



Report
Staff Report
 The Corporation of the City of Brampton
 9/3/2025

Date: 2025-08-29

Subject: **DC Incentives for Purpose Built Rental Housing**

Contact: Steve Ganesh, Commissioner
 Planning, Building & Growth Management

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Report number: Planning, Bld & Growth Mgt-2025-655

RECOMMENDATIONS:

1. That the report from Steve Ganesh and Nash Damer to the Committee of Council Meeting of September 3, 2025, re: **DC Incentives for Purpose-Built Rental Housing** be received;
2. That Council direct staff to proceed with Option 3 as outlined in this report to incentivize purpose-built rental housing, effective immediately until November 13, 2026; and
3. That Council authorize staff to undertake a Development Charges By-law amendment, to enact the development charge reduction incentive and specify program requirements, before the end of September, 2025 for final approval of the program.

OVERVIEW:

- **Despite strong demand, Brampton has seen minimal new supply of purpose-built rental housing. As a result, vacancy rates remain below 3%, which is driving residents into secondary rental units.**
- **The Province, through recent legislative changes, has already provided development charge (DC) deferrals for purpose-built rental housing, however, this has not been enough to incentivize growth to address housing need.**
- **At the Council Workshop held on August 21st, 2025, three potential options were presented to Council to provide DC reduction incentives to support purpose-built rental developments. This report provides Council the opportunity to direct staff on a preferred option.**

- **Based on feedback from the August 21, 2025 Council Workshop, development community insights, and benchmarking, staff propose the program should require a 25-year rental tenure, prioritize incentives for larger family-sized units (3-bedroom) over mixed-use developments, and adopt a city-wide DC By-law amendment for faster implementation. The program should apply effective immediately from September 10, 2025, to November 13, 2026, aligning with Region of Peel incentives.**
- **Limited growth of purpose-built rental (PBR) housing has driven reliance on Additional Residential Units (ARUs) that generate no development charge (DC) revenue. The proposed PBR incentive program strategically supports stable rental housing development to meet demand and shift growth toward DC-generating housing forms.**

BACKGROUND:

A diverse mix and range of housing options is essential to meet the needs of residents at all ages, stages, and income levels and create complete communities. Rental housing in particular plays an integral role in Brampton's housing system, especially in recent years with growing affordability challenges. Purpose-built rental often provides more attainable options for those new to the housing market, including newcomers to the city or students, as well as households with low and moderate incomes. Primary, purpose-built rental housing is specifically critical to the overall health of the housing market, as it provides more stable and secure rental housing options than Brampton's secondary rental market (e.g., rented condominiums and rented additional residential units).

Since 2014, the creation of new purpose-built rental housing within Brampton has remained minimal, with an increase of only 744 new rental units created, for a total of 11,457 purpose-built rental units in total in Brampton, as reported by the Canada Mortgage and Housing Corporation (CMHC). Comparatively, Brampton had over 31,300 new housing starts¹ from 2014 – 2024, making new purpose-built rental approximately 2% of the new developments in the last decade.

In addition, Brampton's vacancy rates have remained under 3% every year since 2012, reflecting low supply and high demand that has led many residents to rely on rental options in the secondary market. The lack of purpose-built rental housing options in the City of Brampton has led to a significant increase in new additional residential units, making up approximately 57% of all of Brampton's new housing completions between 2018-2024.

¹ This does not include new Additional Residential Units, which has provided an increase in the total supply of new rental units in the City of Brampton.

Despite the lack of new PBR in Brampton over the last decade, there is currently a growing interest in developing purpose-built rental housing. In total, there are 4,016 proposed purpose-built rental units in the development application pipeline including the ones that are under review, all of which are within the City's MTSAs. This growing interest is likely due to a weaker condominium market, which presents a strong opportunity for the City of Brampton to provide additional DC reductions to further encourage and accelerate the supply of PBR housing.

Benchmarking

Peel Region is providing a 50% reduction on all Regional residential DCs for building permits pulled from July 1, 2025 to November 13, 2026.

Additionally, the City of Mississauga has proposed DC reductions for all residential units including purpose-built rentals:

- 50% reduction in City residential DCs
- 100% reduction in DCs for 3-bedroom units in purpose built rental apartments
- All residential DC payments can be deferred and collected at occupancy
- Projects must pull building permits before November 13, 2026

Provincially Legislated DC Incentives

Under the *Development Charges Act, 1997*, the Province has required municipalities to provide the following DC reductions for purpose built rental housing, based on unit size:

- 1-bedroom units (or smaller) - 15% reduction
- 2-bedroom units – 20% reduction
- 3+ bedroom units – 25% reduction

In addition, the payment of DCs for PBR housing can be deferred until occupancy, with payments made in installments over 6 years with no interest on the deferred DCs. There are already DC exemptions provided for affordable and attainable residential units, including affordable rental housing options. Despite incentives provided through provincial legislative changes, it has not caused an increase in supply of new purpose-built rental units and additional incentives are required to support project viability and get shovels in the ground.

