

Council Workshop: Purpose Built Rental Housing

City Council Workshop

Planning, Building, & Growth Mgmt.

August 21, 2025

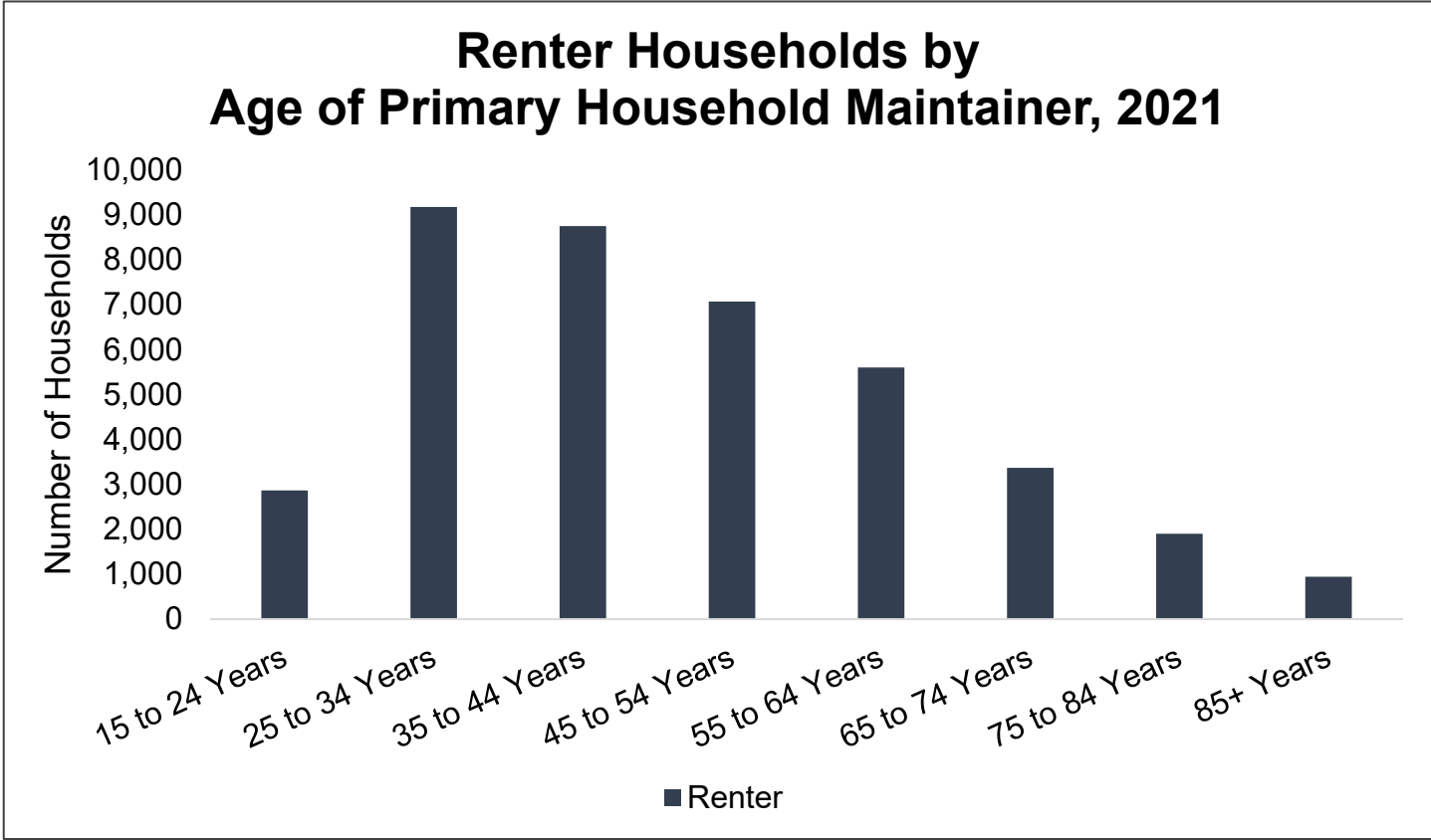


Purpose-Built Rental (PBR) Housing is Integral to a Healthy Housing Market

- A diverse mix and range of housing options is essential to meet the needs of residents at all ages, stages and income levels.
- Rental housing is often more attainable for those new to the housing market, including newcomers to the city or students, as well as households with low and moderate incomes.
- Purpose-built rental provides more security for tenants in the long-run, as these units will more likely remain in the rental stock. Rentals in the secondary market (e.g., ARUs or rented condominiums) are privately owned and are more likely to have greater volatility with market conditions/change in ownership.



