OPEN DOOR AFFORDABLE HOUSING PROGRAM GUIDELINES



CONTENTS

I. INTRODUCTION TO THE OPEN DOOR PROGRAM	
1. Introduction	2
2. About the Guidelines	3
3. The Open Door Registry	3
4. Federal and Provincial Affordable Housing Funding	3
5. Activating Public Land	3
2. AFFORDABLE RENTAL HOUSING	4
1. Who Should Apply?	4
2. What is Affordable Rental Housing?	4
3. Eligibility Criteria	5
4. Open Door Resources	7
4.1 Financial Contributions	8
4.2 Open Door Planning Service	8
5. Application and Review	9
5.1 Review Process	9
5.2 Approval Process	9
3. AFFORDABLE HOMEOWNERSHIP	11
1. What is Affordable Homeownership?	12
2. Eligibility Criteria	12
3. Open Door Resources	12
3.1 Financial Contributions	12
3.2 Open Door Planning Service	13
4. Funding Proposal Calls	13

INTRODUCTION TO THE OPEN DOOR PROGRAM

This chapter provides general information about the *Open Door Program*, its objectives and how it complements other federal, provincial and City housing funding programs.



1. Introduction

Toronto City Council approved the *Open Door Affordable Housing Program* in 2016 to accelerate affordable housing construction by providing City financial contributions including capital funding and fees and property tax relief, fast-tracking planning approvals, and activating surplus public land.

The Open Door Program is designed to assist the City in achieving the goals of its Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020 (HOT). The HOT Action Plan sets targets of 1,000 new affordable rental homes and 400 new affordable ownership homes annually. City Council also approved Open Door's Investment Plan for 2016-2020 that provides funding to achieve the five-year targets of 5,000 new affordable rental and 2,000 new affordable ownership homes.

The *Open Door Program* assists private and non-profit affordable housing organizations to reduce the cost of developing housing and improve housing affordability through:

- Providing City financial contributions including capital funding and incentives such as exemptions from planning fees, development charges and property taxes;
- Fast-tracking planning approvals through the Open Door Planning Service for projects that satisfy the City's Official Plan, and;
- Unlocking opportunities on private, public and non-profit land for affordable housing, including properties owned by Build Toronto, the Toronto Transit Commission, the Toronto Parking Authority and Toronto Community Housing, among others.

The *Open Door Program* is implemented through an annual Call for Applications for affordable rental housing. The City has established an interdivisional *Open Door Review Committee* to streamline the *Open Door Program* approvals.



2. About the Guidelines

These Guidelines provide information to assist private and non-profit organizations that wish to join the City in creating new affordable housing. They include information about the available resources, eligibility criteria and the application and approval process for the *Open Door Program* and will assist organizations in completing the *Open Door Application Form*, when a Call for Applications is issued.

Note that any changes and updates to these Guidelines will be available on the City's Affordable Housing Office (AHO) website at toronto.ca/affordablehousing.

3. The Open Door Registry

The AHO is maintaining an *Open Door Registry* of organizations interested in the program. Organizations will be notified of any program updates and when affordable rental and homeownership Calls for Applications and Proposals are issued.

To sign up for the *Open Door Registry*, organizations should contact the AHO Administrative Assistant at 416-397-4169 or OpenDoor@toronto.ca.

4. Federal and Provincial Affordable Housing Funding

The federal and provincial governments provide capital funding to the City through the *Investment in Affordable Housing Program* (IAH). The IAH funding is a key resource for the City to achieve its affordable housing targets and will complement the *Open Door Program*.

Subject to funding availability, the AHO will periodically issue Request for Proposals (RFP) for affordable housing projects eligible for IAH funding, complementary to the *Open Door Program* process. RFPs for IAH funding will be available on the AHO's website.

In order to qualify for IAH funding, the proposed project must meet the provincial definitions of affordable rental and homeownership. Definitions, eligibility criteria and more information about IAH is available through the IAH Program Guidelines.

Private and non-profit organizations may also wish to explore funding and financing opportunities provided by Canada Mortgage and Housing Corporation through Budget 2016 such as the Affordable Rental Innovation Fund and Affordable Rental Housing Financing Initiative.

5. Activating Public Land

The City is working with the federal and provincial governments, Build Toronto, Toronto Transit Commission, Toronto Parking Authority, Waterfront Toronto, and Toronto Community Housing to activate surplus public land for affordable housing development. As these lands become available, the City and these agencies will issue site-specific RFPs.

