garden suite was proposed, but one additional parking space is required for lots that contain two ARUs. As of mid- 2023, Brampton has adopted the Official Plan Amendment, the Zoning By-Law Amendment, and registered the new by-law. The City operates an online hub of all legally registered additional residential units.

Residential Rental Licensing Pilot Program

The Residential Rental Licensing (RRL) Pilot Program, approved by City Council on March 29, 2023, is a two-year initiative requiring landlords of residential rental units in Wards 1, 3, 4, 5, and 7 to be licensed. The program was initially launched on January 1, 2024, and has since incorporated community feedback aimed at enhancing rental property standards and ensuring the safety and well-being of residents, with the re-launch effective March 28, 2024. The program targets rented single dwellings and Additional Residential Units (ARUs), focusing on currently registered units and unregistered units or properties with repeated violations on record. For this pilot program, a residential rental unit is defined as a Dwelling Unit which is occupied or offered for occupancy in exchange for Rent or services in lieu of paying Rent.

Rental properties within the designated wards that are renting five or less units, owners or operators of a rental housing unit, and dwelling units used or intended to be used for a rental housing unit are all required to obtain an RRL. Several property types are exempt from the RRL pilot program: properties containing five or more units, hotels/motels, lodging houses, supportive residential housing, homes for special care, long-term care homes, residential care homes, senior care residences, and short-term rentals.

Additionally, there are special exemptions to the RRL pilot program. In the case that a property has registered for an ARU or Second Unit in the past two years, an RRL will be issued but a license fee will not be required.

Brampton Housing Catalyst Capital Project

The Brampton Housing Catalyst Capital Project (HCCP) is a deliverable of Housing Brampton, providing capital funding and supporting non-profits in the delivery of new housing ideas. The program is designed to assist non-profits in the upfront costs associated with technical studies, design, and innovation. The HCCP has $4 million in funding to be disbursed amongst a maximum of four applications and will seek an additional $4 million in funding during Phase 2 of the program.

Pilot ideas that will be incentivized in Phase 1 of the program are: single room occupancy housing (SROs), affordable home ownership options, affordable house-scale infill, and flexible and incremental design approaches. Examples of these approaches include home equity models, missing middle funding and land trust models, and flexible layouts for higher-density multi-unit housing.

To be eligible for project funding, applicants must be a non-profit organization with a minimum of five years of experience, exploring innovative operating models, targeting households in need, meeting affordability thresholds for Brampton income deciles one to six for a minimum of 25 years, and be located within Brampton.

Community Benefits By-law

On September 12th, 2022, the City of Brampton passed a Community Benefit by-law. The by-law applies to all development or redevelopment containing five or more storeys and adding at least ten residential units within the City of Brampton. The CBC charge is 4% of the value of land subject to development or redevelopment and will contribute to City-wide capital costs. The amount is payable in full on the date that the Building Permit is issued.

Buildings intended for the following uses are exempt from these charges: long-term care homes, retirement homes, buildings intended for use by post-secondary institutions, memorial homes, clubhouses, athletic grounds, not-for-profits, a home for special care, and any additional uses prescribed by Ontario Regulation 509/20.

Brampton Parking Plan

On November 15, 2023, the Committee of Council advanced the Brampton Parking Plan as part of Brampton's 2040 Vision and the 2023 Brampton Plan, which prioritize non-auto modes, promote active transportation, complete communities, and transit-oriented development, particularly within Major Transit Areas (MTSAs) such as the Downtown. The Plan was passed by City Council on November 22, upon amendments.

The Plan divides the City into two parking policy areas—Intensification Areas and Rest-of-City, removing parking minimums and setting parking maximums in Intensification Areas, and tailoring parking minimums to the actual demand in the Rest-of-City. Additionally, the Plan incorporates parking requirements for affordable housing, accessible spaces, electric vehicle stations, and bicycles. The Plan implementation recommends a residential paid on-street parking permit program with a feasibility assessment, pilot program, and program expansion and adjustment period. The Parking Plan is estimated to cost the City $1.4 million from 2024-2029.

3. Environmental Scan

This section contains an environmental scan of a range of incentives that have been explored for the potential to be incorporated into an incentive program for housing in Brampton. The incentives reviewed include incentives for purpose-built rental, affordable rental and affordable ownership housing as well as incentives that could attract desired housing in Brampton.

3.1 Community Improvement Plans

A Community Improvement Plan (CIP) is a tool that allows a municipality to direct funds and implement policy initiatives toward a specifically defined project area. Section 28 of the Planning Act gives municipalities that have enabling policies in their Official Plans the ability to prepare CIPs. Local and prescribed upper-tier municipalities may designate the whole or any part of an area covered by an official plan that contains provisions relating to improvement in the municipality as a community improvement project area. Once implemented, the plan allows municipalities to provide tax assistance, grants or loans to assist in the rehabilitation of lands and/or buildings within the defined Community Improvement Project Area. CIPs have been used to encourage the development of affordable housing and rental housing in specific areas in municipalities.