CURRENT SITUATION:

DC Reduction Options

At the Council Workshop on Purpose-Built Rental Housing, held August 21st 2025, the following three options for additional DC reductions were explored to further incentivize the construction of purpose-built rental housing to address Brampton's low supply of rental options.

Table 1: Three DC Incentive Program Options

	1-bedroom	2-bedroom	3-bedroom	2+ bedroom with mixed-use
Option 1	50%	75%	75%	100%
Option 2	50%	75%	100%	-
Option 3	50%	50%	100%	-

The three incentive options provide Council with different pathways to balance housing affordability, unit mix, and municipal revenue impacts. The proposed development charge (DC) reductions outlined in the three options are inclusive of the provincial Bill 23 mandatory discounts.

At the time of the workshop, staff completed their financial analysis based on pipeline data that included 3,592 units. Since then, staff has further analyzed and data has been updated to include two additional developments currently under review, bringing the total unit count to 4,016. Importantly, all of these proposed and under-review PBR developments are located within Major Transit Station Areas (MTSAs), aligning with City and provincial growth objectives.

The table below summarizes the fiscal impact of the three incentive options, while the accompanying chart illustrates the development charges payable before and after discounts. Across the three options, the fiscal impact ranges from approximately \$41.7 million to \$53.9 million. It should be noted that these values are subject to change based on the timing, composition, and actual delivery of projects in the pipeline.

Table 2: Estimated Fiscal Impact of Options (Inclusive of Bill 23 Discounts)

	DC (before COB Discount)	DC (After COB Discount)	Fiscal Impact
Option 1	\$95.6 M	\$41.6 M	\$53.9 M
Option 2	\$95.9 M	\$42.1 M	\$53.7 M
Option 3	\$95.9 M	\$54.2 M	\$41.7 M

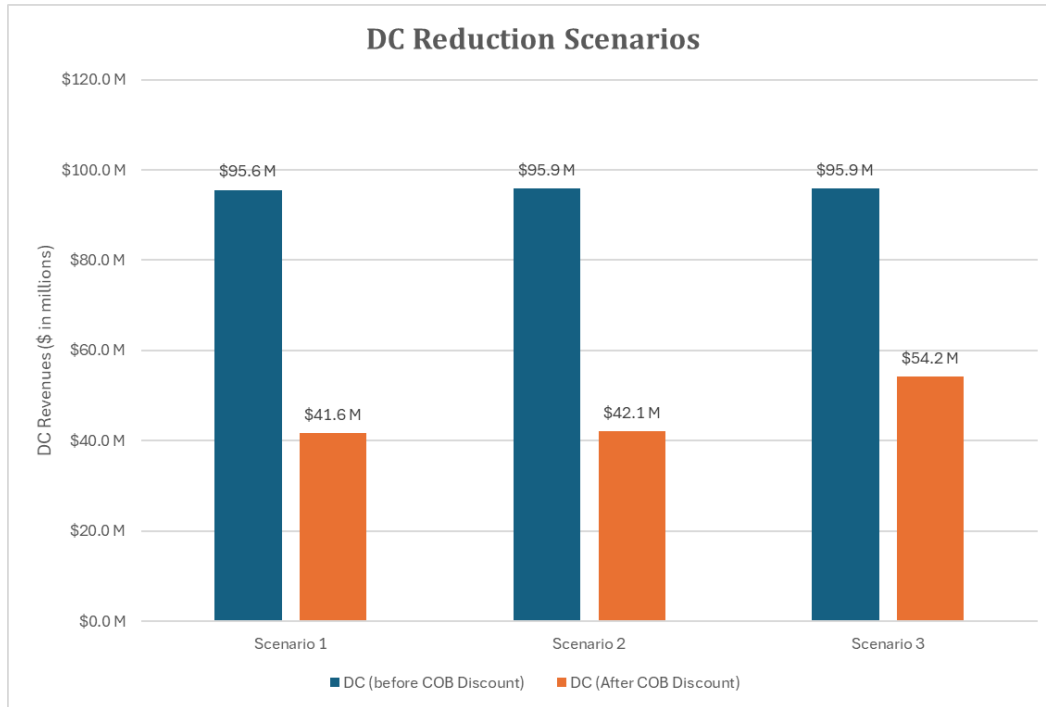


Chart 1: Fiscal Impact of Proposed Options

Through feedback received from the development community through the workshop, providing DC incentives with minimal layers of additional City requirements is important to support the viability of new purpose-built rental housing projects, ensuring the incentive program is simple and quick to implement. A list of key program elements is outlined below for Council consideration in finalizing an approach.