A healthy supply of rental housing is vital for a strong housing market



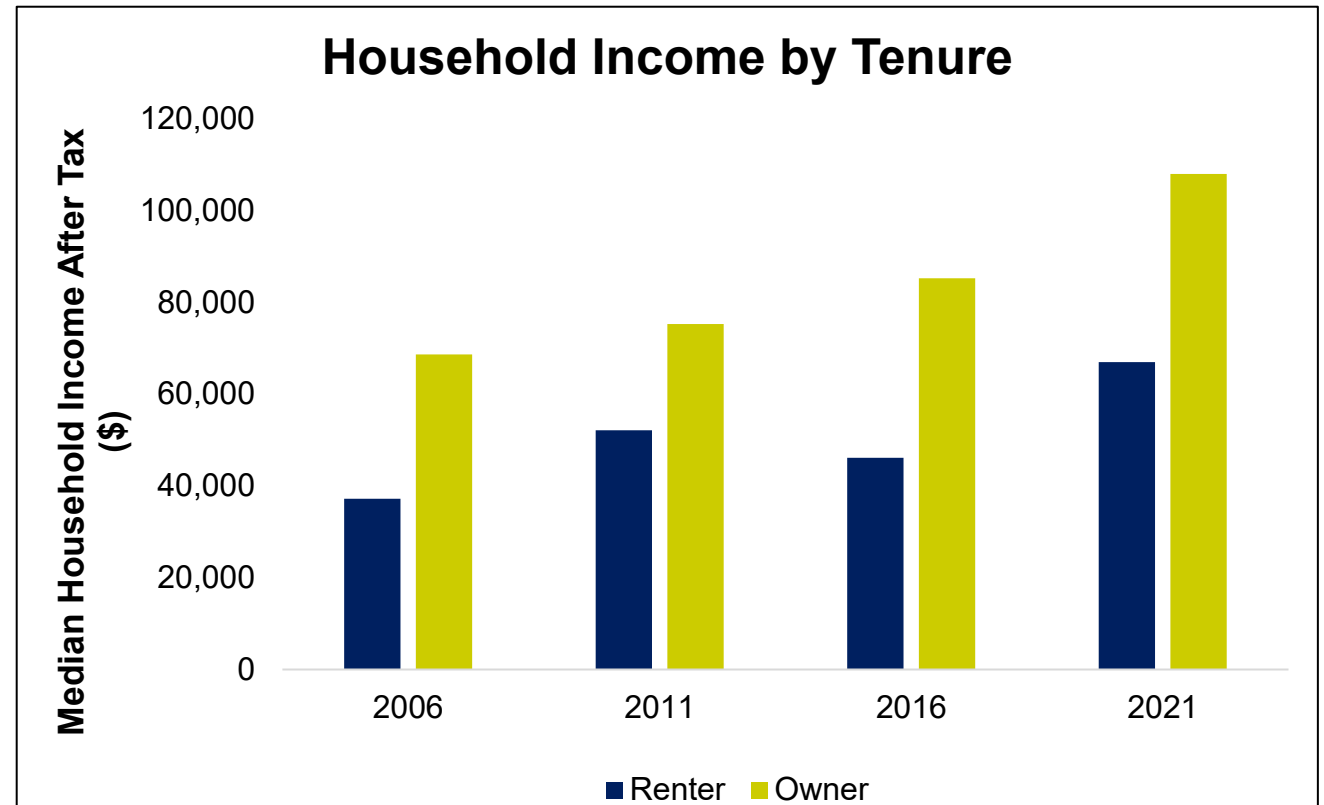
In May of 2024, Statistics Canada reported that Brampton has the **highest share** of international students living in unsuitable housing at 63%.

The majority of these students are living in rental accommodations across Brampton.

