
REPORT TITLE: **Peel Affordable Rental Incentives Program Update and 2023 Results**

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATION

1. That in accordance with section 110 of the *Municipal Act, 2001*, as amended, and the Region of Peel’s Municipal Housing Facility By-law 49-2020, site-specific by-laws be enacted, as described in the report of the Commissioner of Human Services, as listed on the March 21, 2024 Regional Council agenda titled “Peel Affordable Rental Incentives Program Update and 2023 Results”, to permit the Region of Peel to enter into municipal housing project facilities agreements with:
 - Indwell Community Homes and/or any entity related to or affiliated with the foregoing, for the provision of municipal housing project facilities at the property located at 1639 Lakeshore Rd. W., Mississauga for use as affordable rental / supportive housing; and
 - Strawberry Fields Residences (Chacon) Inc., Chacon Developments Inc., Chacon Strawberry Fields Inc., and/or any entity related to or affiliated with any of the foregoing, for the provision of municipal housing project facilities at the property located at 12560,12550,12540, and 12530 Kennedy Rd., Caledon for use as affordable rental housing; and
 - 2421845 Ontario Inc. and/or any entity related to or affiliated with the foregoing, for the provision of municipal housing project facilities at the property located at 6020 Winston Churchill Blvd., Mississauga for use as affordable rental housing; and
2. That authorizing by-laws to enter into the aforementioned municipal housing project facilities agreements be presented for enactment; and
3. That the Regional Clerk provide written notice of the site-specific by-laws to the Minister of Finance in accordance with section 110(5) of the *Municipal Act, 2001*, as amended.

REPORT HIGHLIGHTS

- The Peel Affordable Rental Incentives Program (PARIP) offers incentives to private and non-profit developers to provide affordable rental housing through an annual competitive Call for Applications.
- The first project selected through the 2021 round, then known as the Affordable Housing Incentives Pilot Program (AHIPP), is now open for occupancy, providing 12 affordable rental units in Brampton.

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- Through the 2023 PARIP Call for Applications, staff noted a higher level of interest in the program and an increase in the strength of the applications received.
 - Based on competitive scoring against the PARIP criteria as per the program guidelines and evaluation of all the applications, staff recommend allocating the full 2023 and 2024 approved funding to three projects.
 - Staff recommend Council's approval to fund the following projects:
 - Indwell Community Homes, \$ 2.2M to secure 50 affordable rental and supportive housing units for 40 years in Mississauga;
 - Strawberry Fields Residences (Chacon) Inc. \$7.1M to secure 14 affordable rental units for 30 years in Caledon; and
 - 2421845 Ontario Inc., \$6.3M to secure 14 affordable rental units for 25 years in Mississauga.
 - In accordance with the Region of Peel's Municipal Housing Facility By-law 49-2020, staff is seeking Regional Council approval to enact site-specific by-laws to permit the Region to enter into a municipal housing project facilities agreement under subsection 110(1) of the *Municipal Act, 2001*, as amended for the provision of municipal housing project facilities for use as affordable housing and for the provision of the PARIP funding.
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DISCUSSION

1. Background

a) History of the Peel Affordable Rental Incentives Program

To increase affordable rental housing stock, the PARIP incents private and non-profit housing developers to provide rental housing for low and middle-income households through capital grant funding. The PARIP began as a pilot in 2021 as the AHIPP, and on July 7, 2022, Regional Council endorsed the PARIP as a permanent program. An annual budget of \$7.5 million for the PARIP was approved through the 2023 Budget.

The purpose of this report is to provide an update on the 2021 and 2022 approved projects and to recommend funding for the 2023 round of the PARIP, including a request to enact the required by-laws to advance funding.

b) Previously Approved Projects (2021-2022)

Three projects with a total of 97 affordable units were approved for funding during the 2021 and 2022 PARIP rounds through Resolutions 2021-1133 and 2023-503 (see Table 1). Regional staff have finalized the contribution agreements with two proponents and are working to finalize the contribution agreement with the third proponent.

In January 2024, occupancy began for the first project, by Daniels Corporation and Choice Properties Inc. selected through the 2021 round, providing 12 affordable rental units in Brampton.

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Table 1: Status of 2021 and 2022 approved PARIP projects

Program year	Proponent	Details	Status
2021	Daniels Corporation/ Choice Properties	\$1.2 million in funding for 12 affordable rental units	First occupancy in January 2024
2021	United Property Resource Corporation (Kindred Works)	\$4.68 million total funding for 78 affordable rental units	Memorandum of Understanding executed in December 2023. Contribution Agreement to be finalized once proponent fulfills all conditions precedent.
2022	Canahahns Company Limited	\$1.5 million for 7 affordable rental units	Contribution Agreement executed. Project under construction, first occupancy anticipated in 2024.

2. Results of the 2023 PARIP Call for Applications

The 2023 PARIP Call for Applications ran from June 13 to September 15, 2023. The program was widely advertised to private and non-profit housing developers through e-mail communication, social media, and targeted outreach through industry organizations.

Six applications were received through the 2023 PARIP Call for Applications. An initial review for completeness and eligibility was conducted. Following that, applications were competitively scored by a review panel of senior and technical Peel Region staff using established PARIP criteria as per the program guidelines. As part of the review, staff evaluated applications based on the organization qualifications and experience, their financial proposal, the project readiness, the depth and duration of affordability for the units receiving incentives (beyond the minimum requirements), the planning approvals stage, the proximity to community services and amenities, and how the project meets the needs of the community. The full 2023 PARIP Program Evaluation Criteria has been provided in Appendix I.

With the 2023 approved funding available, and a small portion of 2024 approved funding available, staff are able to recommend PARIP funding be allocated to these projects (see Table 2).