Program Elements

1. Rental Tenure Period

In finalizing a proposed approach, Council will need to define the period of time that the purpose-built rental development be required to stay in rental tenure. Staff propose a period of 25 years, which would be outlined through the DC reduction agreement between the applicant and the City.

2. Mixed-Use vs. Family-Sized Rental Unit Considerations

Option 1, outlined in the table above, outlines a provision to provide the greatest incentives to mixed-use developments, which may prove challenging to some purpose-built rental developers that either do not operate or have not provided commercial or office-based uses. Ensuring a simple option that supports project viability is incredibly important. As outlined in the speakers' comments at the August 21, 2025 Council Workshop, making a purpose-built rental development financially viable is already a challenge, and adding additional criteria such as mixed-use components only increases the challenge. In addition, verifying and monitoring the mixed-use components of the developments would add complexity to the administration of the DC reduction program.

The City has already provided additional incentives through the DC Incentive Program for all office developments, which can be communicated to applicants to encourage them to deliver mixed-use developments. As outlined through the three proposed options, Council will need to decide between:

1. Incentivizing commercial uses within a purpose-built rental development (Option 1), or
2. Incentivizing larger, family-sized 3-bedroom units (Option 2 and 3).

Council will need to balance these priorities in determining a preferred option, as Option 1 will likely not incentivize many 3-bedroom units as a result of the program structure. Option 2 and 3 would not incentivize mixed-use developments, however, as previously mentioned, the office incentives recently endorsed by Council can be communicated to applicants to encourage mixed-use developments. It is important to note that none of the proposed purpose-built rental developments in the pipeline are providing a mix of uses.

3. Geographic Scope & Implementation Mechanism – Efforts to Cut Red Tape

In the Council Workshop, staff proposed geographically scoping the options to Major Transit Station Areas (MTSAs) for a number of reasons. MTSAs are:

- Transit-supported, strategic growth areas in the city;
- Recently undergone significant planning analysis concluding in the past year to update the policy framework to enable transit-oriented growth and density, with implementation through pre-zoning being finalized in the coming months;
- Removed parking minimums, a component that significantly increases the cost of development, particularly providing underground parking; and
- Located in proximity to key community services and amenities essential for renter household demographics (e.g., students, newcomers, low-to-moderate income households).

However, it is important for Council to consider that scoping the program to MTSAs will require more time for staff to set up the program, which may impact the timeframe of getting the program operationalized.

Changes to the Development Charges Act through Bill 17 have streamlined the process for implementing city-wide DC reductions for purpose-built rental (PBR) housing. The new legislation removes the need for a full development charge study and public meeting when the only effect of a by-law amendment is to decrease or exempt a DC. As a result, a city-wide DC reduction for PBR can now be easily implemented through a straightforward amendment to the City's DC By-law.

However, changes to the DC By-law cannot be geographically scoped.

To scope the program to MTSAs, the *Municipal Act* and *Planning Act* requires Council to enact a Community Improvement Plan Area to implement incentives in a fair and

orderly manner. Without this mechanism, it would be seen as unfairly bonussing some private developers and providing incentives to select developments. The legal mechanism to provide incentives solely within MTSAs would require the creation of a new Community Improvement Plan (CIP). The process of creating a CIP is lengthy and resource-intensive, and includes preparing a background study, conducting public consultation, adopting the CIP by-law, and then implementation, administration, and monitoring of the program. This process could take 6 to 8 months and given the proposed time horizon of November 13, 2026, implementation of a new CIP may not be feasible.

As all the current proposed units in Brampton's pipeline are already located within MTSAs, Council will need to weigh whether the additional staff time, administrative costs, and delays associated with establishing a CIP provide meaningful value, compared to advancing a broader city-wide incentive framework.

4. Proposed Program Length – Accelerating Supply

Staff propose that the DC incentives approved through this report be applicable for any purpose-built rental housing project pulling a building permit between September 10, 2025 and November 13, 2026. The November 13, 2026 deadline aligns with the Region of Peel's DC incentives.

