

# ATTACHMENT 1 – PROPOSED MULTI-TENANT HOUSES RENOVATION PROGRAM

---

## Purpose and Objectives

The recommended Multi-Tenant Houses Renovation Program (“Program”) will support the implementation of the new Regulatory Framework for Multi-Tenant Houses (“Regulatory Framework”) which will come into effect on March 31, 2024. The Program will provide resources and support to operators to address a wide range of soft and hard costs directly associated with planning for and undertaking repairs and renovations necessary to bring their properties into compliance with the Zoning By-law, Ontario Building Code, Ontario Fire Code, and other applicable laws necessary to obtain a license for their multi-tenant house.

The Program is designed to be flexible to enable the Housing Secretariat to efficiently respond to a range of building compliance issues that may arise over the course of implementing the Regulatory Framework. In doing so, the Program will help protect tenancies and housing in buildings at-risk of closure, and improve the quality of an affordable form of rental housing for low-income renters, including Indigenous Peoples and those from equity-deserving groups.

The Program described herein is a preliminary model. Staff will report back to Council with interim findings by Q4 2024, and will subsequently complete a full evaluation of the Program and report back to Council in 2025, with any recommended enhancements to the Program based on data and evidence.

The main objectives of the Program are to:

- Protect tenancies and housing while improving living conditions and the health and safety of tenants;
- Support operators to achieve compliance with the Regulatory Framework;
- Preserve affordability by preventing costs of compliance with the new framework from being passed on to tenants; and
- Secure existing privately-owned and ‘naturally occurring’ affordable rental stock.

In addition, the Program will support a number of key strategic actions in the HousingTO Plan and the Generational Transformation of Toronto’s Housing System to Urgently Build More Affordable Homes report (Item EX9.3), including:

- Preventing homelessness and improving pathways to housing stability;
- Maintaining and increasing access to affordable rents; and
- Ensuring well-maintained and secure homes for renters, and making progress towards the Council approved target of improving 2,340 such homes.

## **Key Program Delivery Partners**

### *City Divisions*

The Housing Secretariat will administer the Program and will consult with City Divisions involved in the implementation of the Regulatory Framework, as appropriate. Housing Secretariat will be responsible for making funding and Program decisions and aims to minimize impacts on tenants and optimize the grant funding being offered through the Program, while facilitating compliance of more multi-tenant houses and their progress towards obtaining a license.

Key partners include City Planning, Municipal Licensing and Standards, Toronto Building, and Toronto Fire Services.

### *Multi-Tenant Housing Operators*

The success of the Program will depend on the participation of multi-tenant house operators, including both non-profit and private operators. These individuals and organizations will be responsible for complying with the conditions and requirements of the funding and incentives received under the Program, taking the necessary steps to obtain a license, undertaking any work related to required renovations, and operating their multi-tenant houses in accordance with applicable laws.

The provision of any financial support by the City to operators will vary based on the scope of work required to improve building standards, ensure compliance with the Regulatory Framework, and obtain a license.

Operators in receipt of funding and/or incentives under the Program will be required to adhere to applicable legislation and by-laws, including to ensure renters are protected. Operators will also be required to demonstrate progress on the work needed to comply with applicable laws and obtain a multi-tenant house license, and funding will be advanced based on meeting defined milestone deliverables.

### *Federal and Provincial Governments*

The City of Toronto is taking a leadership role across the Province of Ontario and Canada, in permitting and licensing safe multi-tenant houses city-wide. This initiative will advance the progressive realization of the right to adequate housing that is affirmed in international law, which is a national priority, as outlined in the National Housing Strategy Act.

Lessons learned during the implementation phase of the Program, including feedback from operators and people with lived/living experience, will inform the City's advocacy with the federal and provincial governments with respect to funding and policy changes that are necessary to support the long-term preservation and improvement of naturally occurring deeply affordable rental housing stock.

In addition, the Program is being launched with a modest budget, and the City will work with operators as well as other orders of government to facilitate access to programs/funding offered through those other orders of government. The stacking of funding programs will be essential to address major repairs and longer-term modernization of properties.