There is a greater demand for PBR in younger age groups

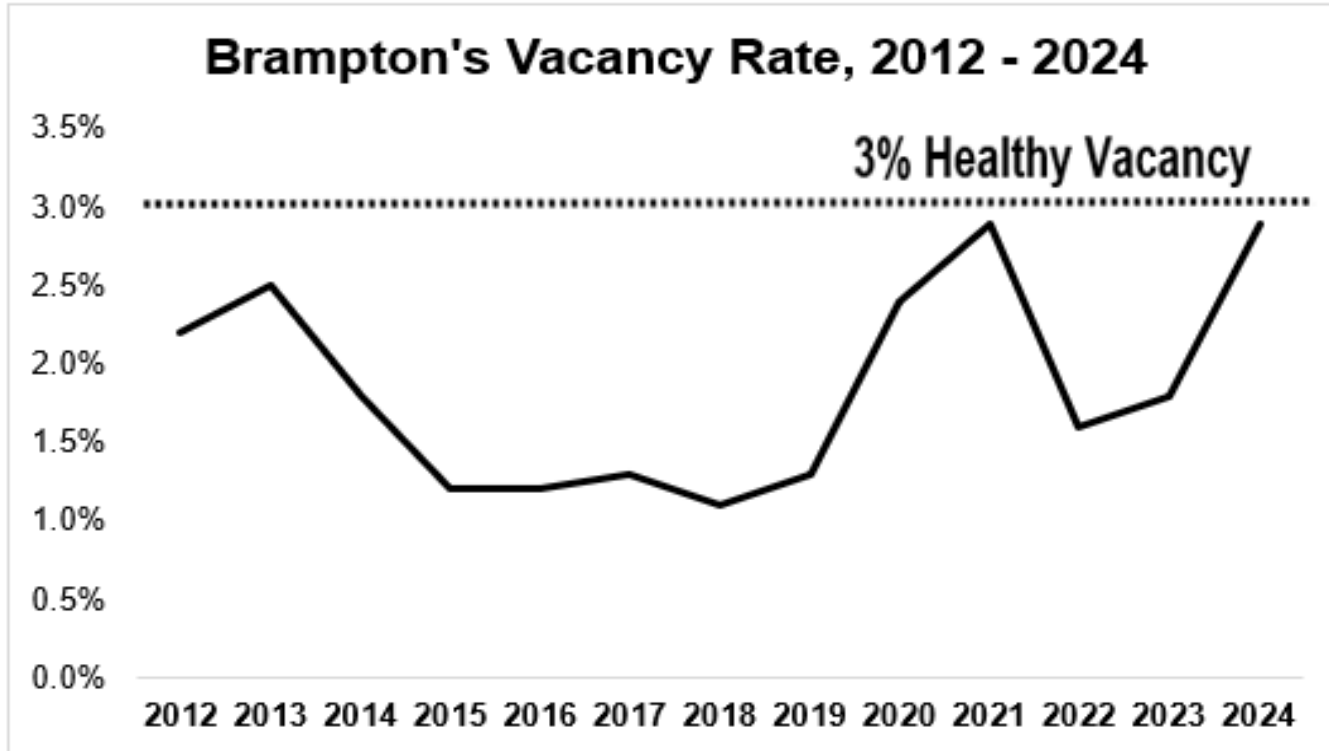
With current market challenges, there is a need for more PBR to address growing demand

- Historically, there has been a significant disparity in income levels between owners and renters in Brampton.
- Median incomes for households have risen in recent decades, however, renter households still make about 40% less after tax than their counterparts.



There is a growing demand for new PBR units in low to middle income households

Brampton has experienced continued high-demand for PBR

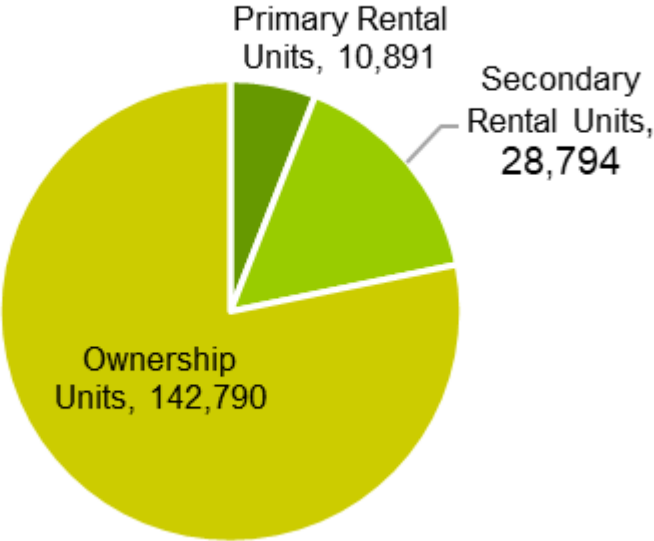


There are 55,000 projected renter households by 2031 – this identifies a growing need for more PBR moving forward, particularly as the ownership market has remained unaffordable

