

Purpose-Built Rental Housing

2024 May 21



NBLC report for City of Mississauga (Feb 2022)

Rental Demand is Also Driven by Affordability

Declining homeownership affordability has also driven an increasing level of rental housing demand in Mississauga. Since 2018, the City of Mississauga recorded 1,472 rental housing starts (12% of total housing starts). As a point of comparison, Mississauga recorded only 913 rental housing starts in the preceding fifteen years (2% of housing starts). It is important to note, however, that investment in purpose-built rental development has almost entirely been concentrated in situations where lands have been owned for a long period of time, and often where another economically productive land use has been in place to capitalize the initial land purchase. For example, there has been a trend of existing purpose-built rental landowners intensifying their properties by adding additional rental apartments, and similarly with retail site intensification.

Notwithstanding the above-noted increase, this supply of new purpose-built rental apartment units has been inadequate to meet the growing level of rental housing demand in Mississauga. Instead, condominium apartment units purchased by investors have become the primary rental apartment product in Mississauga. As of October 2020, CMHC reported that 29.7% of condominium apartment units in Peel Region were being used as rental units on the secondary rental market, up from just 19.1% a decade earlier. While CMHC does not provide this data for Mississauga individually, it is likely that the share is even higher in Mississauga.

- Only 913 rental units were built between 2002-2017
- Since 2018 there have been 1,472 rental starts
- Usually infill (owned land)
- Currently, ~1,300 units under construction
 - Last will be finished late-2026

Finance Gap

	AMR per CMHC	\$100K Grant (value: \$333/m)	Required Rent	Short per month	Short 25 years
1 Bedroom	\$1,625	\$1,958	\$2,600	-\$650	-\$195,000
2 Bedroom	\$1,855	\$2,188	\$3,200	-\$1,000	-\$300,000
2 Bedroom + Den	NA		\$3,350		
3 Bedroom	\$1,967	\$2,300	\$3,600	-\$1,300	-\$390,000

Considerations

- Larger CIP
- Tax Increment Equivalent Grant (TIEG)
- **New structure for Purpose-Built Rental**
 - Separate DC Category
 - Discounted Parkland Dedication/CBC
 - Waive Permit & Application Fees
 - Lower MR Property Tax Category/Rate
- Other costs not directly related (roads, sewers, etc)
 - Housing is infrastructure
- Review with full disclosure from rental developers
- Market rent units subsidize affordable units