

ATTACHMENT 1 - Multi-Unit Residential Acquisition (MURA) Program Details

Program Goals and Objectives

The MURA Program is a non-market, public and community-based rental acquisitions strategy to preserve the existing supply of affordable rental housing in the city. The Program will provide dedicated funding to facilitate the purchase and conversion of at-risk private market rental housing to create permanent affordable homes owned by non-profit and Indigenous housing organizations, including community land trusts. The MURA Program will also support the City of Toronto to purchase at-risk market rental properties which will be operated by non-profit and Indigenous housing providers as affordable rental housing long term.

The main objectives of the Program are to:

- Remove properties from the speculative housing market and create permanently affordable rental homes through non-profit, Indigenous and public ownership;
- Increase housing stability for current and future tenants;
- Improve the physical conditions of buildings;
- Increase capacity in the non-profit and Indigenous housing sector through the acquisition, conversion/renovation and operation of affordable rental housing long term; and
- Ensure the long-term financial sustainability of the homes.

The MURA Program will support a number of key strategic actions in the HousingTO 2020-2030 Action Plan's including:

- Prevent homelessness and improve pathways to housing stability;
- Maintain and increase access to affordable rents;
- Ensure well-maintained and secure homes for renters; and
- Increase the supply of affordable housing 'For Indigenous, By Indigenous'.

Key Program Partners

Non-Profit and Indigenous Housing Providers:

The MURA Program's success is dependent on strong partnerships with non-profit and Indigenous housing organizations, including community land trusts. These organizations will acquire, renovate and operate the former at-risk market rental properties as affordable rental housing in perpetuity.

In the case of strategic City acquisitions, non-profit and Indigenous organizations will operate the properties as affordable rental housing under long-term lease arrangements with the City.

Federal and Provincial Governments:

The City of Toronto is taking a leadership role in launching the MURA Program based on the urgent need to preserve and maintain existing affordable rental housing. The Program is being launched with a modest budget but establishes a model that other orders of government can replicate. Alternatively, other orders of government could allocate funding to the City, to support the expansion/enhancement of the Program in the future.

With the stacking of government funding and financing programs, more properties can be converted to permanent affordable rental homes, and affordability can be deepened, to create a range of housing for a range of needs in all areas across the city.

Tenant Associations:

Tenant associations may also play a key role in supporting the MURA Program. As tenant associations build capacity, it is possible that they may assist with the identification of at-risk buildings for potential acquisition. Some tenant associations may also choose to incorporate as community land trusts, or partner with existing non-profits or community land trusts, to pursue acquisition opportunities and protect their homes.

Program Details

1. Selection of Non-Profit and Indigenous Proponents

- The Housing Secretariat will issue an annual request for proposals (RFP) to select qualified and experienced non-profit and Indigenous housing providers to participate in the MURA Program.
- Successful proponents will have demonstrated strong management qualifications/capacity, a robust property management plan, long-term financial viability, and a strong public and stakeholder engagement plan.
- Non-profit and Indigenous housing providers may apply to the RFP with details of a particular property for potential acquisition, but this is not a mandatory requirement for the initial qualification stage.
- Initial project funding allocations will be based on the RFP's maximum per dwelling unit/dwelling room funding thresholds and overall annual Program allocations.
- 20% of all annual allocations will be dedicated to support acquisitions and renovations by Indigenous housing organizations for Indigenous residents.
- Allocations will be available to proponents for up to one calendar year from the date of approval. An option to renew will be available upon request, and at the sole discretion of the Executive Director, Housing Secretariat, for a period of time agreed to by the Executive Director.

2. Eligible Building Types, Criteria and Funding

- 6–60-unit privately-owned residential or mixed-use properties that are either occupied or vacant, with a focus on multi-tenant homes or low-rise apartment buildings. Non-residential portions of mixed-use properties will not be eligible for

funding under the Program. Units may include dwelling rooms and/or dwelling units, as defined in the City of Toronto Zoning By-law 569-2013.

- Suitable properties will be eligible for purchase and renovation funding of up to \$200,000 per dwelling unit for apartment buildings and \$150,000 per dwelling room for multi-tenant houses, with the remainder to be funded or financed by the proponents.
- Proponents will be requested to prioritize buildings that: are deemed to be affordable rental housing that is at risk of being lost (including where tenants are being harassed and evictions are imminent); and provide housing for low-income vulnerable and marginalized residents; and that are in a poor state of repair.
- Eligible buildings must be brought into conformity with municipal requirements, including zoning, Ontario Building Code requirements, and any relevant local area by-laws. Where there are tenants living in unpermitted units or dwelling rooms within a multi-unit property, and the units/dwelling rooms meets minimum livability standards, the cost to bring such units/dwelling rooms into compliance may be eligible for Program funding, at the sole direction of the Executive Director, Housing Secretariat.
- Rooming house/multi-tenant home acquisition and renovation projects must be licensed, or evidence must be provided that the proponent has the ability to obtain a rooming house license.
- The acquisition price must be substantiated by an independent market appraisal.