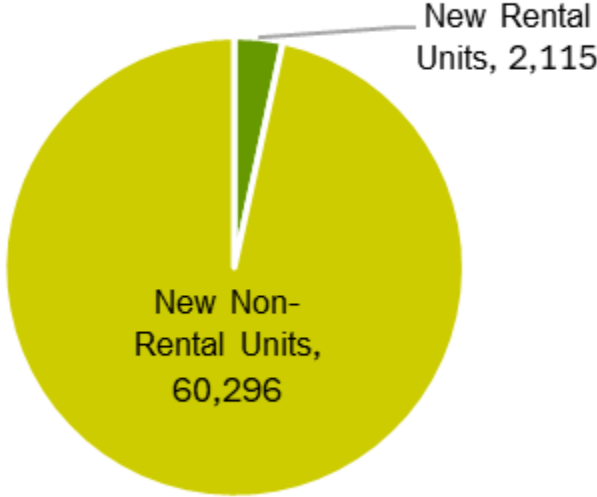
Brampton has maintained low vacancy rates, below the healthy threshold of 3%, showing that residents face a constrained rental market with limited options

PBR has remained a low percentage of Brampton's total housing supply

Total Housing Stock (2021)

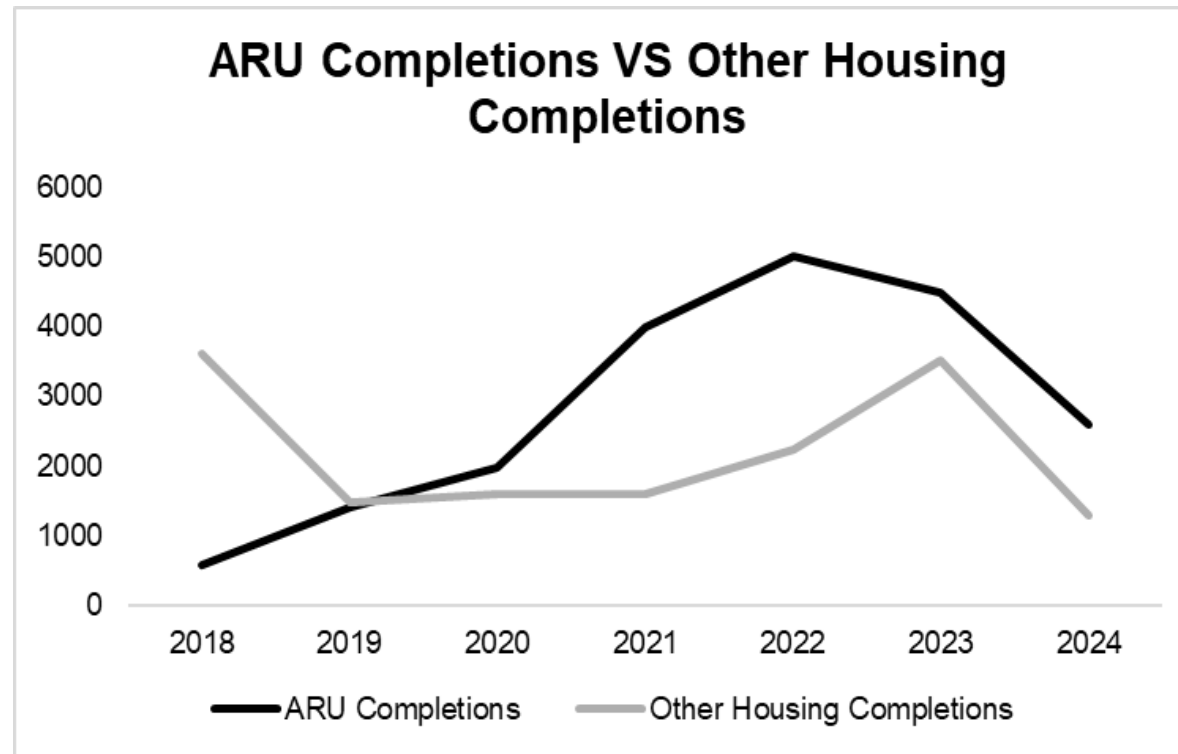


Housing Completions, 2006-2024