Driving 3-Bedroom Units – Option 3

Staff propose Option 3 as the preferred option as it avoids over-incentivizing small 2-bedroom units at the cost of 3-bedroom or larger rental units. There is a greater scarcity of larger rental units in Brampton. Without targeted support, the market is more likely to deliver smaller, higher-yield units, leaving a persistent gap in family-sized housing. Option 3 narrows the incentive gap between two- and three-bedroom units. Incentivizing 3-bedroom units more strongly than other forms is critical to achieving a balanced housing mix and ensuring that Brampton's growing families have access to secure, purpose-built rental housing. It also provides the lowest overall fiscal impact at approximately \$41.7 million and maintains competitiveness with neighboring municipalities.

Option 2 offers a 75% reduction on 2-bedroom units. Since DCs are lowest for smaller units (<750 sq. ft.), developers are incentivized in Option 2 to maximize yield with compact 2-bedroom apartments rather than deliver larger 3-bedroom units.

Staff also recommend that Council consider supporting options that do not include the mixed-use component, as the City already provides DC reductions for all office developments, thereby offering incentives to encourage a mix of uses.

Table 3 below compares the three proposed Development Charge (DC) incentive options against key criteria to guide Council in selecting the most effective option.

Table 3: Comparative Implications of Incentive Options

Option	Support for Mixed Use	Support for Family-Sized Units	Fiscal Impact	Strategic Implications
Option 1	<p>Strongest incentive for mixed-use projects.</p> <p>The City already provides DC Incentives for office developments</p>	<p><u>Limited</u> some support for 3-bedroom units, but uptake likely low</p>	\$53.9 M	<p>Encourages commercial components in PBR, but may deter developers who do not operate office/retail</p> <p>Increases program complexity and future report and approvals from Council delaying implementation</p>
Option 2	<p>Low – relies on existing office DC reductions</p>	<p><u>Moderate</u> 75% reduction on 2-bedroom makes them far more attractive than 3-bedroom units especially if they are <750 sq. ft.</p>	\$53.7 M	<p>Strong incentive for smaller 2 Bedroom units (<750 sq. ft.)</p> <p>Developers likely to prioritize 2-bedroom formats that are less than 750 sq. ft. over 3-bedroom, reducing delivery of larger family housing</p>
Option 3	<p>Low – relies on existing office waivers</p>	<p><u>Strong</u> Incentivizes 2 (50%) and 3 (100%) bedroom and larger units.</p> <p>Narrows incentive gap between 2- and 3-bedroom, making family-sized units relatively more viable</p>	\$41.7 M (lowest)	<p>Strong incentive for larger 3 Bedroom units (>750 sq. ft.)</p> <p>Better balance between unit types; aligns more closely with Brampton’s need for larger family units</p>

Recommended Program Elements

Providing simple and quick-to-implement Development Charge (DC) incentives is critical to supporting new purpose-built rental (PBR) housing projects and aligning with the Housing Brampton strategy. Given these considerations, staff recommend the following program elements:

1. Council consider providing PBR incentives city-wide to support the expeditious delivery of an incentive framework, supporting shovels in the ground to meet the goals and objectives of the program and reducing administrative burdens.
2. To reduce financial exposure and align with incentives provided by the Region of Peel and other neighboring municipalities, Council consider that the DC reduction be provided until November 13, 2026, with developments required to remain in rental tenure for 25 years.

CORPORATE IMPLICATIONS:

Financial Implications

In Brampton, the limited growth of the primary rental market over the past several decades has forced many residents to rely on the secondary rental market, particularly through Additional Residential Units (ARUs). While ARUs have absorbed much of the City's growing population, they do not contribute development charge (DC) revenues, leaving the City with increased infrastructure demands but no corresponding revenue to fund them. Supporting the development of new purpose-built rental (PBR) housing will not only help meet the City's pressing demand for secure, stable rental options but will also shift growth away from secondary rentals and toward housing forms that generate DC revenue.

The financial implications of this report are dependent on the composition of the project and number of building permits pulled. Staff is aware of 4,016 building permits that may proceed during the program timeline. Assuming all these permits proceed between now and November 2026, staff estimates that the DC revenue reduction will be between \$41.7 million and \$53.9 million.

The incentives in this report represent a strategic trade-off: without financial support, many PBR projects may not proceed, leaving the City with no new DC revenue at all and continued reliance on ARUs that provide no contribution to growth-related costs.

Staff will continue to update Council on the status of the DC reserves and revenue collection, through quarterly reserve status reports.

STRATEGIC FOCUS AREA:

Growing Urban Centres & Neighbourhoods - This report supports the advancement of affordable housing supply and aligns with Council's commitment to complete, inclusive, and resilient communities.

CONCLUSION:

This report provides Council with proposed options to incentivize new purpose-built rental developments in order to address the shortfall of rental housing options, providing a short-term solution that will support the creation of critical new housing needed in the city of Brampton.

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Attachments:

- Attachment 1 – August 21st Council Workshop Staff Presentation