Examples

City	Initiative
London	The City of London has several city-wide community improvement plans, including those for airports, brownfields, heritage, industrial lands, and affordable housing. The affordable housing CIP operates two incentive programs to target its objectives of incentivizing affordable housing, mixed-income communities, and community housing. The first program is the Affordable Housing Development Loan Program, which provides up-front

	financial assistance in the form of a repayable loan to offset the costs associated with developing affordable housing units. The second program is the Additional Residential Unit Loan Program, which provides an up-front loan to be repaid to the City to offset the costs for homeowners to create new additional residential units. Both programs are subject to Municipal Council's direction, with funding, eligibility, and payment timelines to be determined.
Barrie	The City's CIP provides financial incentives for eligible projects that target key planning and growth management objectives for developing within Barrie, including affordable housing projects, among others. The objectives of the CIP include supporting the provision of a variety of affordable housing units by offering financial support based on a continuum of housing options. More specifically, the CIP is intended to create a mix of unit types across the continuum of affordable housing options, geared towards the low and low to moderate income households and increase the number of affordable housing units within the City. The Affordable Housing Development Grant Program is one of three incentive programs offered through the CIP. It includes a rebate and applicable planning and building permit fees, affordable residential units per door incentive and a tax increment-based grant. The construction of a project approved for funding must commence within eighteen months of the grant approval.
Peterborough	The City of Peterborough Affordable Housing Community Improvement Plan (CIP) offers financial incentives to build affordable rental housing within the designated Affordable Housing Community Improvement Project Area. The project must remain affordable for a period of at least 20 years and rents must meet the City's guidelines of "affordable" which is at least at or below average market rents. This definition changes as required to comply with Federal and Provincial initiatives, and the City establishes greater levels of affordability for the CIP as it deems appropriate. The Affordable Housing CIP has several financial programs including the Tax Increment Grant Program, Development Charges Program, and Municipal Incentive Program. An eligible project can apply for all these programs as well as many other programs outside of the Affordable Housing CIP, such as the Investment in Affordable Housing (IAH) Program, Municipal Housing Facilities Property Tax Exemption, and the City's Heritage Property Tax Relief Program.
Strathroy-Caradoc	The Strathroy-Caradoc Community Improvement Plan contains five main guiding principles, one of which being Housing for All. The goal of the CIP is to increase the number of attainable rental housing units and the stock, density, and diversity of housing units in Strathroy-Caradoc. CIP includes financial incentives such as professional fee matching. The CIP also included several new programs to achieve the housing goals of the municipality. The Additional Unit Program, a program designed to assist

	property owners with the cost of creating new residential rental units on eligible properties, is included to increase the stock and diversity of housing in built-up areas of the municipality. The Downtown Rental Housing Program is a program designed to assist property owners with the costs of developing rental housing units within the downtown areas of the municipality. This plan aims to increase the stock of rental housing and decrease the expansion of urban settlement areas. Finally, the Attainable Housing Program, a program intended to encourage the development of attainable rental housing in the municipality, included a range of financial incentives to ease the financial burden of those looking to build attainable housing. This program is intended to encourage an increase in the stock, density, and diversity of attainable rental housing in urban settlement areas.

3.2 Tax Increment Equivalent Grants

Tax Increment Equivalent Grants (TIEGs) generally consist of the provision of a grant for the full property tax amount or the difference between future tax payable and current tax payable that would result from re-development. TIEGs are a common incentive and are considered revenue neutral, as the municipality is using money that will be returned in future property tax revenue. TIEGs affect the financial viability of a project *after* construction, which is particularly valuable for rental projects where being able to aggressively pay down the mortgage over the first few years can have long term financial impacts by reducing the mortgage principal amount and therefore future mortgage payment amounts. The duration of a TIEG should be in 5-year increments to align with common mortgage renewal windows.

Examples

City	Initiative
Regina	The City operates an Intensification & Revitalization Incentive Program with grants of up to $50 000 and property tax exemptions of up to 5 years. Projects located in City Centre, Heritage, and North Central are eligible for this funding. The goal of the intensification arm of this program is to encourage residential, commercial, and mixed-use development; the revitalization project provides financial support for exterior improvements to properties, compliance with building safety standards, and neighborhood revitalization. Grants are provided on a first-come, first-served basis, and the program has a total of $150 000 of funding for each program arm—or $300 000 total.
Guelph	One incentive tool used under the City of Guelph's CIP is the Tax Increment-Based (or Equivalent) Grant. The fund is listed under the "Major Downtown Activation Grant". The purpose of this grant program is to attract private-sector investment and stimulate development in targeted

	areas of the City of Guelph. The amount of the grant is based on the difference between property taxes collected on a property before development and the estimated taxes that will be collected after development. They are reconfirmed against actual taxes before any grant monies are paid. One of the targeted programs for Guelph's Tax Increment-Based Grant is the redevelopment of brownfields. In this program, the City pays property owners 80% of the tax increment, in installments, over a maximum of 10 years. The remaining 20% of the tax increment is used to fund other Brownfield CIP related programs. The tax increment-based grant helps to achieve Guelph's community improvement goals of reducing the number of contaminated sites, maintaining more heritage buildings and renewing Guelph's downtown. They also contribute to the growth of the City's assessment base by attracting real private sector projects.
Kitchener and Waterloo	The Cities have a Joint Tax Increment Grant to assist property owners in remediating brownfield sites throughout Kitchener. The total amount is based on eligible remediation costs, with yearly payments made to successful applicants over the span of 10 years based on a post-development tax assessment. The amount is set as the increase in property taxes before and after site redevelopment. Payments are made after the site has been remediated, redeveloped, and reassessed.
Peterborough	The City has implemented two CIPs; under one of them, the Affordable Housing Community Improvement Plan, there is a Tax Increment Grant Program that provides an annual grant to property owners. The program reimburses a portion of the municipal property tax increase from increased assessment. For the first 5 years the grant is equivalent to 100% of the municipal tax increase, with the property owner gradually paying the full tax rate from years 6-9.
London	As part of its CIP, the City operates a TIEG targeted towards projects developing vacant or underutilized sites in the Downtown area. The City provides a grant equal to the increase between the municipal portion of pre-development and post-development property taxes after rehabilitation and development has occurred. The grant operates for a maximum of three years from the date of the increase in assessed value, and the combined benefits from all programs under the CIP cannot exceed the cost of rehabilitating the land.

Implementation Guidelines and Considerations

Possible implementation parameters for TIEGs are a "pay-as-you-go" program, wherein the developer is expected to pay for the cost of redevelopment. As the municipality receives the increased property taxes resulting from the project, the City will reimburse the owner of the development in the form of an annual grant. The grant is payable over a set period, such as 10 years after project completion, or once the costs of the redevelopment have been recuperated.