Despite growing in population by over 200,000 new residents since 2006, Brampton has only seen an increase in approximately 2,000 new PBR units in the past two decades

The Secondary Rental Market has filled the gap due to low PBR supply



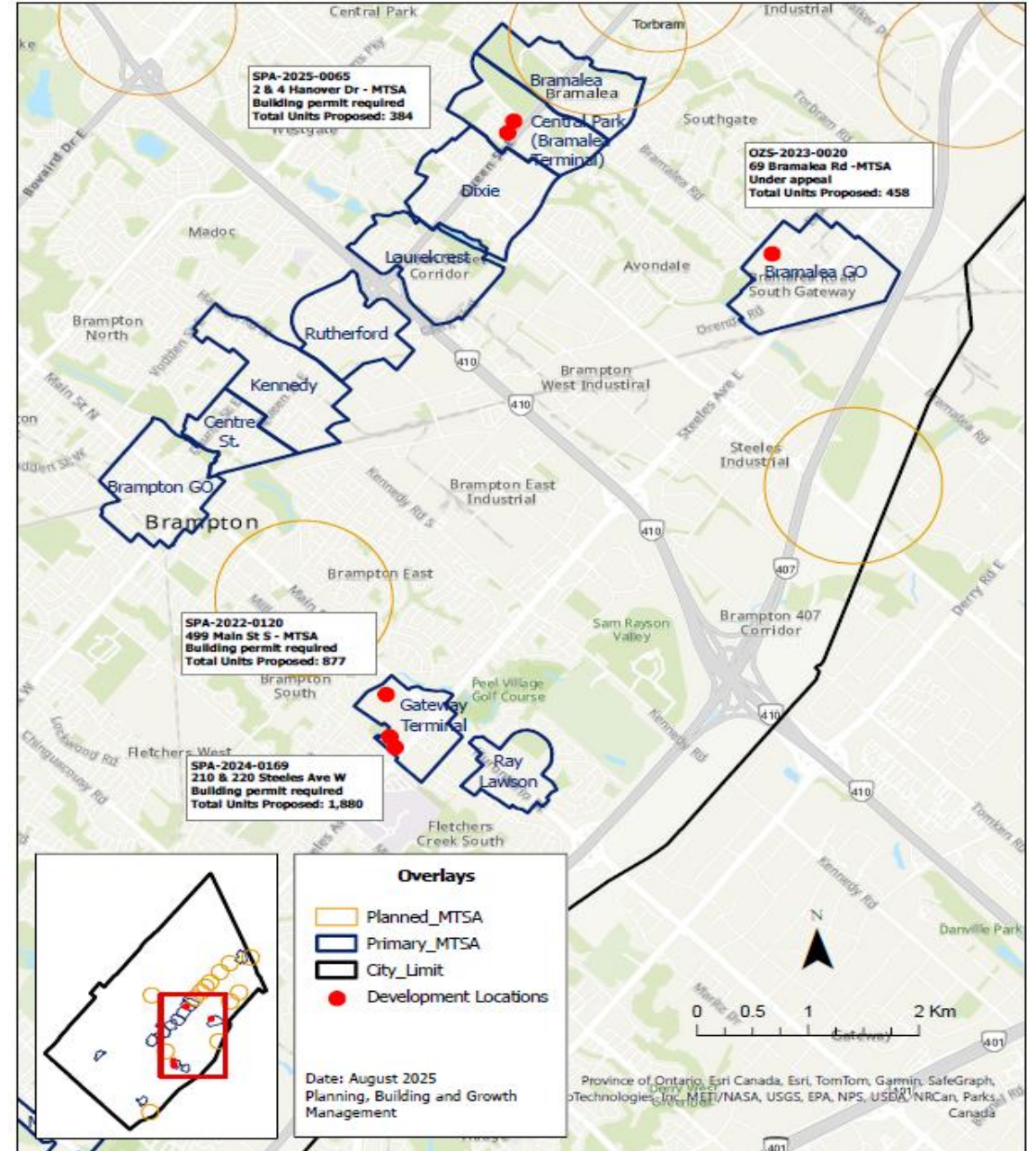
As the primary rental market has had limited growth in the last few decades, many residents have turned to the secondary market, specifically in the form of additional residential units

