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May 21, 2024

By E-Mail deputations.presentations@mississauga.ca

Matter: 138448

Planning and Development Committee
Council Chamber, Civic Centre
300 City Centre Drive, 7th floor
Mississauga ON L5B 3C1

Dear Planning and Development Committee Members:

Re: Public Meeting : City Proposal - Affordable Rental Housing Community Improvement Plan (City-wide)
File: CD.06COM (All Wards)

We act on behalf of Starwood Group Inc., the owner/developer of the property known municipally as 6719 Glen Erin Drive. Our client has a significant interest in the City of Mississauga's proposals for encouraging the development of purpose-built rental projects throughout the City.

While our client supports the majority of the City's proposals as part of its Affordable Rental Housing Community Improvement Plan, we have been asked to write to identify certain areas that our client believes represent significant disconnects as amongst the Federal Government's National Housing Strategy, CMHC's efforts to support the development of new purpose-built rental housing and the treatment of such housing at the Provincial and Local Government level.

As of June 1, 2024, the Province's new definitions of "affordable residential units" will come into effect. Units that comply with these definitions (for ownership and rental) will qualify for exemption from the payment of development charges. There are proposed to be similar exemptions from community benefit charges and parkland conveyance. However, there is no exemption proposed for the application fees associated with these types of units. It is not clear why this is not being considered as a further incentive for landowners and developers to meet with City Staff to explore opportunities for the introduction of affordable residential units within their projects.

Further, the DC/CBC/parkland exemptions are currently tied to units that meet the definition of "affordable residential unit". The current *DC Act* definitions narrowly contemplate circumstances where the owner/operator of the unit agrees to privately depress the market value/rent of the unit in order to qualify for the provided exemption. Our client asks that the City consider that there are other ways in which the current housing crisis, and the Federal Government's National Housing Strategy in response to same, can be addressed through incentivization.

For example, units that are created through CMHC-backed financing should be considered in the same manner as "affordable residential units" as should any purpose-built rental unit that is created through participation in a grant or loan program specifically designed to support the construction of new rental housing. Without corresponding DC/CBC/parkland exemptions, whatever project approval and construction benefits achieved through participation in a government-supported incentive program is essentially wiped out – or is redirected to local charges.

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While the City is obviously without the requisite authority to change the *DC Act* or the *Planning Act*, the City does have the authority to amend its DC By-law, its CBC By-law and/or its Parkland Dedication By-law to exempt purpose-built rental units created as part of a incentivization or shared equity program. This does not appear to be contemplated by the proposed CIP.

Our client asks that the City give serious consideration to making incentivized program exemptions, as well as application fee exemptions, part of its proposed package to improve the local market for purpose-built rental units. There are willing developers and shovel-ready projects throughout the City (such as 6719 Glen Erin Drive) that can move quickly to the construction of purpose-built rental if the local regime is amended to better reflect incentives towards this type of housing. Absent these incentives, our client strongly believes the City will continue to get market-rate condo projects and/or empty potential sites.

We request to be provided notice of any further consideration or decision of the above-noted matter. Please contact the undersigned should you have any questions.

Yours truly,

AIRD & BERLIS LLP



Patrick J. Harrington
Partner

PJH:SM

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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



June 25, 2024

Catherine Parsons
Planning and Development
City of Mississauga
527- 300 City Centre Drive
Mississauga, ON
L5B 3C1

Dear Ms. Parsons,

**Re: Affordable Rental Housing Opportunities Related to the City of Mississauga
Community Improvement Plan and 1 Port Street East, Mississauga**

Background

Canada Lands Company CLC Limited ("Canada Lands"), is the owner of the lands municipally known as 1 Port Street East ("the subject lands"). Currently, there is an approved Master Plan and Official Plan Amendment with the City of Mississauga ("the City") for the subject lands to support the City's vision for seeing a multi- residential community with numerous amenities supporting affordable housing, commercial space, parks, and open space. The subject site abuts Lake Ontario and is surrounded by green space on the west side, and residential buildings on the north side. The site can be accessed via Port Street East.

We would like to thank you for meeting with us on June 7, 2024 and providing an opportunity to speak about the Affordable Rental Housing Program through the Community Improvement Plan that the City of Mississauga is looking to implement and how it relates to the vision outlined for 1 Port Street East.

As the City is seeking to work through finalizing the Draft Official Plan, Canada Lands would like to submit questions and comments below for consideration prior to the submission to Council in early Fall 2024.

Questions & Comments

Financial Incentives

As part of its Affordable Housing Strategy, the City has proposed a Community Improvement Plan (CIP) which entails providing grants and loans for landowners to encourage the construction of affordable rental housing. As the region also has a similar program, the Peel



Affordable Rental Incentives Program, we are seeking clarification on how the stacking of financial incentives of both levels of municipal government is intended to occur for a development application. Are both programs seen as separate initiatives, or is the City coordinating its incentives along with the Region?

Further, given the time horizon of this program and the long-term interest that Canada Lands has in working to deliver affordable housing in the City of Mississauga, we encourage the City to consider opportunities to extend this program.

Thank you for the opportunity to participate and provide feedback in the Draft Official Plan process.

Respectfully,

Jacob Larsen, MCIP, RPP
Senior Development Manager