### *Community Service Providers*

The City will aim to work alongside community service providers/operators that provide housing and homelessness related supports to Toronto residents. These organizations have strong connections to local communities and are in a good position to support monitoring the impact of the framework and informing the City of these impacts. Service providers also have connections to diverse communities that rely on multi-tenant housing and can support outreach and information sharing across Toronto.

### **Program Guidelines**

The Housing Secretariat will administer the Program in accordance with the Program Guidelines outlined below, and such additional program parameters as may be determined by the Executive Director, Housing Secretariat in implementing the Program.

#### *1. Eligibility Criteria*

- An applicant must be an “operator” as defined by Toronto Municipal Code Chapter 575, Multi-Tenant Houses, coming into effect March 31, 2024 (“Chapter 575”).
- Applications must be made in respect of a “multi-tenant house”, as defined by Chapter 575.
- The operator must not have a license under Chapter 575, and renovations, repairs or other work on the multi-tenant house must be needed to comply with applicable laws and be issued a license.
- Both non-profit and for-profit operators will be eligible.
- The multi-tenant house may be occupied or vacant.
- Tenancies or housing must be at-risk due to the condition of the multi-tenant house, non-compliance with the Regulatory Framework, or potential for tenant eviction and/or displacement from the multi-tenant house, as determined by the Executive Director, Housing Secretariat.

#### *2. Application and Selection Process*

- The Housing Secretariat will establish an application process and receive and review applications to the program on a rolling basis throughout the year.
- Operators must submit an application under the Program directly to the Housing Secretariat. The Housing Secretariat will conduct a review which will include an assessment of enforcement history, the proposed work plan to bring the multi-

tenant house into compliance with applicable laws necessary to be issued a license, and a housing at-risk assessment.

- Housing Secretariat will consult as needed with other divisions involved in the implementation of the new Regulatory Framework (i.e. Toronto Building, Toronto Fire Services, Municipal Licensing & Standards, and City Planning).
- Operators will also be required to provide supporting documents and information for review with their application, including, as applicable:
  - property and corporate information;
  - details of the work proposed to be undertaken with program funds and/or incentives (including a scope of work, work plan, estimated costs and budget);
  - information on the team that will undertake proposed work;
  - plans to mitigate any impact on tenants and other third parties; and
  - such other information as may be determined by the Executive Director, Housing Secretariat to evaluate the operator and the proposed work and undertake a housing-at-risk assessment.
- The Housing Secretariat will assess applications on a first come, first serve basis, on evaluation criteria determined by the Executive Director, Housing Secretariat, in consultation with Toronto Building, Toronto Fire Services, Municipal Licensing and Standards, and City Planning. Funding decisions will be made by the Housing Secretariat.

### 3. *City Benefits - grant funding, incentives, expedited approval*

- Selected operators may receive grant funding of up to \$50,000 per “multi-tenant house room” (as defined under Chapter 575) for eligible soft and hard costs, and/or incentives (as described below), that directly support housing stability and work needed to bring their multi-tenant house into compliance with the Regulatory Framework and obtain a license under Chapter 575.
- **Eligible soft costs** may include: costs to hire a consultant and/or qualified architect/designer to undertake pre-development due diligence (e.g. building condition assessments, preparation of capital repair plans, developing plans and designs for municipal building, planning, and other approvals); consultant and other studies and reports that facilitate short-term compliance and safety; and such other soft costs as determined by the Executive Director, Housing Secretariat.
- **Eligible hard costs** may include: small-scale building improvements that support habitability and improve compliance and housing stability (e.g. short-term repairs, fire safety or suppression systems); renovation and construction costs to bring the property into compliance with the Regulatory Framework and obtain a license under Chapter 575, including the Ontario Building and Fire Codes and other licensing requirements; and such other hard costs as determined by the Executive Director, Housing Secretariat.
- Selected operators may receive financial incentives in the form of waivers of planning application fees (including minor variance, rezoning, or other as required), and/or waivers of building permit fees. Selected operators may be provided these incentives with or without being approved for grant funding under the Program.

