

Open Door Program Call for Applications 2021

Addendum #4 Questions and Answers

Below are answers to questions emailed to the Housing Secretariat. The last date for submission of questions was Thursday, February 3, 2022.

1) Can you confirm what addenda issue dates are to be added in the first box of Appendix 5, the *Application Submission Form*, in the section after “Acknowledge receipt of addenda by number and issue date”?

Please review all addenda and insert the following issue dates:

Addendum #1 – December 10, 2021

Addendum #2 – December 23, 2021

Addendum #3 – January 24, 2022

Addendum #4 – February 15, 2022

2) Can you clarify the digital application submission process?

The following is taken from page 3, section B, of the 2021 Application, *Completing and Submitting Your Application Package*:

Submissions will only be accepted digitally.

The steps for digital submission are as follows:

- i) Send an e-mail **at least** a day before the submission deadline to Open Door@toronto.ca to provide time for us to send you the file request link.
- ii) Within 24 hours, City staff will send you a response e-mail from sftservice@sft.toronto.ca with a File Request link that will provide access to a secure file transfer site. This link is live for only 7 days. You will be required to create an account with the service to login and upload your application.
- iii) When you are ready to submit, login to the service and attach the file by clicking on the "Upload Files" button within the File Request message to select the files from your source. Unlimited files can be sent within a transfer. Click the "Send" button to transfer the files to OpenDoor@toronto.ca.
- iv) Please put the organization name in the title of each file sent with a clear name of what is in the file, e.g. ABC Inc. Appendix 3

If you are having any issues receiving a File Request link from the City or submitting your application please email OpenDoor@toronto.ca and Housing Secretariat staff will assist you.

3) Are there any rent supplements available under this Open Door Call?

The City has a target of providing 20% of affordable Open Door units with monthly housing benefits to assist qualified households in paying their rent. The availability of housing benefit funding will be confirmed near the time of occupancy. Applicants may request additional housing benefits in their application.

Applicants should note that a project’s capital and operating budgets are to be completed based on the full rent received for a unit, with or without housing benefits.

Applicants are encouraged to partner with agencies that have rent supplements available, such as supportive housing agencies that receive rent supplement and support services funding from the Ministry of Health.

4) For our operating budget assumptions, should we assume that the units receiving rent supplements would get a maximum rent of 100% of AMR (and the tenant would pay less)? Is there any flexibility on the maximum rent for the building?

Yes, that is correct, units receiving housing benefits can have a maximum rent of 100% AMR, made up of the rent the tenant pays plus the housing benefit. In the event that housing benefits are not available, these units would be rented to tenants paying 100% AMR, to sustain the viability of the project.

In order to be considered affordable housing and be eligible for City financial support from the Open Door Program, a unit’s rent can be no more than 100% AMR. There is no “maximum rent for the building” (i.e. a building average AMR) as any market rent units (those above AMR) are not eligible for the Program and will not be included in rent calculations. Rents lower than AMR for the affordable units are encouraged and will score higher under Section 10 of the application, *Affordability Details*.

5) For modelling purposes, can you explain how and when Open Door capital funds are received by the applicant?

Open Door Program capital funding is advanced based on the milestones at Article 4.4 *Payment* of the Contribution Agreement, provided the appropriate documentation has been submitted and accepted the Housing Secretariat, as follows:

MILESTONE	PAYMENTS
Within 45 days of the later of the signing of this Agreement and the date all conditions precedent that have not been met, have been waived	30%
Within 45 days of receipt by the City of written confirmation that structural framing is complete	50%

MILESTONE	PAYMENTS
Within 45 days of receipt by the City of confirmation of First Occupancy and an approved Initial Depth of Affordability Report	20%

Article 4.6 *City Funds Conditions Precedent* outlines the conditions that are to be met prior to each of the three advances.

The Contribution Agreement Template is available along with the Guidelines and Application on the City website at: [Open Requests for Proposals – City of Toronto](#)

6) Is it correct to assume any amounts related to waived fees and charges are excluded from the capital funds requested?