Table 2: Summary of recommended projects with approved funding

Applicant organization/ project location	Number of affordable units	Average depth of affordability ¹	Duration of affordability	Recommended funding
Indwell Community Homes, 1639 Lakeshore Rd W., Mississauga	50	52% of median market rent	40 years	\$ 2,200,000 total;
Strawberry Fields Residences (Chacon) Inc. 12560, 12550, 12540, 12530 Kennedy Rd., Caledon	14 *includes two- bedroom units	100% of median market rent	30 years	\$ 7,119,299 total;

¹ maximum middle-income affordability - rents are no greater than 100% of local municipal median market rent, apartment units

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Through the 2023 PARIP Call for Applications, staff noted a higher level of interest in the program and an increase in the strength of the applications received. Staff recognize an opportunity to recommend allocating the remaining 2024 approved funding given the quality and readiness of the applications. Doing so will allow funding to be allocated to one additional project as in Table 3 below.

Table 3: Additional project to be recommended through approved funding

Applicant organization/ project location	Number of affordable units	Average depth of affordability ¹	Duration of affordability	Recommended funding
2421845 Ontario Inc. 6020 Winston Churchill Blvd., Mississauga	14 *includes two- and three- bedroom units	89% of median market rent	25 years	\$ 6,300,701 total;

¹ maximum middle-income affordability - rents are no greater than 100% of local municipal median market rent, apartment units

Given this, staff will not be proceeding with a PARIP Call for Applications in 2024.

3. Future Considerations for PARIP and Housing Incentives Generally

a) Recognition of the need for housing incentives

The need for incentives to support specific housing objectives is increasingly recognized across all levels of government. With Bill 23, More Homes Built Faster Act, 2022, the Province introduced changes that reduced municipal fees and charges to support rental, non-profit, and affordable housing development.

On September 14, 2023, the Government of Canada announced 100% GST relief and removal of existing phase-out thresholds for new purpose-built rental projects. As identified in the announcement, it is estimated that a two-bedroom rental unit with a value of \$500,000 would receive tax relief worth \$25,000. In November 2023, it was announced that the Province of Ontario would also be removing the Provincial portion of the Harmonized Sales Tax on new purpose-built rental, further supporting the sector.

Local municipalities are pursuing Housing Accelerator Funding, a Federal funding program worth \$4 billion across Canada. The City of Brampton has been allocated \$114 million to support a range of housing initiatives, including the development of a Housing Incentive Program. Similarly, the City of Mississauga has been allocated \$112.9 million from the Housing Accelerator Fund.

It is encouraging to see this stronger focus on incentives; however, work must continue to coordinate the various forms of funding and relief to maximize impact. This includes seeking opportunities to stack regional and local incentives. In the context of the 2023 round of the PARIP, local municipal staff, in both planning and development services, were provided the opportunity to review submissions. Relevant initiatives and incentives from other levels of government have been considered to the extent possible.

b) Administering affordable rental units approved through PARIP

Occupancy began in January this year in the first project approved through the Region's incentives program. To ensure that the units remain affordable for the entirety of the agreed-upon affordability period (minimum of 25 years), a process for monitoring the

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ongoing affordability and tenant household income is being established, with an annual self-reporting component by successful proponents as well as an audit function by Peel Region. This ongoing administration of the PARIP is anticipated to continue to be the responsibility of the Housing Services Division within Peel Region.

RISK CONSIDERATIONS

The passing of the *Hazel McCallion Act (Peel Dissolution), 2023* on June 8, 2023, formalized a plan to dissolve the Region of Peel effective January 1, 2025. On December 13, 2023, the provincial government announced that Peel will not be dissolved, and that new legislation will be passed in 2024 to repeal or amend Bill 112. Until new legislation is passed, no implications can be determined.

Programmatically, there is an inherent risk associated with recommending funding for projects that may still require various planning and permitting approvals. There is also the possibility that proponents for recommended projects may decline the PARIP funding at a future time, for example if the financial circumstances of their project change. These risks are mitigated by the fact that in most cases, the funding will not be advanced until the full building permit has been achieved, at which point the project is significantly more likely to advance.

BILL 112 RISKS AND IMPLICATIONS

On June 8, 2023, the Province passed Bill 112, *the Hazel McCallion Act (Peel Dissolution), 2023* that will dissolve the Region of Peel and make the Cities of Brampton and Mississauga and the Town of Caledon single-tier municipalities, effective January 1, 2025. The legislation provides for the establishment of a Transition Board to make recommendations on implementing the restructuring.

On December 13, 2023, the Province announced that legislation will be introduced in early 2024, that, if passed, would mean Peel Region will not be dissolved and would also recalibrate the mandate of the Transition Board to focus on options to support building more homes faster and improve local service delivery. Details of the proposed legislation, including matters as they relate to existing Regional roles and responsibilities are not known at this time and are to be addressed in future reporting to Regional Council.

FINANCIAL IMPLICATIONS

There is no budget impact as a result of this report. Funding the affordable housing projects identified in this report will fully utilize the \$15.62 million of the previously approved budget funding for the PARIP.

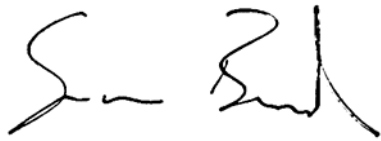
CONCLUSION

Following the 2023 PARIP Call for Applications, staff are recommending Regional Council pass site-specific by-laws to enable funding three projects from the 2023 PARIP Call for Applications using the full amount of the previously approved budget.

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APPENDICES

Appendix I – 2023 PARIP Guidelines and Application Requirements – Evaluation Criteria



Sean Baird, Commissioner of Human Services

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