Those on the *Open Door Registry* will be notified of coming proposal calls for IAH funding and affordable housing development opportunities on public land which will also be announced on the AHO website.



AFFORDABLE RENTAL HOUSING

This chapter explains resources available for building affordable rental housing, eligibility criteria, and the application, review and approval processes.





The *Open Door Program* is designed to support affordable housing developments that provide a mix of housing opportunities for low- and moderate-income households.

AT A GLANCE

The City will issue an annual **Call for Affordable Rental Housing Applications**

to ensure a competitive process for providing *Open Door Program* benefits to successful private and non-profit organizations. Interested organizations must submit a complete Open Door Application package within three months after the Call for Applications is issued.

The expected processing time (including reviewing, evaluating and obtaining necessary Council approvals for successful Open Door Applications) will be four months from the closing date of the Call for Applications.

Recipients of the *Open Door Progra*m will be required to enter into legal agreement committing to the delivery of affordable homes.

1. Who should apply?

Private and non-profit organizations that are planning to build and operate quality rental housing or are looking to include affordable rental housing in their current development are encouraged to apply.

2. What is Affordable Rental Housing?

The City, through its Official Plan and Municipal Facility Housing By-law, defines affordable rental housing as new housing where the total monthly shelter cost (gross monthly rent, including heat, hydro and hot water, excluding parking and internet/cable charges) is at or below Toronto's average market rent (AMR) by unit type (number of bedrooms), as reported in the fall of each year by CMHC.

In new developments where hydro is metered separately for each unit and residents are required to pay the hydro costs directly, the maximum monthly rents are set at AMR, less a hydro allowance, as determined and updated annually by the City.

In 2017, Toronto's average market rents and the adjusted rents for individually metered units are as follows:

Unit Type	AMR	Maximum rents where residents pay hydro costs
Bachelor	\$962	\$922
1-bedroom	\$1,137	\$1,097
2-bedroom	\$1,341	\$1,284
3+ bedroom	\$1,544	\$1,477

Source: CMHC Rental Market Report Fall 2016

>> The affordable rents will be updated to the year the development opens.



3. Eligibility Criteria

Projects must meet ALL the criteria as defined below to be considered eligible for the *Open Door Program*.

Types of eligible projects:

- New construction (all affordable or a mix of market and affordable rental housing)¹
- Acquisition and rehabilitation of existing residential buildings to increase or prevent the loss of affordable housing stock
- Conversion of non-residential buildings/units to purpose-built rental buildings/units
- Addition of new affordable buildings/units to existing buildings
- Social housing redevelopment that involves building new affordable units/additions on social housing sites may also be eligible, provided appropriate consents, as applicable, are obtained as per the *Housing* Services Act, 2011.
- Developments that are mandated to provide affordable housing under Section 37 of the Planning Act, the City's Large Sites Policy (Policy 3.2.1.9), or the Rental Replacement Policy (Policy 3.2.1.6) as set out in Toronto's Official Plan are eligible for the Open Door Program if they provide affordable housing benefits in addition to those already required such as additional affordable units, a longer period of affordability or lower affordable rents.

Projects that are not eligible:

The City's Official Plan and Municipal Facility Housing By-law do not recognize the following facilities as affordable rental housing:

- Nursing and retirement homes
- Shelters and crisis care facilities
- Student residences

Minimum affordable housing requirement:

The affordable rental housing must comprise at least 20% of the buildable residential gross floor area of the development.

Length of affordability:

Affordable rents must be provided for a minimum of 25 years (inclusive of a five year phase-out). During the phase-out, market rents can be charged when units become vacant. Rental tenure is secured for a minimum of 25 years.

Form of tenure:

Eligible projects include affordable rental housing where there is a landlord-tenant relationship and tenants are recognized by the *Residential Tenancies Act, 2006* or in non-profit housing co-operatives where members are recognized by the *Co-operative Corporations Act*.

Residents and Operating Considerations

Private and non-profit organizations approved through the *Open Door Program* are required to follow the City's requirements for tenant selection, income verification, reporting, and overall administration of affordable rental homes. A Contribution

¹Only the affordable portion of mixed-income projects is eligible for the *Open Door Program*.



Agreement template provided in Appendix 1 outlines these requirements.

