



## Increasing Non Profit Housing Opportunities: Results of the Ontario Priorities Housing Initiative RFP

**Date:** November 26, 2019  
**To:** Planning and Housing Committee  
**From:** Executive Director, Housing Secretariat  
**Wards:** Wards 4, 11, 13, 14

### SUMMARY

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This report provides a summary of the results of a recent Request for Proposals (RFP) process for allocation of federal/provincial funding under the Ontario Priorities Housing Initiative (OPHI). The report recommends City Council approval of incentives through the Open Door Affordable Housing Program to support the delivery and operation of the new affordable rental homes.

Through the City's 2019 OPHI funding allocation, a total of \$17.9 million in capital funding will be allocated to non-profit organizations to support the development, acquisition, or renovation of 292 non-profit apartment units and rooming house dwelling rooms in 20 buildings.

The OPHI RFP process was conducted by the City's Housing Secretariat between September and October 2019. The RFP offered funding to the non-profit housing sector to support affordable rental housing development and rooming house renovations. The acquisition of existing rooming houses was also eligible under the rental housing development component. The rooming house renovation component is being delivered under the Toronto Renovates Program.

A total of 14 submissions were received and evaluated by staff from the Housing Secretariat and Shelter, Support and Housing Administration (SSHA) Divisions with support from Legal Services and City Planning. Under delegated approval authorities provided by City Council in July 2019, five proponents and projects representing 110 homes have been approved by staff under the rental housing development/acquisition component, and four proponents with 15 rooming house projects including 182 rooms will be funded under the Toronto Renovates component.

In addition to these nine approved non-profit submissions, this report recommends pre-development funding for Dixon Hall Neighbourhood Services who was unsuccessful through the RFP process. The pre-development funding will assist Dixon Hall in

advancing work so that it can pursue funding through other programs, including future City proposal calls, to repair and modernize 42 rooming house dwelling units located at 502-508 Parliament Street. These properties are currently owned by Toronto Community Housing Corporation (TCHC) and are intended to be transferred to Dixon Hall in the future as part of the City's Tenants First initiative.

## **RECOMMENDATIONS**

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The Executive Director, Housing Secretariat recommends that:

1. City Council authorize the Executive Director, Housing Secretariat, to exempt the developments described in Chart A in the Financial Impact section of this Report from the payment of development charges, building, planning and parkland dedication fees.
2. City Council authorize an exemption from taxation for municipal and school purposes for the developments and for the periods of time described in Chart B in the Financial Impact section of this Report.
3. City Council authorize City staff to cancel or refund any taxes paid after the effective date of the municipal housing facility agreement (the City's Contribution Agreement).
4. City Council authorize the Executive Director, Housing Secretariat, to negotiate and enter into, on behalf of the City, a municipal housing facility agreement (the City's Contribution Agreement) with the not for profit housing providers of the developments described in Chart A in the Financial Impact section of this Report or related corporations, and any other agreements or documents necessary, to secure the financial assistance and to set out the terms of the development and operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer & Treasurer and General Manager, Shelter, Support and Housing Administration, in a form approved by the City Solicitor.
5. City Council authorize the General Manager, Shelter, Support and Housing Administration, in consultation with the Executive Director, Housing Secretariat, to make the necessary budget adjustments to the Approved 2019 City Operating Budget, and recommended 2020 City Operating Budget for Shelter, Support and Housing Administration, to utilize and spend \$17,922,056.00 (net \$0) affordable housing funding from the capital allocation from the Ontario Priorities Housing Initiative Program, with future year requests subject to Council approval through the annual budget process.
6. City Council authorize the Executive Director, Housing Secretariat, to negotiate and enter into, on behalf of the City, a pre-development agreement

with Dixon Hall Neighbourhood Services for an amount not to exceed \$50,000.00 for the purpose of conducting pre-development activities from the City's Development Charges Reserve Fund for Subsidized Housing (XR2116), on terms and conditions satisfactory to the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer & Treasurer and General Manager, Shelter, Support and Housing Administration, in a form approved by the City Solicitor.

7. City Council approve an increase to the 2020 Recommended Operating Budget for Shelter, Support and Housing Administration, in coordination with the Executive Director, Housing Secretariat, cost centre FH5417, of \$50,000 gross, \$0 net for affordable housing at 502-508 Parliament Street, funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116);
8. City Council authorize severally each of the Executive Director, Housing Secretariat and the General Manager, Shelter, Support and Housing Administration to execute, on behalf of the City, any security or financing documents or any other agreements or documents required to secure the financial assistance proposed or facilitate the funding process, for the developments described in Charts A, C and D in the Financial Impact section of this Report, or related corporations for construction, renovations, and to secure conventional financing, where required, including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the agreements with the City, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by Council.