- The following costs are not eligible for funding under the Program:
  - Fines or charges as a result of enforcement actions taken by the City for non-compliance with applicable laws.
  - Costs not related to work required to bring the multi-tenant house into compliance with applicable laws and obtain a license under Chapter 575, such as costs associated with environmental or energy efficiency upgrades not related to compliance, luxury items or finishes, and cosmetic improvements; and
  - Such other excluded costs as determined by the Executive Director, Housing Secretariat.
- In addition, operators will receive City support with expedited, streamlined City reviews for necessary work and through planning and building application process related to obtaining a multi-tenant house license.
- Funding will be disbursed to selected operators at milestones that align with their progress on the work necessary to be issued a multi-tenant house license.

#### 4. *Operator Requirements:*

- All operators selected to receive grant funding and/or incentives under the Program will be required to register their intent to obtain a license with Municipal Licensing & Standards, and enter into an agreement with the City, managed by the Housing Secretariat, setting out the terms and conditions of the City benefits being provided.
- All selected operators will be required to demonstrate ongoing progress towards compliance with applicable laws necessary to be issued a license under Chapter 575, and may be required to meet certain milestones to achieve compliance with the Regulatory Framework, including zoning, building, fire, and licensing requirements.
- Specific milestones and timelines will vary by operator based on the nature of the work and the number and type of approvals required to carry out the work. However, all operators selected under the Program will be required to have completed the proposed work and obtained a license under Chapter 575 within 5 years after entering into an agreement under the Program. This timeline may be extended by the Housing Secretariat, in consultation with the other City divisions involved in the Regulatory Framework.
- All operators will be required to comply with all applicable municipal by-laws and provincial legislation that apply to multi-tenant houses and tenancies.
- The value of the City funding and incentives provided will be repayable if the conditions of an operator's agreement with the City under the Program are not met. Operators may be required to provide security, commensurate with the value of the City funding and incentives provided, to secure this obligation, as determined by the Executive Director, Housing Secretariat.
- Where the value of funding/and or incentives provided under the Program is more substantial, as determined by the Executive Director, Housing Secretariat, operators will be required to comply with certain requirements for a minimum term of 15 years, including that:

- the Operator will maintain a license under Chapter 575 and operate the multi-tenant house and all multi-tenant house rooms as rental housing for the duration of the term;
- if the multi-tenant house is subject to the rent increase guideline under the Residential Tenancies Act (RTA), the operator shall not apply for any rent increases above the guideline as identified in the RTA in connection with any of the work funded through the Program; and
- if the multi-tenant house is exempt from the rent increase guideline under the RTA, the operator shall not increase the rent for a tenancy more than once every 12 months, and by not more than the guideline, under the rules of the Program.

Longer terms and/or additional measures may be required for larger funding amounts as determined by the Executive Director, Housing Secretariat.

### *5. Monitoring and Evaluation*

Data monitoring will be an integral part of ensuring success and responsiveness in implementing the Regulatory Framework and the Program. In partnership with other City Divisions, and where possible, the Housing Secretariat will monitor key performance indicators and data points through the implementation of this Program to assess:

- Demand for multi-tenant house renovation funding, and detailed costs of compliance renovations
- Size and scale of unlicensed multi-tenant housing system
- Data related to size, location, condition, and cost of affordable multi-tenant housing rental stock
- Number, size, location, and other features of multi-tenant homes supported to comply through the Program.
- Tenancies preserved, depth of affordability and duration of rental operations secured.

Staff will report back to Council later in 2024 and then in 2025 to recommend any changes to the above Guidelines, based on data and evidence. A full evaluation and report back will be provided to Council in 2025 as part of the first annual report on MTH implementation, and with recommendations for the next phase of the program.

The Housing Secretariat will also continue to engage with key stakeholders including selected operators under the Program, tenants living in multi-tenant houses, housing advocates, the Tenant Advisory Committee and the newly formed Housing Rights Advisory Committee, to ensure continued efficacy of the Program. Ongoing engagement with the housing and community service sectors will also assist the Housing Secretariat in monitoring impacts of this Program in relation to the wider housing system.