There is a growing interest in new PBR in Brampton's development pipeline

- In total, there are **3,592 proposed purpose-built rental units** in the pipeline, all of which are within the City's MTSAAs
- PBR units make up 7.8% of total housing units in the pipeline (as of July 1, 2025)
- With a weaker condominium market, there presents an opportunity to incentivize additional PBR units in Brampton, particularly in strategic growth areas

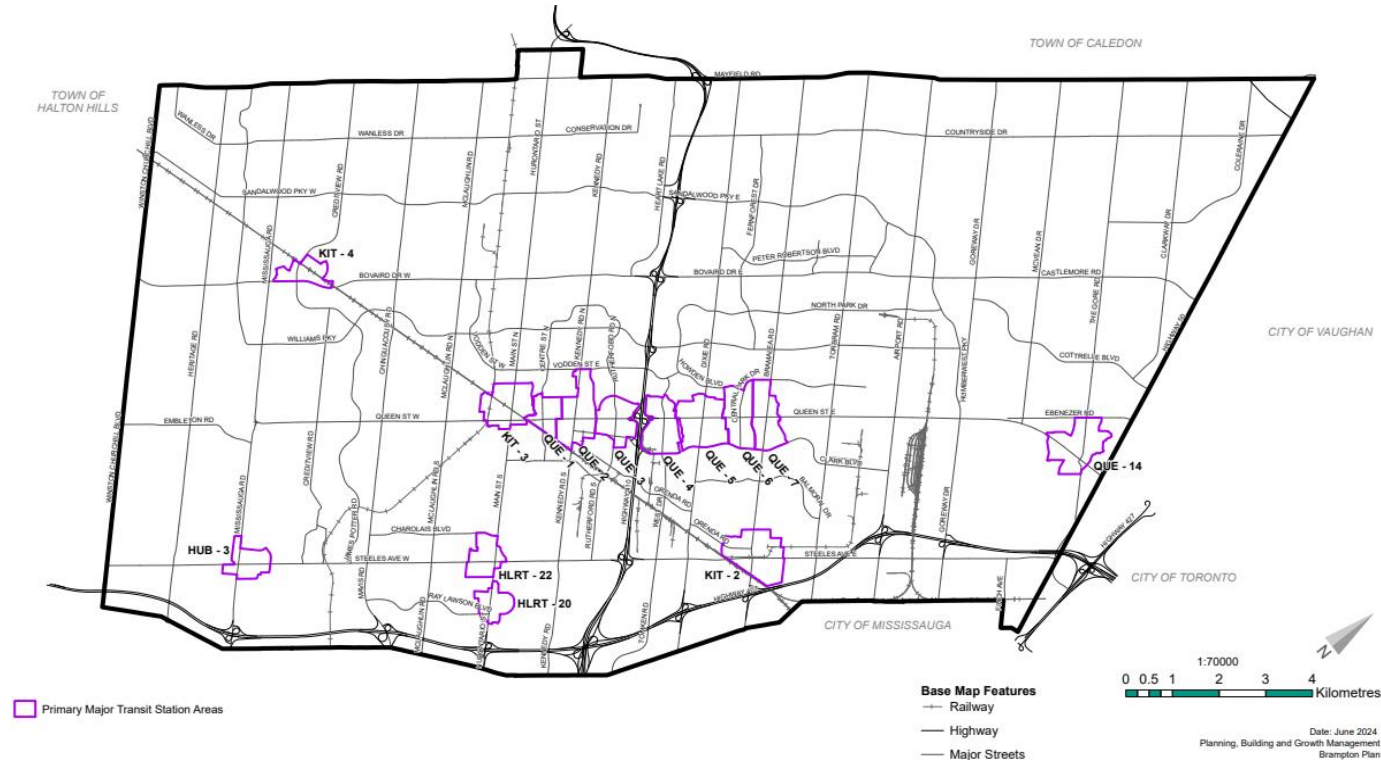
City of Brampton

Total Units Proposed within selected MTSAAs



Focusing PBR in the City's Major Transit Station Areas

- Across Brampton, there is a need for new PBR, however, Major Transit Station Areas (MTSAs) represent strategic growth areas and are ideal locations for PBRs with a mix of transit-supported services and amenities.
- Reasons for a focus on MTSAs:
 - No parking minimums
 - Areas with planned City investment
 - Locations for significant growth and development, with pre-zoning being finalized through the Comprehensive Zoning By-law Review
 - Delivers community services and amenities essential for renter household demographics (e.g., students, newcomers, low-to-moderate income households)



Government Incentives for PBR

Federal Rebate: 100% rebate of the federal GST/HST portion on eligible new rental housing

CMHC: Rental Construction Financing Initiative

Provincial (ON) Rebate: 100% rebate of the provincial portion of HST

Provincial Government: DC Deferrals & Discounts (under the *Development Charges Act*)

- **DC Deferrals:** Payment of DCs can be deferred until occupancy, with installments spread over 6 years
- **DC Reductions:** Reduced charges based on unit size