The grant can be equivalent to the total difference in property taxes prior to redevelopment and after redevelopment, or a percentage of the difference, such as 80% of the increased municipal property taxes in years 1 to 5, 60% in years 6 and 7, and 50% in years 9 and 10. In no case will the grant payments provided in this program exceed the cost of redevelopment that resulted in the reassessment. The grant can be structured to be calculated in advance and paid out on a declining basis over a defined period.

The benefits of this incentive structure are that it is considered revenue neutral, as any money given will be recuperated through future property tax revenue. TIEGs also provide upfront access to capital for rental properties to help pay down mortgages quickly, which improves long-term project viability. The downside of this grant structure is that it is mostly applicable to purpose-built rentals and not to ownership condominium developments, due to the long-term disbursement structure of the grant.

3.3 Fee Waivers or Reductions

Reducing, exempting, or providing grants in-lieu of development charges, parkland dedication, or planning application fees for specified forms of affordable housing can be an incentive to attract affordable housing investment. Municipalities can also target these reductions and exemptions in specific geographic areas. The More Home Built Faster Act, 2022 (Bill 23) exempts non-profit housing, inclusionary zoning residential units, and affordable and attainable residential units from development charges in new construction. Incentive programs could go beyond this exemption to provide further fee relief on targeted developments, such as deeper levels of affordability.

Examples

City	Initiative
Toronto	The City of Toronto's Open Door Program was approved in 2016 with the goal of encouraging the development of affordable housing. The City maintains a list of organizations (Open Door Registry) who are interested in the program and who will be notified of any updates and calls for applications or proposals. The program provides financial contributions, including capital funding and exemptions from planning fees and development charges.
Cambridge/Kitchener/ Waterloo/Hamilton	Some municipalities have provided grants for development charges, building permit fees, planning application fees, and parkland dedication requirements for non-profit housing. The Cities of Cambridge, Kitchener, Waterloo and Hamilton have adopted by-laws which waive development charges in downtown areas for all development including residential.

Ottawa	The City of Ottawa's Action Ottawa initiative for affordable housing also waives development charges, planning fees, and parkland levies for affordable units. For example, the City's Parkland Dedication By-Law (By-Law No. 2022-280) lays out that no conveyance of land or payment of cash-in-lieu is required for low- and middle-income residential buildings developed by non-profit housing providers.
Orillia	The City of Orillia provides grants for the Purchase Price of Land, City Development Charges, Building, Planning and Engineering Review Fees—including Planning Application Fees and Building Permit Fees. All these programs are funded by the Affordable Housing Reserve. Additionally, Orillia permits Reduced Securities to no less than 30% of the total value of securities required within the City.
Kitchener	The City of Kitchener provides exemptions for the development application and building permit fees and exemptions for the timing of development charge payments for not-for-profit proponents with projects with a minimum of 20% of units with rents at or below 80% average market rent in areas within 450m from transit corridors.
York Region	York Region adopted measures in 2019 through its Development Charges Act and vision for Complete Communities to allow affordable rental buildings to defer development charges, interest-free, for between 5 to 20 years. This program is available to 1500 housing units over three years and works in addition to pre-existing DC deferral programs that offer purpose-built rental housing 36 months of interest free non-payment.

3.4 Property Tax Exemptions

Like fee waivers, municipalities can exempt certain developments from residential property taxes. Such exemptions are often tied to certain conditions, such as a set threshold of affordability over a defined affordability period, or a not-for-profit designation is required for the receiving organization.

Examples

City	Initiative
Toronto	The City of Toronto's Open Door Program provides exemptions from property taxes to assist private and non-profit affordable housing organizations to reduce the cost

	of developing housing. The residential property tax is exempt for the term of affordability. City staff must obtain Council approval to request that the Municipal Property Assessment Corporation (MPAC) exempt qualifying units from municipal property taxes.

3.5 Fee Reimbursement

Fee waiver reimbursements are also a common way to implement incentives for affordable housing development. The value of a reimbursement of fees, compared to a fee waiver, is reduced carrying costs (of these fees) over the construction period.

Implementation Guidelines and Considerations

Possible implementation parameters for a fee reimbursement system are to tie eligibility for reimbursement to adherence to certain performance standards. For example, the City of Toronto operates a Development Charge Refund Program wherein a partial refund is offered on development charges for verified Tier 2, 3 or 4 sustainable and high-performance development projects. To obtain a refund, the owner, authorized agent, or a third-party project evaluator must submit a Verification Submittal Checklist and Verification Report, and the refund is issued to the person or corporation who made the original development charge payment, unless authorization for an alternative party is permitted. The refund amount is calculated based on the Tier, in accordance with the DC Bylaw and rates in effect on the date of processing the refund.

The benefits of operating a reimbursement program are that there are few risks to the City—if the project stalls, the City is not required to commit any financial support to development. The drawbacks, however, are that the carrying costs of the fees accumulate over the course of construction and can lead to a higher dollar value than a waiver or grant program offering similar offsets.

3.6 Reduction or Exemption from Parking Requirements

Municipalities can reduce capital and maintenance costs for themselves and developers, while facilitating pedestrian-friendly and transit-supportive areas, through agreements that reduce requirements or exempt owners or occupants of a building from providing and maintaining parking facilities, particularly where public transit is available. Adjusting the parking standards for affordable housing developments may include the reduction or removal of required parking or introducing flexible parking standards. Adjusting or blending parking requirements for other types of housing developments, such that the provision of 3-bedroom units is not a disincentive to the developer may also be an option to consider.