## **FINANCIAL IMPACT**

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This report recommends that City Council provide approximately \$959,122.00 in financial incentives for the non-profit housing projects funded under the Ontario Priorities Housing Initiative (OPHI) described in Chart A below under the terms of the Open Door Affordable Rental Housing Program.

Capital funding for these projects is being provided through the City's 2019 allocation of federal/provincial funding from the Ontario Priorities Housing Initiative (OPHI). City Council authorized the city's participation in the OPHI in July 2019, through item PH7.6. Council also provided staff with delegated authority to make funding allocations to community housing providers under the program. The OPHI provides both operating and capital affordable housing funding and is largely a continuation of the federal/provincial Investment in Affordable Housing Program.

The City's Housing Secretariat made OPHI funding available to the non-profit sector for affordable rental housing development and rooming house renovations through a

request for proposals. The acquisition of existing rooming houses was eligible under the rental housing development component. The rooming house renovation component is being delivered under the Toronto Renovates program.

The City's 2019 OPHI funding allocation will provide \$17,922,056.00 in capital funding to support the development, acquisition, or renovation of 292 non-profit apartment units and rooming house dwelling rooms in 20 buildings, under the Ontario Priorities Housing Initiative (OPHI).

The City rental housing incentives recommended in this report support 110 affordable homes in five housing developments, as summarized at Chart A below. The number of homes and incentive amounts are based on the best available data at this time. The Housing Secretariat will report to Council in the future should the actual value of the incentives exceed the estimates approved by Council through this report.

The incentives available through the City's Open Door Affordable Rental Housing Program include relief from development charges, building permits, planning fees and municipal property taxes. The total of these incentives for the developments recommended in this report is approximately \$959,122.00 as detailed in Chart A below. These incentives are not a direct capital payment by the City but foregone revenues that the City waives or forgives. The values in Charts A and B are based on the City's 2019 fees, charges and tax relief estimates.

Municipal property tax relief is recommended for the affordability term of the new rental homes, however, tax relief is not available for existing rental housing. The total value of the City incentives includes an estimated net present value of these taxes for the affordability period. Ongoing municipal property tax exemption is conditional upon compliance with the terms and conditions of the City's Contribution Agreement with each proponent.

The value of annual property tax exemptions associated with these developments is estimated at \$38,812.00 at current 2019 rates. The net present value over the various agreement terms of the developments (from a minimum of 30 years to 99 years), included in Chart B below, is estimated at \$870,328.00.

**Chart A: Financial Details of Recommended Rental Housing Development / Acquisition Projects**

Organization	Project Address	Ward	Affordable Homes	OPHI Funding	Estimated Fees & Charges Exemptions	Estimated Net Present Value of Property Tax Exemption
Riverdale Co-operative Houses Inc.	685 Queen St. E.	14	26	\$3,900,000	\$1,369,303*	\$821,721*

Organization	Project Address	Ward	Affordable Homes	OPHI Funding	Estimated Fees & Charges Exemptions	Estimated Net Present Value of Property Tax Exemption
Accommodation, Information & Support Inc. (AIS)	1072-1080 Bathurst St.	11	2	\$274,427	\$58,615	\$29,896
WoodGreen Community Housing Inc./ The Daniels Corporation	25 Nicholas Ave.	13	34	\$5,100,000	\$0	\$720,847
Parkdale Activity – Recreation Centre (Toronto) (PARC)	1501 Queen St. W.	4	38	\$5,000,000	\$23,858	n/a
COTA Health	33 Beatty Ave.	4	10	\$1,963,609	\$6,321	\$119,585
<b>Totals</b>			110	\$16,238,036	\$88,794	\$870,328

\* These contributions were previously approved through the 2019 Open Door Call for Applications (PH8.3) and are not included in the related totals above.

### Chart B: Annual and Net Present Value of Property Taxes for Recommended Developments

Organization/ Company Name	Agreement Term (yrs)	Property Tax	City	Education	City Building	Total
Accommodation, Information & Support Inc. (AIS)	99	<i>Annual</i>	\$1,120	\$399	\$5	\$1,525
		<i>NPV</i>	\$21,960	\$7,829	\$107	\$29,896
WoodGreen Community Housing Inc./ The Daniels Corporation	40	<i>Annual</i>	\$22,907	\$8,167	\$112	\$31,186
		<i>NPV</i>	\$529,485	\$188,780	\$2,582	\$720,847

Organization/ Company Name	Agreement Term (yrs)	Property Tax	City	Education	City Building	Total
Riverdale Co-operative Houses	99	<i>Annual</i>	\$19,133*	\$6,822*	\$93*	\$26,048*
		<i>NPV</i>	\$603,580*	\$215,198*	\$2,943*	\$821,721*
COTA Health	30	<i>Annual</i>	\$4,481	\$1,598	\$22	\$6,101
		<i>NPV</i>	\$87,839	\$31,318	\$428	\$119,585
<b>Total</b>		<i>Annual</i>	\$28,508	\$10,164	\$139	\$38,812
		<i>NPV</i>	\$639,284	\$227,927	\$3,117	\$870,328

\* These tax exemptions were previously approved through the 2019 Open Door Call for Applications (PH8.3) and are not included in the related totals above.

