



Launching the Rental Housing Supply Program

City Council Presentation
June 26, 2024

Toronto's Housing Challenges

“Toronto...is facing two housing crises – one in which rising rents have made it increasingly unaffordable for middle income earners to live in the city; and a second crisis of a lack of deeply affordable and supportive housing for those people with low incomes, or who are experiencing family, physical, mental health and addiction struggles. These intersecting but separate crises require different policy solutions.”

From the ‘Perspective on the Rental Housing Roundtable’ Report, 2023

Matti Siemiatycki and Karen Chapple

Received by Council in EX3.1 – Housing Action Plan 2022-2026

Toronto's Housing Challenges

Rental vacancy rate in Toronto is 1.5% vs. 3% or more in a healthy housing system*

48% Toronto households are renters; 40% of renter households live in unaffordable housing**

Average rent for two-bedroom condo unit is ~\$3,139, requiring income of ~\$125,559

10,795 individuals experiencing active homelessness at the end of May, 2024***

Scotiabank study calls for doubling of Canada's social housing stock in line with G7 nations

Rental Housing Supply Program

A new framework to support a range of rental homes from inception to construction start

Rent-geared-to-income (RGI)

Affordable rental

Rent-controlled

Rent-gear-to-income (RGI) Homes

Rents do not exceed 30% of a household's gross annual income, or shelter allowance of social assistance.

Maximum eligible household income by size ranges from \$53,500 to \$82,500

Support the City's new HousingTO target of 6,500 RGI homes by 2030

Family Size	Monthly maximum shelter allowance (OW)	Monthly maximum shelter allowance (ODSP)
1 person	\$390	\$556
2 person	\$642	\$875
3 person	\$697	\$947
4 person	\$756	\$1,109

Income-Based Affordable Rental Homes

The income-based definition of affordable housing will be in alignment with the Official Plan and Development Charges Act (DCA)

Unit Type	Proposed Rental Housing Supply Program (2024)	Affordable to Households with Annual Income:
Studio	\$1,088	\$43,520
1-bedroom	\$1,378	\$55,040
2-bedroom	\$1,992	\$79,680
3-bedroom	\$2,190	\$87,600

Community Housing Rent-Controlled Homes

- Distinct from RGI and affordable rental housing
- Rent up to 150% AMR but above the income-based affordable rent
- Rents secured for **40+** years, targeting 99 years
- Annual rent increases limited at the Provincial guideline + 2%
- Encouraging mixed-income housing by requiring a min. of **30%** residential GFA as affordable rental.

	Studio	1-Bdrm	2-Bdrm	3-Bdrm +
150% Average Market Rent (AMR) - 2024	\$2,140	\$2,562	\$2,988	\$3,361
Household income (paying 30% of income)	\$85,600	\$102,480	\$119,520	\$134,440

Rental Housing Supply Program

A new framework to support a range of rental homes from inception to construction start

1. Pilot Community Housing Pre-development Fund to help projects with early due-diligence costs

2. Capital grant funding for RGI & Affordable rental homes

3. Financial incentives for RGI & Affordable rental homes

4. Financial incentives for Community Housing led rent-controlled homes

5. Expedited development review and approvals

1. Pilot Community Housing Pre-development Fund

Initial \$10 million fund

To support Community Housing Providers with pre-development due diligence costs, through a Call for Applications

\$50,000 per home

In grants and repayable, interest-free loans, per RGI & affordable rental home

\$16 million in funding

Recommended first round of funding for three developments to complete due diligence and move forward to rezoning

2. Unsticking Affordable Housing Projects

\$351 million

Recommending a first round of funding to projects in the pipeline, to achieve construction start in 2024 and 2025

18 housing projects

Prioritizing sites delivered by or in partnership with community housing providers, including on public land

Almost 6,000 rental homes

Including 2,600 RGI and affordable rental homes

2. Capital Funding Framework

- Starting in 2024, a Call for Applications will be issued using the prioritization criteria to allocate capital funding to new RGI and affordable homes
- Eligible private and community housing projects may receive up to \$260,000 in funding per RGI & affordable rental home

Priority criteria include:



Proponents (community housing providers are prioritized)



Project Details (deeper affordability, longer affordability prioritized)



Financial Status (secured intergovernmental funding and lower funding ask prioritized)



Development Schedule (earlier construction start dates are prioritized)

3. Financial Incentives for RGI Homes

Support for RGI Homes		Program Requirements	
Capital Funding	Up to \$260,000 per unit	Affordability	Rents geared to household income, for at least 40 years, target 99 years
Financial Incentives*	Waivers of building permit & planning application fees and property tax exemptions ** Provided on an ongoing basis	Rent and Vacancy Control	Rents are limited annually to 30% of the household's income On turnover, rents reset at 30% of income for new tenant

*In addition, eligible projects will receive development charge, parkland dedication, and community benefit charge exemptions from the Province

**Additional operating subsidy may be required from other orders of government

3. Financial Incentives for Affordable Rental Housing

Support for Affordable Homes

Capital Funding	Up to \$260,000 per unit through
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Financial Incentives*	Waivers of building permit & planning application fees and property tax exemptions Provided on an ongoing basis
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*In addition, eligible projects will receive development charge, parkland dedication, and community benefit charge exemptions from the Province

Program Requirements

Affordability	Income-based definition for at least 40 years, target 99 years
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Rent and Vacancy Control	Rents increase by no more than the Provincial guideline On turnover, rents capped at income-based affordable rent level for that year
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4. Financial Incentives for Community Housing Rent-Controlled Homes

Support for Rent-Controlled Homes	
Capital Funding	Not eligible
Financial Incentives	Waivers of building permit & planning application fees and property tax exemptions * Provided on an ongoing basis

*In addition, Community housing projects will receive development charge, parkland dedication, and community benefit charge exemptions from the Province

Program Requirements	
Affordability	Up to 150% AMR, for a minimum of 40 years, target 99 years
Rent and Vacancy Control	Rents increase by no more than Guideline +2% Upon turnover, rents capped at 150% AMR for that year

5. Expediting Development Review & Approvals



Recognizing the impact of extended project approval timelines on rental projects' viability, **RGI, affordable rental and rent-controlled housing projects** approved under the Rental Housing Supply Program will be supported through a **prioritized development review process led by the City's new Development Review division and City Planning.**

Supplementary Report



Provides additional information about the **proposed approach to rent control in the Rental Housing Supply Program**

- In the absence of provincial rent-control measures for new housing built after Nov. 2018, there is a need for striking a balance between:
 - certainty for households renting new homes, and,
 - the Community Housing Providers' ability to have sufficient rental revenue to maintain building in a state of good repair.
- Staff analysis found Community Housing providers may need flexibility to raise rents on a portion of units above the Guideline, to maintain viability of the project over the long-term, address capital repairs or rising costs (e.g. interest rates)

Going forward...

Staff will continue to work with individual Community Housing partners supported through the program to achieve rent control at the Provincial Guideline, where possible

Questions?

