
REPORT TITLE: **Administration of Below-Market Housing Units Secured by Local Municipalities**

FROM: Steve Jacques, MScPI, MCIP, RPP, Commissioner of Human Services

RECOMMENDATION

- 1. That the Below-Market Housing Administration Program as set out in the report of the Commissioner of Human Services, listed on the November 13, 2025, Regional Council agenda titled “Administration of Below-Market Housing Unit Secured by Local Municipalities”, be approved; and**
- 2. That staff proceed with the necessary steps for implementation as outlined in the report; and**
- 3. That the Director of Housing Services be delegated authority to enter into and execute agreements with local municipalities, developers, or property managers for the purposes of administering the subject Below-Market Housing Administration Program on business terms satisfactory to the Director of Housing Services, and on legal terms satisfactory to the Regional Solicitor and Commissioner of Legislative Services; and**
- 4. That a copy of the subject report be forwarded to the City of Brampton, the City of Mississauga, and the Town of Caledon.**

REPORT HIGHLIGHTS

- Local municipalities are securing below-market housing units through planning tools and incentives, with the first set of units from the City of Mississauga anticipated in 2026–2027.
- Peel Region, as Service Manager under the *Housing Services Act, 2011*, is well suited to deliver an administration model that supports residents, local municipalities, and developers.
- The proposed Below-Market Housing Administration Program is anticipated to proceed in two phases, aligned with resource availability and program needs.
 - Phase I will launch in 2026 using existing resources and an interim technology solution to be funded within the existing Housing Support budget, with no net impact.
 - Phase II will be based on Phase I learnings and is expected to require technology investments. A review of required staff resources will also be completed in concert with a fulsome review of the service. Any additional resources, should they be required, would be brought forward through future budget processes.

DISCUSSION

1. Background

Administration of Below-Market Housing Units Secured by Local Municipalities

Local municipalities in Peel are working to secure below-market rental and ownership units through various planning policies, tools, and incentives to increase housing options for low- and moderate-income households. Inclusionary Zoning (IZ) is a planning tool under the *Planning Act* that allows municipalities to require a portion of newly built residential units in protected major transit areas (PMTSAs) to be set aside at affordable rates. These units are allocated for affordable housing for up to 25 years, with provincial legislation capping residential unit set-asides at 5 per cent per building.

The City of Mississauga is anticipating approximately 80 units secured through IZ by 2027, with more units expected thereafter, depending on market conditions. The City of Brampton is developing its IZ by-law, with Peel staff providing support. The Town of Caledon is not planning to introduce an IZ policy or by-law at this time.

Community Improvement Plans (CIPs) are another planning tool used by local municipalities to increase below-market housing options by providing financial incentives. The City of Mississauga and the City of Brampton are currently implementing city-wide CIP programs. The City of Mississauga is incentivizing approximately 370 below-market units, while the City of Brampton is supporting the development of 92 below-market units by non-profits, with both municipalities targeting 2027 building permits. Peel staff are monitoring updates from the Town of Caledon regarding potential CIP investments.

Local municipalities have also secured below-market units through the development application review process. The City of Mississauga has negotiated 22 units by 2027, with more units expected to follow. Additional below-market units may also come onstream through the activities of the newly launched Build Canada Housing agency.

This report seeks Council approval to establish a Below-Market Housing Administration Program and to grant delegated authority for Peel to enter into the necessary legal agreements to support the administrative program.

2. Proposed Role for Peel Region

Regional Council approved Peel's administrative role in principle in 2022 under Resolution 2022-433. Work was temporarily paused in 2023 following changes introduced through Bill 23. Staff are once again bringing the program forward for approval as local municipal partners advance their planning tools and incentives.

While local municipalities in Peel Region are uniquely positioned as the planning authority to secure below-market housing commitments, there remains a clear need for an administrator to ensure equitable access and manage occupant turnover. Local municipalities and developers have identified limited administrative capacity and experience in this area.