The OPHI rooming house renovation component is being delivered under the Toronto Renovates program. Four non-profit proponents will fund renovations to 15 licensed rooming houses with a total of 182 rooms under the Toronto Renovates Program using OPHI funding as detailed in Chart C below.

#### Chart C: Financial Details of Recommended Toronto Renovates Component Projects

Organization	Project Address	Ward	Affordable Homes	OPHI Funding
St. Michael's Homes	234-236 Carlton St.	13	23	\$624,020
Ecuhome Corporation	11 properties	Various	79	\$414,000
LOFT Community Services	437 Sherbourne St.	13	8	\$146,000
Young Women's Christian Association of Greater Toronto (YWCA)	80 Woodlawn Ave. East	14	72	\$500,000
<b>Total</b>			182	\$1,684,020

This report also recommends that City Council allocate \$50,000 in City funding from the Development Charges Reserve Fund for Subsidized Housing (XR2116) to Dixon Hall Neighbourhood Services. This funding is recommended to be provided for pre-development purposes for the properties at 502-508 Parliament Street. These homes are owned by Toronto Community Housing Corporation but are under contract to Dixon Hall Neighbourhood Services. The buildings are vacant and in such poor condition they are slated for closure. The recommended pre-development funding is intended to prepare Dixon Hall for future renovation funding opportunities. The uncommitted

balance of the Development Charges Reserve Fund is sufficient to accommodate this cost.

If approved, the transfer of \$50,000.00 will require an increase of \$50,000.00 gross and \$0 net to the 2020 Staff Recommended Operating Budget for Shelter Support and Housing Administration.

#### **Chart D: Non-Profit Predevelopment Funding Recommended**

<b>Organization</b>	<b>Address</b>	<b>Affordable Homes</b>	<b>Funding</b>
Dixon Hall Neighbourhood Services	502-508 Parliament St.	42	\$50,000

As funding for affordable housing initiatives is administered by the Shelter, Support and Housing Administration Division (SSHA) on behalf of the Housing Secretariat, all above funds will flow through the SSHA's Operating Budget.

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this program for review as part of the 2020 budget process.

### **EQUITY IMPACT STATEMENT**

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Access to safe, secure, affordable housing in all parts of Toronto is a fundamental goal of the City's 10-year Housing Opportunities Toronto (HOT) Action Plan 2010-2020. The provision of new affordable housing is also a goal of the City's Poverty Reduction Strategy.

The HOT Action Plan 2010-2020 also supports the provision of a mix of housing opportunities and the creation of affordable housing in mixed-income, inclusive and complete communities.

The non-profit projects recommended in this report will serve Indigenous persons, people experiencing homelessness, low-income seniors, people with disabilities and those struggling with mental health and addiction challenges, in addition to lower-income households of various sizes.

Creating affordable homes for Toronto residents improves their economic and social well-being, and contributes to more inclusive communities and a more equitable city.

### **DECISION HISTORY**

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On August 5 and 6, 2009, City Council adopted EX33.47 Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020 as the plan to address Toronto's

affordable housing challenges over 10 years. The City Council Decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.47>

City Council on July 16, 17 and 18, 2019, adopted PH7.6 Activating Federal/Provincial Funding to Increase Housing Options for Toronto Residents to authorize staff to enter into a Transfer Payment Agreement with the Ministry of Municipal Affairs and Housing and participate in the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative. This item provided delegated authority to the General Manager, Shelter, Support and Housing Administration, or the Executive Director, Housing Secretariat, to enter into agreements with community housing providers to deliver the programs. The City Council Decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH7.6>

## COMMENTS

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### ***2019 OPHI Request for Proposals***

City Council approved the City's participation in the Ontario Priorities Housing Initiative (OPHI) in July 2019 and the City's Housing Secretariat delivered an OPHI capital funding RFP in September/October 2019. The RFP made OPHI capital funding available to the non-profit sector alongside with City of Toronto Open Door Affordable Rental Housing Program incentives. City Council provided delegated authority to staff to make OPHI funding allocations, so this reports recommendations relate to Open Door Program incentives only.