3. Pre-Acquisition Grants and Deposit Funding

- Pre-acquisition grants of \$25,000 will be made available to successful proponents chosen through the RFP within 60 days of being selected. This pre-acquisition grant can be used cover the early costs of acquisition planning, pre-development, and due diligence necessary to prepare a site-specific acquisition submission to the City. Eligible costs include project management consultant fees, due diligence (e.g., building condition assessments, environmental site assessment, and appraisals), planning or other municipal approvals fees, and legal fees.
- Up to 10% of the maximum approved funding allocation will also be advanced to successful proponents chosen through the RFP process within 60 days of being selected, to be used as deposit funding.
- Pre-acquisition expenses will be funded from a proponent's Program allocation and do not represent additional funding.
- Pre-acquisition grants and deposit funding will be secured by way of a promissory note.

4. Final Approval of Properties for Acquisition

- Upon identification of a suitable/proposed property to acquire, proponents will submit a full acquisition proposal including purchase, renovation and operating budgets to the City for review within the terms of the Program and the proponent's funding allocation.
- The property acquisition submission package must include:
 - Project details; acquisition cost; proposed capital and operating budgets; property management and operating plan (including proposed tenant selection process and support services, if applicable); construction management plan (if property occupied and require renovations); tenant

- management or relocation plan (if applicable); and a neighbourhood-specific stakeholder engagement plan;
- Details on any outstanding Building Orders and Rooming House Licensing status (for multi-tenant houses), etc.;
- Signed Offer to Purchase (conditional on City funding and due diligence); and
- Site-specific due diligence materials - including zoning and environmental reviews, property conditions inspections, fair market value determined through third-party appraisals completed in accordance with applicable industry standards, etc.
- The City will streamline the review and approval of acquisitions within 30 days of receipt of the full submission package.
- The final funding allocation will be based on the actual project budgets, up to the maximum per unit/dwelling room thresholds and overall initial allocation pre-approved for the proponent.
- Contribution Agreements will be entered into between proponents and the City when a property has been approved for acquisition by the Executive Director, Housing Secretariat.
- Site-specific acquisition funding will be provided as a capital grant by way of forgivable loan. The City's contribution will be secured on closing by a mortgage charge to be registered on title.
- Proponents may also be prioritized for any available federal and/or provincial renovation funding to cover the costs of eligible repairs/rehabilitation necessary to bring the housing into compliance and a state of good repair.

5. *Ongoing Affordability Requirements*

- A 99-year affordability term will be secured on all properties acquire through the MURA Program.
- For the 99-year term, the average monthly rent collected by housing providers must not exceed 100% of the Average Market Rent (AMR) for any one unit, with the objective of maintaining an overall project average rent of 80% AMR. Deeper levels of affordability for tenants can be achieved through the layering of housing benefits.
- Proponents may be required to accept new tenants who are in receipt of (or eligible for) housing benefits.
- Rents of sitting tenants must increase annually at no more than the amount set by the provincial annual rent increase guideline.

6. *Community Partner Table*

- The City will hold quarterly meetings that bring City Staff together with the successful proponents to share program updates and encourage multi-partner coordination and information sharing including:
 - Identifying suitable sites and establishing a pipeline for acquisitions;
 - Exploring areas for collaboration including opportunities to create supporting housing opportunities (i.e. by layering support services to the affordable rental units), and;
 - Identifying lessons learned and good practices.

Additionally, an annual workshop or forum will be held to convene interested non-profit and Indigenous housing partners, tenant associations and other appropriate stakeholders.

7. Data-Informed Approach

- The City's HousingTO Data Strategy Framework is currently under development and will play an integral role in advancing the City's HousingTO Plan, including protecting the existing supply of housing.
- Working with City divisions as well as the non-profit and Indigenous housing sector, the Housing Secretariat will aim to track changes in the affordable housing stock (including multi-tenant houses).
- The Housing Secretariat will also work with partners, including other orders of government to track data related to the size, location, condition and cost of the affordable rental stock.
- Staff will also look at concentrations across the city where renters are living in severe housing need and where there are high incidents of evictions/tenant displacement to inform priority locations/properties for acquisitions. Nevertheless, it is recognized that the City needs to support the protection of affordable rental housing in all neighbourhoods across Toronto.

8. City Strategic Acquisition of Sites

In the event an opportunity becomes available for the City to acquire a site, and the opportunity is in alignment with the City's Strategic Acquisition Policy developed under the City-Wide Real Estate Model, the Housing Secretariat and Corporate Real Estate Management divisions will work collaboratively on acquiring the site and on related matters pertaining to the MURA Program, including, but not limited to: performing due diligence; use of delegated authorities; or to seek City Council authority as necessary, to execute, administer and manage any agreements of purchase of sale, and any ancillary agreements. Under the City-Wide Real Estate Model, the broad criteria for strategic acquisition includes strategic fit, financial impact and use assessment.

In addition to the proposed Strategic Acquisition Policy, the decision to acquire a site will be guided by the Council-approved criteria that was adopted in PH16.8a. This criteria includes but is not limited to:

- Cost per unit and fair market value assessment;
- Return on investment (including ability to offset any existing costs);
- Location (vicinity to transit, services, high incidents of tenant evictions/displacement, etc.);
- Number of units per building;
- Size of units; and
- Timing and availability (i.e. to purchase/develop and create permanent housing opportunities).

Any additional criteria to guide strategic acquisition decisions would be mutually agreed upon by the Housing Secretariat and Corporate Real Estate Management. Additionally, in accordance with existing City policies, site-specific due diligence will be done prior to acquiring any properties including but not limited to zoning and environmental reviews, property conditions inspections, fair market value determined through appraisals, etc.