Examples

City	Initiative

Belleville	The City of Belleville's Guidelines for the Reduction of Parking Requirements for Affordable Rental Housing reduces the parking requirements in the current Zoning By-law for Belleville of 1.25 parking spaces per unit for apartment style developments and two spaces per unit in the Thurlow and Sidney Zoning By-laws to the following requirements for below average market and average market purpose built medium and high-density rental housing. • 0.5 – 0.75 parking spaces per unit in walkable and transit accessible neighbourhoods (where amenities are within a five-to-ten-minute walk or 400-800-m radius of the proposed development); and, • 0.75 – 1 parking space per unit in less walkable (more than 800-m to amenities) neighbourhoods.

Implementation Guidelines and Considerations

Possible policy parameters vary, and range from a city-wide policy, the establishment of specific 'context areas' for reduced parking requirements, or implementation in MTSAs, major transit lines, and downtown areas. Parking allocation could be reduced in all new developments, or for affordable units only.

The benefits of this program are that it reduces capital and maintenance costs associated with parking. However, in transit-sparse areas a lack of parking options creates accessibility concerns. Additionally, a reduction in parking requirements can be politically contentious and may make units less attractive to rent/sell.

3.7 Capital Grants

Many municipalities provide capital funding in the form of grants, forgivable loans, or repayable loans in addition to other incentives and any funds received by senior levels of government. In some cases, grants are for a fixed amount, which has the advantage of being easy to understand and being independent of changes in the amount of municipal fees and charges.

Examples

City	Initiative
Toronto	City of Toronto's Open Door Program provides financial contributions, including capital grants.
Guelph	The City's Affordable Housing Reserve Fund was established in 2002 to encourage the development of affordable housing. Incentives provided through this fund have focused on property tax exemptions, property tax reclassifications, deferred Development Charge payments and grants to offset Development Charges, and capital funding to match funding from senior levels of government. As of 2017, the City has launched an Affordable Housing Financial Incentive Program, funded by the Affordable Housing Reserve Fund, that had an

	operating budget of $500 000 for the 2022-2023 fiscal year. The Affordable Housing Financial Incentive Program has focused on affordable housing development.
Regina	The City of Regina operates a Capital Incentive Program (CIP) as part of its Comprehensive Housing Strategy (CHS). The City funds grants ranging from $10 000 to $45 000 per unit, depending on location, unit type, and corporate status through its City's Housing Incentives Policy (HIP). Projects are eligible once development is underway and can qualify under affordable rentership or ownership schemes. Criteria for submission include whether the housing is accessible, owned/operated by Indigenous organizations, and if it is intended to house survivors of intimate partner violence.
Saskatoon	The City of Saskatoon has a Rental Development Program (RDP) which provides one-time capital funding to help housing organizations develop affordable housing units for households with low incomes. The RDP is funded by the CMHC and Saskatchewan Housing Corporation (SHC). RDP loans are forgivable, up to 70% of the total eligible capital cost, and secured by the SHC.
Ottawa	Action Ottawa is a housing initiative launched in 2003 to help private and not-for-profit developers build new affordable rental housing for moderate and low-income households. The program bundles as-of-right and discretionary incentives together with capital grants and, in some cases, City-owned land. At launch, capital grants were administered for up to $25,000 per unit and were funded both Federally and Municipally. In 2022, Action Ottawa disbursed $1 million in pre-development funding for affordable housing geared towards Indigenous and Inuit populations and other racialized peoples.

Implementation Guidelines and Considerations

Possible implementation parameters are to calculate a one-time, upfront project grant as a percentage of the size or cost of the total project.

The benefits of a capital grant program are that it provides capital to help initiate programs that otherwise lack funding. In the instance where fixed grants are provided, these are also simple to calculate and easy to administer. The drawbacks, however, are that there is a large upfront cost to the City and if the project fails the City loses its capital investment.

3.8 Low-interest or Interest-free Loans

With low interest loans, the City recovers the funds when the project is completed, allowing funds to be reused. Low interest loans can be viewed as reimbursements in reverse. Funds are loaned to the developer up-front and repaid when the project is ready for occupancy. The value for the developer is that they do not have to take out construction loans for these amounts, reducing their construction loan interest costs. This type of program has low costs to the City while realizing the creation of affordable housing.

Examples

City	Initiative
Hamilton	The Roxborough Rental Housing Loan Program is intended to provide forgivable loans equivalent to the value of municipal Development Charges required for rental units that are created within the Roxborough Community Improvement Plan Area (CIPA). The program has been applied as part of a collective partnership for a $400 million development slated for completion in 2026-2027. The project received $133 in federal grants and loans, with an additional $115 million of a low-interest repayable loan.
London	The Affordable Housing and Additional Residential Unit Loan Program provides financial assistance to offset the up-front costs of development. This program encourages private and non-profit developers to create new affordable housing. Funding is disbursed in the form of a loan, over a specified number of years, in accordance with the funding and eligibility requirements set out in the program guidelines and subject to the City Council's discretion. When creating additional residential units, funding is also available to help offset costs under the same terms. Loans are at a 0% interest rate and are to be paid back over a 10-year period.

3.9 Land Supply Incentives

Some municipalities make land available at reduced costs to stimulate development of rental and affordable ownership housing supply. These lands could be such properties as parking lots, old government buildings, underutilized school sites, and unused road allowances. Some municipalities have adopted "housing first" policies calling for surplus lands to be used for housing purposes first.