The OPHI includes both operating and capital funding components. The operating component provides for housing allowance/rent supplement programs to make rents more affordable for tenants in existing rental buildings, and support services funding. The three capital components are: new non-profit rental housing construction and acquisitions, affordable housing repair funding and home-ownership loan funding.

The City's RFP solicited proposals from non-profit groups under the Rental Housing Development Component and the Toronto Renovates Component. To be eligible, rental development proposals were required to be either new affordable rental housing construction, conversion of non-residential buildings to rental housing, or the acquisition of existing rooming houses or similar properties. Toronto Renovates funding was made available for the renovation of licensed rooming houses, vacant rooming houses where a license had lapsed, or proposed new rooming houses with single room occupancy eligible to receive a license and building permits.

Affordable rental housing was defined in the RFP according to the OPHI Guidelines, as housing where the total monthly shelter cost is at or below 80% of Toronto's average market rent (AMR) by unit type, as reported by Canada Mortgage and Housing Corporation.

Approved projects under the Rental Housing Development Component are required to develop a Tenant Access Plan and follow the City's requirements for tenant selection,



income verification, reporting, and overall administration of the affordable rental homes. Future residents will be chosen through the City's Housing Access System.

### ***Results of the OPHI RFP***

A total of 14 proposals were submitted to the City; eight under the Rental Housing Development Component and six under the Toronto Renovates Component. Three proposals were ineligible under provincial Program Guidelines. The remaining 11 proposals were assessed by an interdivisional review committee of staff from the Housing Secretariat, City Legal, and Shelter Support & Housing Administration. Planning approvals were confirmed to ensure the ability to meet provincially-mandate timelines.

Proposals were assessed and scored on the basis of the RFP's Evaluation Criteria, which included: affordability details (including size and mix of units, term of affordability and rent levels), development and management qualifications and plans, housing design and development schedule, corporate financial viability and capital and operating budgets. To be successful, applications were required to score a minimum of 70 points out of 100.

Five proposals with a total of 110 rental units were approved under the Rental Housing Development Component. Three proposals are for new construction and two are acquisitions of existing properties. These proposals have been allocated OPHI funding of \$16,238,036 and are recommended for City incentives valued at approximately \$959,122 by this report.

Under the Toronto Renovates Component, OPHI funding in the amount of \$1,684,020 will support four non-profit proponents to fund renovations to 15 licensed rooming houses with a total of 182 dwelling rooms/units.

The rental homes recommended in this report will be affordable to a range of households of varying incomes and sizes. The rooming house dwelling rooms will be affordable for households with annual incomes ranging from \$15,000-\$29,000; bachelor apartments will be affordable for households with incomes of \$25,000 to \$49,000; one bedroom apartments for households with \$35,000 to \$60,000 incomes; and two bedroom apartments for households with incomes of \$47,000 to \$71,000. In addition, a minimum of 10% of the homes are targeted towards lower-income households in receipt of housing benefits from the City that will further reduce rents and improve affordability.

The non-profit proponents approved for OPHI funding have committed to providing the funded housing at affordable rents for terms between 30 and 99 years.

### ***Rooming House Pre-Development Funding***

In recognition of the importance of long-term affordable, non-profit community housing, this report also recommends that City Council allocate \$50,000 in City funding from the Development Charges Reserve Fund for Subsidized Housing (XR2116) to Dixon Hall Neighbourhood Services. This funding is recommended for pre-development purposes

for the properties at 502-508 Parliament Street. These homes are owned by Toronto Community Housing Corporation but are under contract to Dixon Hall Neighbourhood Services. The buildings are vacant and in such poor condition they are slated for closure. The pre-development funding is intended to prepare Dixon Hall for future renovation funding opportunities.

The recommended pre-development funds will be available subject to Dixon Hall's submission of a business plan to the Executive Director, Housing Secretariat. The funds can be used to revise and advance plans at 502-508 Parliament Street by, for example, refining architectural plans and undertaking required technical studies. Housing Secretariat staff will be assigned to assist Dixon Hall and their development team.

### ***Conclusion***

The financial contributions available to the City under the Ontario Priorities Housing Initiative will enable the development, acquisition, or renovation of 292 non-profit apartment units or dwelling rooms in 20 buildings. Subject to City Council's approval of this report, City property tax exemptions will enable lower rents and long-term affordability for the new rental homes created, and City fees and charges relief will provide financial support for the proponents' capital budgets.

In the context of Toronto's expensive housing market, these homes will reduce financial pressures on lower-income families and individuals, and contribute to inclusive, mixed-income communities. Toronto's forthcoming 10-year housing plan, HousingTO 2020-2030 Action Plan, will build on these foundations to improve housing opportunities and outcomes for people across the housing spectrum.

### **CONTACT**

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### **SIGNATURE**

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