Residents will be directed to *Open Door*Program rental opportunities by the

City's Housing Access System. Projects
approved through the *Open Door Program*are required to make 10% of the project's
affordable units available to households in
receipt of housing benefits from the City.

Applicants are encouraged to partner with non-profit organizations which can provide tenant supports and/or indicate a willingness to take referrals from community based non-profits funded through the City's housing benefit programs.

On occupancy, new prospective residents are to be income tested in order to ensure that the household income limit is no more than four times the rent of their unit. This applies at the initial occupancy and turnover.

As part of their agreements with the City, organizations approved through the *Open Door Program* are required to prepare periodic reports such as Occupancy Reports. Details of these operating considerations are outlined in the Contribution Agreement.

4. Open Door Resources

The following resources are available to successful Open Door applicants upon Council approval.

4.1. Financial Contributions

The *Open Door Program* offers a range of investments in affordable rental projects

including fee exemptions, property tax relief and capital grants.

Financial Incentives

The City is authorized, pending Council approval where required, to provide exemptions from the following fees and charges for affordable rental housing².

- Planning Application Fees
- Development Charges
- Building Permit Fees
- Education Development Charges (Toronto District School Board only)
- Parkland Dedication Fees
- Residential Property Taxes (for the term of affordability)
- The City provides exemptions only and does not refund municipal fees already paid.

The City does not provide exemptions for fees and obligations, including, but not limited to:

- Toronto District Catholic School Board Development Charges
- Public Art Contribution
- Section 37 Contribution
- Hydro Levies
- Fees related to Urban Forestry
- Technical Services Fees
- Right-of-Way Permit Fees including:
 - Landscape Construction Permits
 - Street Occupation
 - Municipal Road Damage

² These fees and charges change periodically. Please check the relevant City of Toronto's divisional website to confirm current rates.



>> Fees and charges not covered by the Open Door Program are payable by the organizations as required.

In mixed market and affordable developments, the affordable portion of the development is eligible for these exemptions. The exemptions will be calculated based on the eligible residential gross floor area or eligible number of units depending on the relevant approach to fee calculations.

For example, in a 100-unit development, if 10 affordable homes make up 20% of the residential gross floor area, 20% of the applicable Building Permit Fees will be exempt and the Development Charges related to the 10 affordable homes will be waived.

Capital Funding

The City has funding available for affordable rental housing from a dedicated Development Charges Reserve Fund. The City has a total of \$10 million in capital funding available through the *Open Door Program* in 2017.

Applicants must support and justify any request for capital funding and be aware that those applicants requiring no funding or smaller amounts of funding will be more competitive, score higher in the process, and be more likely to be approved. Larger requests for funding should be justified with lower rents (below 100% AMR) and longer terms of affordability (beyond the minimum 25 years).

Housing Benefits

Monthly housing benefit payments are available from the City to qualified households to help them pay their rents.

Projects approved through the *Open Door Program* are required to participate in the City's Housing Access System and make 10% of the project's affordable units available to households in receipt of housing benefits.

4.2. Open Door Planning Service

The *Open Door Planning Service* streamlines the approval process of planning applications for affordable rental housing projects approved through the *Open Door Program*.

Open Door Program applicants are required to make all necessary planning applications applicable for proposed development.

In order to qualify for the Open Door Planning Service, the proposed project must meet the Official Plan's definition of affordable rental housing as described in these Guidelines.

Developments that are mandated to provide affordable housing under the Official Plan or secured in a Section 37 Agreement or through other programs offered by the AHO are not eligible for the *Open Door Planning Service*.

Projects approved through the *Open Door Program* will be assigned a dedicated City Planning staff member to coordinate and facilitate the development review process within City Planning, Toronto Building, the AHO and other City divisions commenting on the development application.



5. Application and Review

The AHO will issue annual *Open Door*Program calls for applications from private and non-profit organizations.

The Open Door Application Form for Affordable Rental Housing will require applicants to provide details on the following:

- Details of the proposed project
- Development qualifications
- Management qualifications
- Corporate financial viability
- Project design and consistency with the City's planning principles
- Development schedule
- Capital and operating financial plans
- Community consultation and communications outreach plan

The Open Door Application Form will also require applicants to, among other matters, describe the proposed development plan, outline the requested financial contributions, and provide information on all the organizations involved.

Participation in the *Open Door Program* can also be coordinated through the planning approval process. In these cases, City Planning staff will refer the interested applicants to the AHO for *Open Door Program* evaluations based on evaluation criteria in these Guidelines. The *Open Door Program* approvals will be reported to Council either through a planning approval report or an *Open Door Program* report.