Examples

City	Initiative
Toronto	Housing Now is an initiative to activate eleven City-owned sites for the development of affordable housing with mixed-income, mixed-use, and transit-oriented communities. City Council approved the first phase of this initiative in December 2018. This first phase is expected to result in over 10,000 new residential units, including market ownership, market rental, and approximately 3,700 new affordable rental units. For phase two in May 2020, six new sites were added to the Housing Now program. These new sites are expected to deliver between 1,455 and 1,710 new residential units to the program. Additionally,

	phase two is expected to deliver approximately 1,060 to 1,240 purpose-built units (of which 530-620 will be affordable). In November of 2021, the City Council approved four additional sites to be added to this initiative for Phase Three. This will add between 1150 and 1400 new homes, including 450-600 affordable rental homes. Toronto Council also approved the creation of six 'pipeline' or—potential future sites—for early stages of feasibility studies and development. The affordable rental units will, on average, be rented at 80% of Toronto's average market rent (AMR). However, affordable rents are expected to range from 40% to 80% of AMR and will be affordable to households earning between $21,000 and $52,000 per year. In addition, City Council approved a $1 million Non-Profit Housing Capacity Fund to support the participation of non-profit organizations in the Housing Now Initiative and to encourage their involvement in the market offering process for the 11 sites, including the opportunity for long-term operation of the affordable rental units.
Saskatoon	City of Saskatoon. Saskatoon performs land-banking and releases land when they can receive significant community outcomes from the development(s).

3.10 Priority Review/Fast-Tracking Development Applications

Incentivizing affordable housing through reduced development approval timelines can be achieved using multiple tools. The premise here is that lengthy development approval processes contribute to the high cost of developing housing. The main benefit associated with fast-tracking is the reduction of costs associated with holding undeveloped land. One option is a priority review process that requires city staff charged with reviewing permit applications to move those related to affordable housing developments to the top of the pile to review them as soon as they are received, rather than on a first-come first-served basis. As the application is circulated through the various city departments, including water and sewer, fire, transportation, building standards, planning, and transit, it remains at the top of every pile of permits to be reviewed. A related option includes assigning a staff resource to help navigate the review and approval process for affordable housing applications. The applications still undergo the same review process and must adhere to the established standards and guidelines.

Examples

City	Initiative
Saskatoon	In 2023 the City of Saskatoon approved the Housing Accelerator Fund Action Plan, which implemented changes to the development approval process for affordable housing process to align with the City's goal of speeding up approval times.

Toronto	The City of Toronto's Open Door Program offers fast-tracking planning approvals.

3.11 Missing Middle Incentives

In addition to targeting the development of affordable housing through the incentives explored herein, other forms of housing that contribute to a range of housing options can be incentivized. One such option is missing middle housing, which is generally understood to be the inclusion of diverse housing multi-unit options such as fourplexes and multiplexes in neighbourhoods that traditionally consist of single and semi-detached housing types. The following represent examples of incentives targeting the development of missing middle and infill housing typologies.

Additional Dwelling Units

Additional dwelling units (ADUs) or secondary suites are a type of infill development that can offer affordable forms of accommodation within a community, as well as providing improved housing choices for its residents. They also offer homeowners the opportunity to earn additional income to help meet the costs of home ownership. This type of development may be particularly useful in already established neighbourhoods where land is currently being under-utilized. Several municipalities have used the above noted incentives specifically to promote this form of infill housing.

The More Homes, More Choice Act, 2019, also exempts second dwelling units in new or existing dwellings or structures from development charges.

Additional Dwelling Unit Programs
Grants or loans: **multiple municipalities have provided grants (City of Calgary, City of Edmonton) or interest-free and/or forgivable loans (Halton Region, United Counties of Leeds and Grenville) for the development of additional dwelling units, typically in exchange for a fixed period in which the unit must be rented, in some cases with rent and/or income caps.**
The **Town of Collingwood's Rapid ADU Deployment Program**. This program seeks to increase the number of ADUs as a 'neighbours-helping-neighbours approach to address the affordable housing crisis.' The program includes several features, such as: • A streamlined one-window service approach that connects applicants with the necessary resources; • Pre-approved designs with an ongoing call for design submissions. • Financial incentives in the form of grants, on top of the County of Simcoe's forgivable loan program; and • Landlord support for renting out an ADU.

Other Missing Middle Programs

Beaches-East York Missing Middle Pilot Project
Through this pilot project, the City of Toronto intends to work with the development industry in consultation with the community to assess, design and build missing middle demonstration projects on appropriate City-owned sites within the Beaches-East York neighbourhood. This pilot project is being undertaken as part of the City's Expanding Housing Options in Neighbourhoods initiative, the primary focus of which is the expansion of market rental housing options, in a range of formats, within the City's Neighbourhoods.

3.12 Related Programs and Initiatives

While not direct incentives, the following consists of a review of related programs that could complement the implementation incentive program, including options for revenue-generation to support financial incentives.

Land Banking

Acquisition of land by a municipality prior to expanding urbanization (before land values increase); the municipality could reserve that land for a use that it deemed best in meeting their objectives.

Inclusionary Zoning

Municipalities in Ontario have the power to introduce a requirement for new development to provide a portion of the development as affordable units through passing of an inclusionary zoning by-law. A requirement of the enabling legislation is to identify what, if any, incentives will be provided by the municipality in conjunction with the inclusionary zoning policy. The potential incentives described in this report could be stacked with inclusionary zoning.

Development Permit System

A community-building tool that integrates zoning, site plan, and minor variance approvals into one application and approval process. This tool can help significantly improve the review and approval timelines, can provide more certainty and cost savings through early community participation, upfront development rules and, once the system is in place, eliminating third party appeals to the OMB on specific development permit applications that meet the requirements and community vision set out in the OP and development permit by-law; provides for a more flexible approval process whereby municipalities can incorporate a specified range of variation for development standards.

Social Impact Bond

In some cases, sufficient government funding for a project cannot be obtained through regular channels. This can result in a local government being unable to make the community investment it wants to make. An alternative in this scenario is for a municipality to issue a bond, with the associated funds being dedicated to a social impact, such as affordable housing development. This financial vehicle is more common in the US and Europe and does not occur frequently in Canada. In essence, it allows a jurisdiction to use its credit rating to offset the risk of innovation to the private sector while maintaining control of the outcomes. If the project is successful, portions, or all, of the money will be returned to the investors plus interest over time.

