Monday, September 22, 2025

Chair Nando Iannicca and Members of Council
Regional Municipality of Peel
10 Peel Centre Drive Brampton, ON, L6T 4B9 Re:

RE: Agenda Item 17.3 Affordable Housing Property Tax Subclass September 25th ,2025

Dear Chair Iannicca and Members of Council,

I am writing to express concern over granting developers a 35% property tax reduction for 35 years on new rental buildings by creating a new property subclass. While increasing rental housing is important, this method is not in the best interests of residents.

> Including the subclass reduction in the tax rate calculation process will create shifts in the property tax burden away from the subclass and onto the other property classes, primarily residential, as well as other multi-residential and new multi-residential properties, which are not subject to subclass reduction. Furthermore, there will be a shift in the Region's levy apportionment between the local municipalities depending on where the developments are located. The overall magnitude of the impacts and shifts in tax burden will depend on the amount of assessment added to the subclass, the extent of the tax reduction, and the location of the subclass properties within Peel Region. – *Except from Affordable Housing Property Tax Subclass Report -D Valeri, CFO & Commission of Corporate Services*

The proposed tax subclass offers developers of new rental buildings a one-third cut in property tax bills for three and a half decades. This represents a significant long-term subsidy to private development, one that deserves scrutiny in terms of public interest.

While incentivizing rental construction is a valid goal, a 35% property tax discount for 35 years carries heavy costs for municipal finances. Property taxes fund local services like transit, roads, parks, and emergency services. Forgoing 35% of the tax revenue from each new rental building for decades could substantially reduce the funds available for these services in the long run.

Another consideration is fairness between new and existing rental stock. Older apartment buildings in Peel do not enjoy such hefty tax discounts. Giving new builds a 35% tax break for decades could inadvertently reward new upscale rentals while neglecting older, more affordable housing stock.

Owners of existing rentals (some of which offer more affordable rents than brand-new units) might feel incentivized to sell/redevelop rather than compete. This could indirectly put upward pressure on rents in older buildings if their owners justify increases by pointing to their higher tax burden relative to new builds.

The 35-year term is overly generous and overshoots the timeframe when developers need help. The Building Industry and Land Development Association (BILD), which represents GTA developers, has acknowledged an approximate 20-year timeline for a rental building's initial debts to be paid down and the project to start showing profits. If a rental building typically reaches its break-even point and starts generating profit around year 20, then years 21 through 35 under the Peel tax subclass would effectively be pure gravy for the landlord. The building would be fully stabilized, likely appreciating in value, and potentially refinanced or sold at a profit well before year 35, yet it would still enjoy a one-third tax reduction during all those profitable years. A shorter tax holiday (for example, 10 or 15 years) or a declining discount that phases out by year 20 could be argued as sufficient to bridge the gap to profitability. Extending the discount to 35 years risks simply boosting long-term profits for landlords at the direct expense of public revenues, long after the initial investment has paid off.

The tax break would siphon off millions in public revenue over time. Money that could otherwise fund community needs. A decades-long subsidy of this size, benefiting private developers, means fewer resources for infrastructure, transit, parks, and services that improve quality of life for everyone. The scale of the giveaway is enormous: a single mid-sized rental building might receive tax discounts worth tens of millions over 35 years. Multiplied across many projects, this tax break could starve the municipality of funds or push the burden onto existing taxpayers. It's essentially a 35-year tax burden shift from developers onto the public. Once granted, this kind of incentive sets a precedent – other developers will expect similar or greater concessions, and it may be politically difficult to scale back. Of additional concern is the current draft bylaw presented today as Appendix 1 does not have an end date for this 35% tax reduction incentive.

Other municipalities have pursued more balanced or conditional incentive programs; Better models or lessons can be learned from Vancouver, Ottawa, Toronto and Calgary.

While increasing rental housing is a valid objective, the proposed 35%-for-35-year tax break needs to be reconsidered. It requires residents to bear a significant financial burden, with minimal assurance of public benefit in terms of affordability or supply.

As a concerned resident, I urge this Council to oppose this generous tax break in its current form. Demand revisions that shorten the incentive term and target the relief to truly affordable housing projects or explore alternative strategies that don't mortgage our future revenues. We need housing solutions that are financially sustainable and socially equitable. Handing out 35-year tax holidays to developers appears fiscally irresponsible and fails your residents in the long-term. I respectfully ask that you consider the long-term interests of your residents and reconsider this property subclass before it's implemented.

Respectively,

Kim Pines

Kim Pines
Mississauga Resident
Ward 3