 - 1-bedroom units (or smaller) – 15% reduction
 - 2-bedroom units – 20% reduction
 - 3+ bedroom units – 25% reduction
- **Other Benefits:**
 - No interest on deferred DCs and installment payments
 - Non-profit housing developments, including rentals, are exempt from DCs

Region of Peel

- **PARIP:** Capital grant program to support the building of affordable rental housing
- Regional DC Deferral for all residential developments for Regional DC's payable before November 2026

City of Brampton: CIP Grant Program for Affordable Rental Housing Units

What other levers does the City have?

- **Reduced/Removal of Zoning Requirements**
 - No parking minimums, increased density
- **Processing Time**
 - Reduce application processing time to support the timely delivery of units
- **Planning Application Fees**
 - Reduce or waive planning application fees
- **Development Charges**
 - Reduce or waive DCs
- **Use of City Land**
 - Lease or sell City-owned or Regional-owned land for purpose-built rental developments, particularly affordable PBR
- **Advocacy to Upper Levels of Government**
 - Secure continued funding and policy support for purpose-built rental housing



Proposed DC Reduction Scenarios to incentivize PBR

- The below scenarios explore additional DC reduction in the City's MTSAs to lower upfront costs for developers, attract investment and accelerate supply of rental housing
- If developers receive additional DC reductions for PBR, City staff propose a requirement for the units to remain PBR for 25 years

	1-Bedroom	2-Bedroom	3-Bedroom	2+ Bedroom with Mixed-Use
Scenario 1	50%	75%	75%	100%
Scenario 2	50%	75%	100%	—
Scenario 3*	50%	50%	100%	—