Levies

Municipalities can collect specialized levies to fund target programs, including affordable housing. Such a levy could be charged to residents throughout Brampton to generate funds to be earmarked for affordable housing. One such example, the Community Revitalization Levy (CRL), is an innovative funding system which was established in 2007 in the City of Calgary. It was created to support Calgary Municipal Land Corporation (CMLC) in fulfilling the Rivers District Revitalization Plan. The Rivers District Revitalization Plan is a public infrastructure program that facilitates the reclamation, redevelopment, and revitalization of this underdeveloped inner-city area. The CRL provides a means to segregate property tax revenue increases that result from redevelopment in the Rivers District into a fund for infrastructure improvements. The City of Calgary levies and collects the CRL through the property tax system and then allocates the funds to CMLC to implement the Rivers District Community Revitalization Plan.

4. Preliminary Financial Assessment

4.1 Executive Summary

Following the environmental scan of incentive options, three types of financial incentive programs for affordable rental and ownership housing were chosen to be modelled for four types of residential development in Brampton. The incentive structures modelled were fee waivers, fee reimbursements, up-front grants, low-interest loans, and TIEGs. Additionally, the financial impact of reduced parking was evaluated as a potential incentive.

A residual land value (RLV) analysis of each scenario provided insight into how the affordable rental and ownership housing impacted project viability and what the value of each incentive would need to be to offset the RLV loss due to the reduced rents and price in affordable units. The analysis assumed that the projects had 10% affordable rental housing at 100% of AMR for a 25-year period or 10% affordable ownership that would be affordable to the 60th percentile household income.

The analysis for Brampton, and a common finding across most housing markets in Canada, is that current construction costs in comparison to potential project revenue is very challenging. None of the modelled purpose-built rental projects were viable. Where purpose- built rental projects are coming to market today, these projects were initiated three to 5 years ago and benefited from lower interest rates and construction costs. The analysis also found that no concrete construction condominium buildings were viable, but the wood frames buildings with their lower construction costs resulted in viable projects.

Even when a project does not appear viable on paper, it is still possible to measure the impact of affordable housing by looking at the change in residual land value (RLV) that introduction of affordable housing units creates.

The amount of incentives (waivers, grants, reimbursements, TIEGS) to offset the RLV reductions caused by providing 10% affordable rental housing for 25 years ranges from $254,200 to $324,700 when the affordable units are rented at 100% of AMR and between $302,700 to $370,400 if the units are affordable ownership.

Table 1: RLV Loss per Affordable Unit

Incentive to Offset RLV Loss	RLV Loss per Affordable Unit			
	Highrise	Midrise	Wood Midrise	Small Apartment
Fee waivers (Affordable Rental)	$324,700	$341,500	$336,400	$254,200
Fee waivers (Affordable Ownership)	$296,600	$302,000	$297,500	$230,000
Fee waivers (Rental at 3rd Decile)	$370,300	$382,700	$376,900	$302,900
Fee reimbursements (Add to waiver amount)	$109,700	$60,700	$60,600	$40,600
Grants	Same as waivers			
Tax Increment Equivalent Grants (TIEG)	$9,940	$10,240	$10,310	$10,100

In a fee reimbursement program, the developer has a carrying cost of paying the fees up front. These additional costs result in the program costs being slightly higher than a waiver to offset these additional costs. The additional cost of fee reimbursements is the same for affordable rental or ownership, ranging from $109,700 to $40,600 per unit.

Reducing the allocation of underground parking spaces was also modelled to determine the impact on overall project viability. The City of Brampton is examining parking requirements in a separate project; the intent of this analysis is only to highlight the value of reduced parking when building affordable housing. The base case scenarios included 1.0 parking stalls per unit, which is a reduction of the 0.2 visitor parking spaces per unit that would be applicable in most parts of Brampton. A 50% reduction (0.5 spaces per unit) was modeled to provide a view of how valuable reducing parking could be for incentivizing affordable housing.

Table 2: Cost of Constructing Parking Stalls

Parking Ratio (Incl. Visitor)	Underground Cost	Above Ground Cost
1.2	$129,600	$13,400
1.0	$108,000	$11,200
0.5	$54,000	$5,600
0.2	$21,600	$2,240

From this analysis, two key observations are:

1) the incentive amounts are quite large, suggesting that directly funding not-for-profit housing providers may be more effective that a program aimed at incentivizing affordable housing in for-profit developments,
2) the amount of incentive required through a tax grant program is substantially lower than a program aimed at offsetting the construction costs; using a TIEG to help affordable rental housing appears to be the most effective option.

4.2 Modelled Scenarios

To assess the potential value of enacting financial incentive programs across Brampton, four types of developments were modeled for both purpose-built rental and for ownership condominiums:

- 30-storey high rise condominiums with 290 units
- 8-storey midrise buildings with 90 units
- 8-storey wood-framed buildings with 90 units
- 4-storey small apartments with 16 units

The residual land value (RLV) was calculated for each scenario without affordable rental units and then with 10% of the units being rented at 100% of AMR and 10% of the units as affordable ownership units that would be affordable to the 60th percentile household. The fee waivers incentive was also modelled with deeper affordability, with the units priced so that they would be able to be afforded by households in the 3rd income decile.

The unit mix follows the direction from Brampton's new OP to have half of new units having two or more bedrooms, with 50% one-bedroom, 40% two-bedroom and a minimum of 10% with three or more bedrooms.

The unit sizes for the small apartments were made slightly smaller than the larger condominium buildings in anticipation of these units being in "missing middle" typologies maximizing the saleable floor area. Once the market matures, the unit sizes can be reevaluated.

Details on the capital cost, soft cost and financing cost assumptions are included in Appendix A: Pro Forma Assumptions.

4.3 Methodology

Methodology

In this analysis we calculated the impact to the residual land value (RLV) of providing the affordable units at 100% AMR compared to the RLV of the same project with no affordable housing units. This type of comparison allows analysis of the impact to projects that may not currently be viable at this time, such as large purpose-built rental developments.