Yes, any amounts related to waived fees and charges are to be excluded from a capital funding request. However, do include the amounts for various fees and charges in the Capital Budget Form Appendix 2 in both the Soft Costs and Revenues sections.

7) We have multiple towers in our building. Do we need to know the distribution of the affordable housing units per tower at this point, or is overall acceptable?

The distribution of the affordable housing units is not a requirement at the point of application. However, clarity regarding the distribution of the affordable housing units is encouraged. For example, a commitment to equally distribute the affordable housing units throughout the property would provide greater certainty and be scored more favourably. All applications need to include the amount of gross floor area represented by the affordable units as a percentage of the total buildable residential gross floor area.

8) We understand that the application requires a period of 40 years for affordable rents, but we were unable to find how rent increases are governed. Does the program require the initial rent rate be affordable and subsequent increases be kept at CMHC's rental increase guidelines? Or are subsequent increases simply based on the market affordability of each year?

Initial rents must be no more than 100% AMR by unit size. See the chart at Section 2, page 6, of the Program Guidelines for the initial maximum rents to be used in your application.

Article 9.1 *Monthly Occupancy Costs Increases* of the Contribution Agreement Template outlines how rent increases are governed during the affordability period. Rents may increase annually by "no more than the prevailing rent increase guideline established each calendar year pursuant to the Residential Tenancies Act, 2006, S.O. 2006, c. 17 or any successor legislation, to an amount not to exceed Average Market Rent." In other words, rents may increase by the lesser of the annual rent increase guideline or current Average Market Rents. The City publishes CMHC's Average Market Rents annually.

- 9) **We understand that applicants must score a minimum of 70% in the evaluation process to be successful, but we just wanted to confirm if that 70% threshold automatically guarantees progression to the next stage, or if that will depend on how many applications are received?**

Applications that are requesting City incentives only (waivers of fees, charges and taxes, but not capital grant funding) and score a minimum of 70% will be recommended for approval by Council.

Applications also requesting capital funding and scoring a minimum of 70% will then be scored based on Section 10 *Affordability Details* and the amount of capital funding requested.

- 10) **For the portion of the application which requires that we obtain a letter from our financial institution or accountant providing assurance that the applicant has been and is financially viable, do you have a template you can provide?**

No, there is no City template for this letter. The intent is to support the applicant's corporate financial viability and provide assurance to the City that the Applicant has been and is financially viable and solvent.

- 11) **We are a private sector organization developing a building that will include affordable housing units. We are considering applying in partnership with a non-profit organization that may enter into a long term lease for the affordable units or sign a head lease with our company for the affordable units.**

Are either or both of these relationships considered a partnership? If so, which party should be the Proponent and what information do you need about the party that is not the Proponent in the application?

The City welcomes both long term leases and shorter term head lease arrangements as described as private/ non-profit partnerships.

In either case, the Proponent will be the party entering into the Contribution Agreement with the City and assuming the affordable housing obligations over the minimum forty (40) year Affordability Period.

If a long term lease between a private developer and a non-profit agency makes the agency responsible for the obligations of the Contribution Agreement for the full Affordability Period, then the agency should apply as the Proponent. In this case, the project would be considered the non-profit agency's leasehold interest in the affordable units, and as such, some components of the application package, such as the capital budget, could be modified. The City is of course seeking evidence that the development will proceed successfully and information about the private partner and the total development will support this. However, it is the ability of the non-profit group to satisfy the requirements of the Contribution Agreement under the terms of the lease that is of primary interest for the affordable portion.

Under a shorter term head lease – for example for 5 years – the non-profit agency could not be responsible to the City for the obligations in the Contribution Agreement for the full Affordability Period. In this case the private sector party would be the Proponent entering into the Contribution Agreement with the City. Information about the non-profit operator should nevertheless be included under the Management Qualifications, Operating and Management Plan and Affordability Details sections of the application.