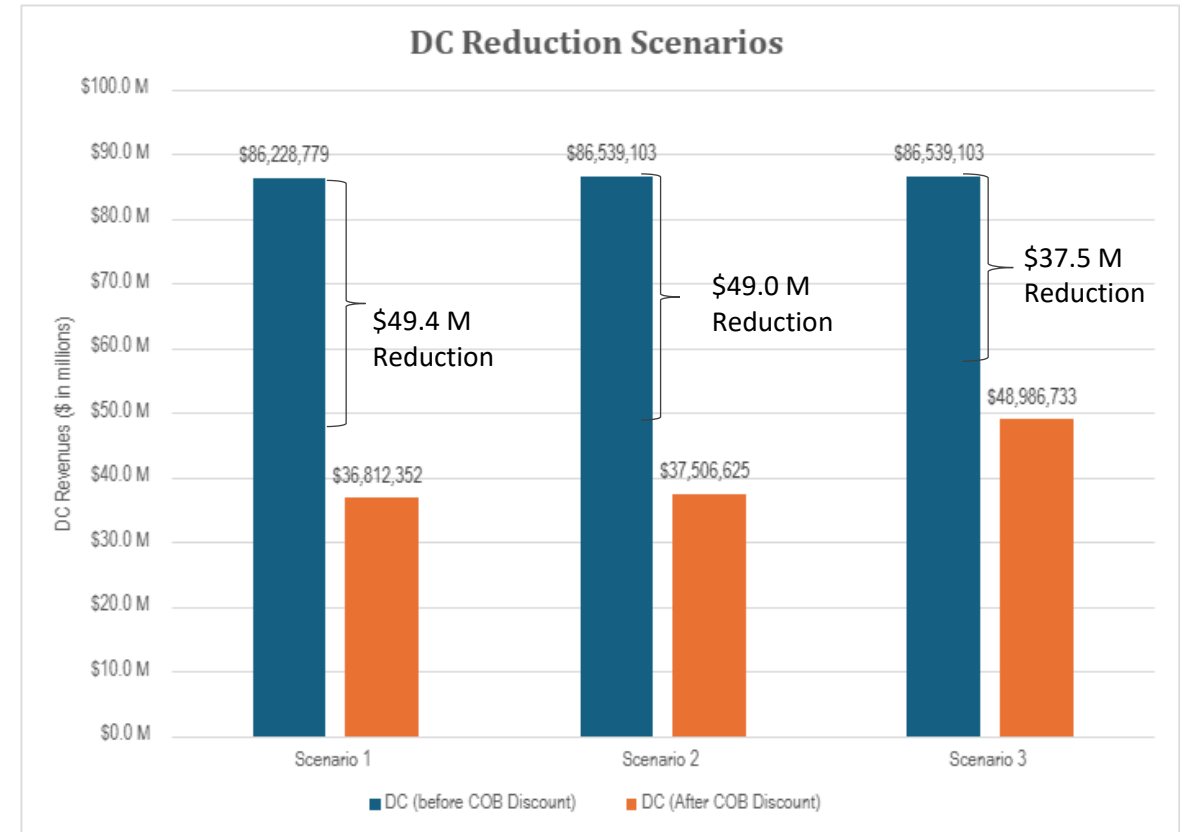
Note: Proposed DC reductions are **inclusive of Bill 23 discounts**: 15% for 1-bedroom units, 20% for 2-bedroom units, and 25% for 3-bedroom units.

* Scenario 3 mirrors the incentives offered by the City of Mississauga

DC Reduction Scenarios – Financial Analysis

- Total DCs after reduction calculates to \$36.81M (S1), \$37.51M (S2), and \$48.99M (S3)
- Over the years DC revenues have shown a significant decline, dropping from \$78.8M in 2023 to \$18.5M (YTD June) in 2025
- As of June 2025, the DC reserve balance is at - \$224M after accounting for Council commitments

Scenario*	Units	Current Rates	S 1 Rates	S 2 Rates	S 3 Rates
1-Bedroom	2203	\$23,628	\$11,814	\$11,814	\$11,814
2-Bedroom	966	\$38,395	\$9,599	\$9,599	\$19,198
3-Bedroom	144	\$38,395	\$9,599	\$0	\$0
2+ Bedroom with Mixed-Use	279	\$38,395	\$0	\$0	\$0



* High-level estimate based on 3,592 proposed PBR units in the pipeline, subject to change based on actual development

Financial Implications

Revenue Shortfall – Budgetary Impact

- Impact on new and existing capital projects totaling \$640 Million

Cost of Deferring Capital Projects

- Capital projects will be delayed which may lead to inflationary cost increases

Increased Borrowing Costs/Debt Servicing Costs

- To fund growth-related infrastructure before DCs are received and/or delay the debt servicing due to reduced cash flow will increase debt servicing cost

Mitigation Measures

Rethink Levels of Service

- Delay or scale back infrastructure projects
 - Slowing down the growth-related infrastructure spending would have impact on City's ability to support future housing
- Focus on core infrastructure needs and defer lower-priority initiatives

Seek Higher Level Government Funding

- Advocate for direct funding or grants from Higher Level Governments to offset lost revenue

Use Alternative City Revenue Sources

- Property tax is the only available revenue source, but increasing property tax would place the burden on existing residents and businesses
- Advocate for legislative changes to allow for alternative City Revenue models

Workshop Questions

- 1) Will the timeframe for the DC reductions follow the Region of Peel's timeframe, which is until November 13, 2026?
- 2) Are there any other requirements the City wants to layer on for providing these incentives?



Thank You!