As the service manager under the *Housing Services Act, 2011*, Peel is well positioned to provide administration support, leveraging its expertise in working with developers, landlords, and residents. By serving as the default administrator for below-market units secured through the development approvals process, Peel can create certainty for municipalities, development proponents, and residents, enhancing efforts to increase below-market housing. Non-profit organizations that demonstrate sufficient administrative capacity may continue to manage their units, under the oversight of the local municipality.

3. Benefits of Centralized Administration for Peel Region

As an administrator, Peel Region would establish a centralized and transparent system that benefits both residents and developers. A one-window model provides a clear pathway for residents to access below-market housing, and promotes fairness by standardizing how units are marketed, allocated, and managed. For developers, Peel's involvement can reduce

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administrative burden while maintaining accountability. In prior discussions, developers expressed concerns about managing these units themselves due to the complexity of regulatory requirements. By collaborating with local municipalities, Peel strengthens oversight and reporting to support the effective implementation of planning tools and incentives.

Furthermore, this program delivers on the third pillar of the Peel Housing and Homelessness Plan 'Maximize planning tools and incentives', including working with municipal partners to develop policies and incentives that support new affordable units and a mix of housing types.

4. Peel's Proposed Administration Model

A review of prevailing practices in other jurisdictions indicates that government oversight is essential in ensuring equitable access to below-market units. In programs with stronger outcomes, developers are not responsible for constructing and administering below-market units. Instead, a government role in administration has led to more equitable outcomes.

Staff recommend that Peel Region establish a Below-Market Housing Administration Program to serve as the central administrator for below-market units secured through local municipal planning tools and incentives. The recommendation is informed by consultations with local municipal staff, discussions with developers, and engagement with other jurisdictions.

The program will target moderate-income households (generally in the 4th–6th deciles, \$53,193 - \$101,003 household income) based on eligibility criteria established by local municipalities. It also builds on Peel's existing expertise and capacity as service manager primarily supporting low-income households. This represents a timely expansion of responsibilities as local municipalities work to increase housing options for moderate-income households.

Staff's proposed model balances stakeholder priorities by ensuring units reach their intended population, minimizing administrative burdens for developers, providing residents with an accessible point of entry to below-market housing, and enabling Peel to administer units equitably and based on demonstrated need while maintaining accountability.

This program is designed to:

- Provide a single, transparent point of access for residents and property managers.
- Administer units across tenures (rental and ownership), affordability levels, and affordability terms.
- Implement local municipal policy requirements, including applicant income thresholds, while remaining adaptive as municipal policies evolve.
- Report to Council on key results, emerging gaps, and overall program performance

Implementation will begin with below-market rental units secured by the City of Mississauga (anticipated 2026–2027). Staff will continue supporting City of Brampton on their CIP program and IZ work, while engaging the Town of Caledon on its planning policies and incentives.

a) Proposed Program Objectives and Guiding Principles

The program is anchored in guiding principles of transparency and accountability in access and oversight of units, equity and sustainability in housing access, partnership and collaboration, and centralized service delivery. These principles translate into the following program objectives:

- Administer below-market housing options for eligible households.

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- Preserve full-term affordability through regulation and turnover management.
- Alleviate system pressures by prioritizing households based on financial need.
- Promote housing stability by aligning selection practices with affordability standards.
- Align program processes with the Peel Housing and Homelessness Plan, and other Regional housing policies.

b) Peel's Proposed Administrative Role

Staff have established proposed processes for the administration of rental units upon initial occupancy and turnover (see Appendix I). Key functions include:

- **Marketing:** Peel will advertise below-market opportunities across the region, providing information on unit specifications and application requirements.
- **Application Intake:** Applications will be collected through a standardized process, ensuring that eligible households in Peel's system are notified of the opportunity.
- **Eligibility Review and Unit Matching:** Applications will be reviewed, prioritized based on need, and matched to appropriate units in line with local and regional requirements.
- **Documentation Review and Referral:** Applicant eligibility will be confirmed, and developers or property managers will receive a shortlist from Peel staff to support timely tenant selection.
- **Turnover Management:** Peel will support full-term affordability by providing updated applicant shortlists when advised that units have become vacant.

c) Legal and Privacy Considerations

To enable program implementation, staff are requesting Council authority to enter into the necessary agreements that establish Peel's role and protect applicant information.