The results are presented as the amount of RLV loss per affordable unit in the project, to enable the results to be compared to directly funding (building) new affordable housing units.

The RLV loss per affordable unit was used to calculate the amount required for each type of financial incentive, with the assumption that the incentive would need to fully offset the RLV losses for the incentive to be attractive to developers.

Financial Analysis Methodology

A residual land value (RLV) pro forma analysis was performed for each of the four prototype buildings, once as a market condominium building and again as a purpose-built rental project. The changes to the RLV were used to evaluate the impacts of providing affordable housing units and the impact of different types of incentives that could be provided through a financial incentive program.

This analysis aligns with the current industry understanding that new residential development projects are very challenging to profitably bring to market due to the rapid rise in construction costs that have been seen over the past three years. In Ontario currently, in general, large concrete-construction buildings are not viable given current construction costs and potential revenue from the sale or rental of the new units.

Before applying affordable housing requirements, the high-rise building does not have a positive RLV, generating -$135 per GFA. Though the project does not currently appear to be viable, we can examine the changes to the RLV as affordable housing and incentives are layered. The concrete construction midrise building also does not have a positive RLV, generating -$73 per GFA. The wood framed midrise building appears to have a positive RLV of $11 / GFA. The small apartment building has a healthy RLV of $57 / GFA.

Affordable Housing RLV Impacts

Modelling was done using 10% affordable rental at 100% of AMR for 25 years, then again with affordable ownership that would be affordable to the 60th percentile household. The fairly shallow level of affordability of 100% AMR was used to model how much funding the City would have to provide to have the main-stream for-profit housing development companies contribute to improved affordability and growth of rental options without deep subsidies.

Table 3: RLV Loss per Affordable Unit

	RLV Loss per Affordable Unit			
Incentive to Offset RLV Loss	**Highrise**	**Midrise**	**Wood Midrise**	**Small Apartment**
Fee waivers (Affordable Rental)	$324,700	$341,500	$336,400	$254,200
Fee waivers (Affordable Ownership)	$296,600	$302,000	$297,500	$230,000

The RLV loss per affordable unit ranged from $324,700 for the high-rise scenario to $341,500 and $336,400 for the concrete and wood midrise buildings, and $254,200 for the small apartment project. This suggests that an incentive per affordable unit of between $324,700 to $254,200 offsets the projected impacts. This also suggests that there may be an opportunity to provide different incentives for based on the type of construction, concrete versus wood framed.

Affordable ownership was also examined. This could be implemented as either a not-for-profit housing provider purchasing the unit, then renting it to their clients, or as direct purchase by a resident/household in Brampton. The RLV loss per affordable unit is $296,600, $302,000, $297,500, and $230,000 for the same four projects. Affordable ownership that is affordable to the 60th percentile household has a smaller RLV impact than renting at AMR, given the project assumptions.

Value of the Affordable Housing Units

One way to measure the value of affordable housing units is how much less would the tenant or owner pay over the lifetime of the affordability period, compared to market prices in the secondary market. The average difference between the affordable rents and market rents is $866 per month. If the rental units are provided for 25 years at this difference between AMR and market rents, the value of the reduced rent is $259,700 per unit.

4.4 Modelled Incentives

Modelled Incentives

Five categories of incentives were examined:

- Fee waivers
- Fee reimbursements
- Grants
- Tax Increment Equivalent Grants (TIEG)

Each type of incentive has advantages and disadvantages for the City and for the developer, with each incentive having different advantages.

Table 4: Incentive Amounts per Affordable Unit

	Incentive Amounts per Affordable Unit			
Incentive to Offset RLV Loss	**Highrise**	**Midrise**	**Wood Midrise**	**Small Apartment**
Fee waivers (Affordable Rental)	$324,700	$341,500	$336,400	$254,200
Fee waivers (Rental at 3rd Decile)	$370,300	$382,700	$376,900	$302,900
Fee waivers (Affordable Ownership)	$296,600	$302,000	$297,500	$230,000
Fee reimbursements (Add to waiver amount)	$109,700	$60,700	$60,600	$40,600
Grants	Same as waivers			
Tax Increment Equivalent Grants (TIEG)	$9,940	$10,240	$10,310	$10,100

Fee Waivers

The development industry often cites municipal development fees and charges as a reason why more affordable housing is not being built. Examining how waivers for these fees could affect affordability is one of the incentive types examined. The fees included in this analysis included:

- Municipal Planning Application Fees
- Building Permit Fees

- Development Charges
- Community Benefit Charges
- Parkland Cash-in-lieu

This suite of fees adds approximately 8.4% to the cost of development of the high-rise building, 9.1% to the concrete midrise, 9.8% to the wood midrise and 12.2% to the small apartment building. The fees per unit average approximately $78,000 per unit for the modelled buildings. If the affordable units are priced to be affordable to households in the 3rd income decile, the amount of funding required increases by approximately $40,000 per affordable unit.

Fee waivers can be implemented as either an up-front grant equivalent to the sum of fees, or as an actual waiver of the fees. For a developer, these two options should be financially the same.

The analysis suggests that fee waivers for only the *affordable units* ($78,000 per unit) would not offset the loss of RLV for the projects, which are in the range of $300,000 per affordable unit. This suggests that waiving the municipal fees for only the affordable units is not enough to offset the RLV losses and would not be attractive to developers. Non-profit and affordable housing developers would benefit from waivers for the affordable units, but may already be eligible for waivers or reimbursements through the *DC Act, Planning Act* or existing programs; this analysis focused on whether a waiver could attract for-profit developers into building new affordable units. Waivers or grants need to be based on the amount of expected RLV loss, not on the amount of municipal fees paid per affordable unit.

Fee Reimbursements

Fee reimbursements are a common way to implement incentives as they reduce the potential risk of financial loss and unmaterialized affordable housing if a project fails to proceed. Having the fees paid and then reimbursed when the project is complete ensures that the funds are achieving affordable housing.