5.1. Review Process

Applications will be evaluated by the *Open Door Review Committee*, comprised of staff from the AHO, City Planning, Corporate Finance, Shelter, Support and Housing Administration, and City Legal, based on the above-mentioned criteria and the following additional factors:

- Size of units
- Mix of units
- Length of affordability
- Depth of affordability
- Availability of capital and operating funding from other sources

Following the review, the applicant will be advised of their application's status and whether further information is required.

Should the application be unsuccessful at this stage, the applicant will be provided a written explanation from the Director of the AHO.

5.2. Approval Process

Successful applicants will meet with City staff and review next steps, including a timeline for approvals.

Staff will then report to the Affordable
Housing Committee, Executive Committee
and Council. Note that City staff must
obtain Council approval to request that the
Municipal Property Assessment Corporation
(MPAC) exempt qualifying units from
municipal property taxes. Council approval
is also required to exempt private-sector
organizations from development charges.



Within 30 days following Council approval, successful applicants will sign a Contribution Agreement with the City which will include details of the affordable housing to be provided by the applicant and the contributions to be provided by the City. The Contribution Agreement template is provided in Appendix 1.

As the last step in the Open Door approval process, successful applicants will receive a letter confirming *Open Door Program* approval. To obtain fees and charges exemptions, applicants will submit this letter as part of a planning, development and/or permit application package.

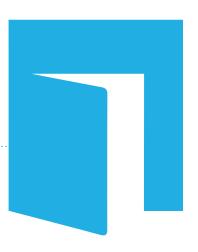
Applicants will continue to work with their dedicated City Planning staff member who will assist with facilitating the planning application approval. It is the applicants' responsibility to ensure their Planning Application is complete.



3

AFFORDABLE HOMEOWNERSHIP

This chapter provides information on resources available to affordable ownership projects and how to apply for them.



The *Open Door Program* assists private and non-profit affordable housing organizations to reduce the cost of developing housing and improve housing affordability.

Funding in support of affordable homeownership will be available through separate RFPs. In certain circumstances, City Council may also approve funding on private sites with site-specific area planning initiatives, such as regeneration or revitalization areas.

1. What is Affordable Homeownership?

For the delivery of affordable homeownership assistance, the City currently employs an affordable housing definition through the Official Plan as well as through the federal/provincial IAH Program.

The Official Plan's affordable ownership definition is under review. Applicants for The *Open Door Planning Service* will need to meet the current Official Plan definition.

2. Eligibility Criteria

The City of Toronto recognizes eligible homeownership developments as those where new homes (including detached, semi-detached, town [condo and freehold], stacked homes, row houses, apartments and other similar built forms) are being constructed.

An eligible purchaser of an *Open Door Program* home must:

- · Be vacating a rental home;
- Live in the home as their sole and principal residence for the affordability period;
- Not have an ownership interest in another home (nor be in a spousal relationship with a person who owns another home or has an ownership interest in another home; and
- Satisfy the household income requirements at the time of initial purchase.

3. Open Door Resources

3.1. Financial Contributions

The City, through periodic RFPs, provides loans from its Home Ownership Assistance Program (HOAP) and IAH funding.

These complementary programs provide no-payment down payment assistance loans for eligible purchasers. The loans must be secured in favor of the City on the home's title by a second mortgage at closing. The second mortgage is repayable should the home be sold, along with a share of the appreciated value of the home.



3.2. Open Door Planning Service

Open Door Planning Service streamlines the approval process of planning applications for non-profit affordable ownership housing proposals should they meet the following criteria:

- A minimum of 20% of the residential gross floor area of the development is affordable ownership housing,
- The housing is provided for under the Official Plan, or secured in a Section 37 Agreement, or through a funding contribution agreement with the AHO, and;
- Sale prices meet the Official Plan definition of affordable ownership in the year the funding is secured.

Projects approved for the *Open Door*Planning Service will be assigned a dedicated
City Planning staff member to coordinate and
facilitate the development review process
within City Planning, Toronto Building, the
AHO and other City divisions commenting on
the development application.

4. Funding Proposal Calls

The AHO will issue periodic proposal calls and notify those on the *Open Door Program Registry* when affordable homeownership funding is available from either the federal/provincial IAH Program or the City's HOAP.