Staff recommend granting delegated authority for the purpose of entering and executing agreements as necessary to facilitate the Below-Market Housing Administration Program. These agreements may include memoranda of understanding, service level agreement, data sharing agreements with local municipalities, developers or property managers.

d) Technology Considerations

To meet 2026 construction timelines in the City of Mississauga, staff will implement the program with an interim technology solution, utilizing manual tools. This will enable Peel to launch the administration model on schedule while laying the groundwork for a future comprehensive technology solution.

Developing a full-scale technology solution remains a priority, but it requires identifying sustainable funding, defining detailed system requirements, and forecasting unit volumes as municipalities expand housing incentives and tools. Utilizing an interim technology solution enables staff to gather practical insights into operational needs and return to Council with informed recommendations for a long-term system.

RISK CONSIDERATIONS

a) Fragmented system without centralized administration

Without a centralized system, residents, non-profits, and developers would face a patchwork process with varying rules across municipalities and developments. Eligible households may lack a clear point of access, while municipalities, developers, and non-profits expend limited

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resources on duplicative administration. For private developers and non-profits with limited capacity, this could discourage participation in municipal policies and incentive programs.

Mitigation: Staff propose a centralized administration program to provide a single point of access, reduce duplication, and ensure a fair, consistent process across the Region.

b) Reliance on planning tools and market conditions

Peel's administration is contingent on municipal planning tools and provincial legislation. The program's success relies on sustained municipal participation and consistent unit growth through planning tools and incentives. Rising construction costs, tariffs, and economic uncertainty also introduce risks of project delays.

Mitigation: Staff will continue to monitor policy and market conditions, work closely with municipal partners, and adapt the administrative framework as required.

c) Limited duration of affordability

Current provincial legislation limits IZ affordability periods to 25 years. Brampton and Mississauga have also set 25-year affordability terms for residential units secured through CIPs. Once these terms expire, units may revert to market prices, placing occupants at risk of precarious housing situations and creating pressure on Peel to provide additional supports.

Mitigation: Peel Region or affordable housing providers may acquire below-market units from developers to preserve affordability beyond the 25-year period. This may help ensure long-term stability for households and protect both public and private investments in affordable housing. In addition, advocacy can be undertaken to local municipalities and the Province to extend affordability periods for below-market units.

d) Developer participation and program uptake

Peel will serve as the default administrator for below-market units unless a developer can demonstrate a stronger alternative plan to the local municipality and the Region. There is a risk of underutilization of the Below-Market Housing Administration Program if developers pursue or are granted alternative pathways, such as self-administration. Reliance on manual technology in initial implementation may impact efficiency and developer confidence.

Mitigation: Staff have designed a streamlined process to minimize burden on developers. As unit volumes grow, Peel and its municipal partners must invest in a comprehensive technology solution to enable faster administration and strengthen confidence in the program.

FINANCIAL IMPLICATIONS

The proposed Below-Market Housing Administration Program is anticipated to proceed in two phases, aligned with resource availability and program needs. Phase I will launch in 2026 using existing resources and an interim technology solution to be funded within the existing Housing Support budget, with no net impact.

Phase II will be based on Phase I learnings and is expected to require technology investments. A review of required staff resources will also be completed in concert with a fulsome review of the service. Any additional resources, should they be required, would be brought forward through future budget processes.

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While Peel is well positioned to assume this administrative role, it is not mandated under the *Housing Services Act, 2011* and no dedicated revenue stream currently exists to offset costs.

CONCLUSION

Regional administration of below-market housing units secured by local municipalities can create a one-window opportunity for eligible residents to access housing that is more affordable. This approach builds on existing capacity and expertise within the Region, minimizes duplication with local municipalities, provides certainty for developers, and supports efforts to secure below-market housing units through an investor-led for-profit housing supply expansion approach.

APPENDICES

Appendix I - Proposed Process for Rental Units – Initial Occupancy and Turnover



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