The value of a reimbursement of fees, compared to a fee waiver, is reduced by the carrying costs of these fees over the pre-construction and construction period.

The carrying costs were approximated by multiplying the total fees and charges by the pre-construction interest rate (5.1%) and multiplied by the estimated duration of the project.

As shown in Table 4: Incentive Amounts per Affordable Unit, the *additional* carry costs to pay the fees up front and have them reimbursed is $109,700, $60,700, $60,600 and $40,600 for high-rise, midrise (concrete and wood) and small apartments, respectively.

Table 5: Fee Reimbursement Incentive Amounts

Incentive to Offset RLV Loss	Highrise	Midrise	Wood Midrise	Small Apartment
Fee reimbursements (Affordable Rental)	$434,400	$402,200	$314,800	$377,000
Fee reimbursements (Affordable Ownership)	$406,300	$362,700	$358,100	$270,600

At 100% AMR the amount of fee reimbursements to offset the total costs of the affordable units to the developer are $434,400, $402,200, $314,800, and $377,000 for the four modelled scenarios. For affordable ownership the amount of reimbursement is $406,300, $362,700, $358,100 and $270,600 for the same projects.

Grants

Some financial incentive programs are for a fixed amount per affordable unit, as opposed to the variable amount of the fee waivers discussed above. A fixed grant amount has the advantage of being easy to understand and is independent of changes in the amount of municipal fees and charges.

Up-front grants and waivers are mostly equivalent in value to a developer as they reduce the amount of the construction loan.

The amount of grant required to incentivize developers to participate in an affordable housing incentive program should be close to the amount that the project RLV would be reduced. This is discussed in the section on Fee Waivers.

Tax Increment Equivalent Grants (TIEG)

TIEGs affect the financial viability of a project *after* construction, which is particularly valuable for rental projects where being able to aggressively pay down the mortgage over the first few years can have long term financial impacts by reducing the mortgage principal amount and therefore future mortgage payment amounts. The duration of a TIEG should be in 5-year increments to align with common mortgage renewal windows.

This can also be a benefit for affordable ownership for the same reasons; the affordable owner has lower combined mortgage and property tax costs.

Understanding how lending agencies (banks) would view a TIEG for affordable ownership mortgages may be complicated. Would this allow households to borrow more than their long-term income can afford? Or would the banks not include this, with the result being overall lower carrying costs and more housing security? Additional investigation would be needed to determine whether affordable ownership through TIEGs is a desirable financial incentive program.

The amount of the TIEG and how long it applies for are important aspects of this type of incentive.

The impact of a TIEG on the four projects was modelled by achieving the same mortgage debt coverage ratio (DCR) when 10% affordable rental is provided. The TIEG is modelled as increased operating revenue.

Table 6: TIEG Incentive Amounts to Offset RLV Losses

Incentive to Offset RLV Loss	Highrise	Midrise	Wood Midrise	Small Apartment
Annual Tax Increment Equivalent Grants (TIEG) per Affordable Unit	$9,940	$10,240	$10,310	$10,100
Total TIEG per Affordable Unit over 25 years	$248,500	$256,000	$257,750	$252,500

The per affordable unit tax grant that would need to be provided per year to offset the lost revenue of the affordable units for the 4 prototype projects are $9,940, $10,240, $10,310 and $10,100. The total incentive per affordable unit if the incentive was offered for 25 years would be $248,500, $256,000, $257,750 and $252,500 for the modelled projects. Assuming a property tax cost of approximately $5,000 per year per unit in a rental building, a TIEG of approximately twice the annual taxes ($10,000) would offset the lost income for the developer.

Calculating the cost of a TIEG at $10,000 per unit for 25 years with 10% of the units being affordable is a revenue loss to the City of $10,000 / affordable unit / year and $250,000 over 25 years. This cost results in the tenant in the affordable unit receiving a benefit of approximately $250,000 in reduced rent over the 25-year period.

Reduction in Parking Requirements

Reducing the allocation of underground parking spaces was modelled to determine the impact on overall project viability. The base case scenarios included 1.0 parking stalls per unit, which is a reduction of the 0.2 visitor parking spaces per unit that would be applicable in most parts of Brampton. A 50% reduction (0.5 spaces per unit) was modeled to provide a view of how valuable reducing parking could be for incentivizing affordable housing.

The high rise and midrise buildings were modelled with underground parking and the small apartment was modelled with half of the parking underground and half as surface parking. Each underground parking stall costs approximately $108,000 and surface parking is approximately $11,200. Reducing the overall parking requirement for the entire building by 50% results in construction cost savings of approximately $90,000 per affordable unit for underground parking and $42,700 for a mix of underground and surface parking. The cost of construction of parking stalls for various parking ratios are shown in Table 7.

Table 7: Cost of Constructing Parking for Various Parking Ratios

Parking Ratio (Incl. Visitor)	Underground Cost	Above Ground Cost
1.2	$129,600	$13,400
1.0	$108,000	$11,200
0.5	$54,000	$5,600
0.2	$21,600	$2,240

The parking reduction was not modelled as an elimination of parking for the affordable units because this can create equity and functionality issues with the affordable units. When the affordable units are priced at 100% AMR or for the 60th percentile household, these are working households that are as likely to need similar parking as the households living in the market units. There needs to be some parking stalls available to the residents of affordable units.

5. Appendix A: Pro Forma Assumptions

Table 8: Unit Mix

Unit Mix	Assumption
1-bedroom units	50%
2-bedroom units	40%
3-bedroom units	10%

Table 9: Unit Sizes

Unit Type	Unit Sizes (sq. ft.)	Unit Sizes for Small Apartments (sq. ft.)
1-bedroom	600	575
2-bedrooms	875	750
3-bedrooms	1,050	900