

Multi-Unit Residential Acquisition Program (MURA) Request for Proposals 2024

Addendum #3 September 12, 2024

The following are answers to questions received by email at HousingSecretariatRFP@toronto.ca

- 1) **If a non-profit purchased an existing building which included vacant, unlicensed rooming house units, and it converted those units to a reduced number of larger, renovated one-bedroom apartments (converting 11 rooming house rooms into 4 one-bedroom apartments), would those newly renovated/created one-bedroom apartments be eligible for MURA funding?**

If what is being proposed is that a vacant multi-room property be purchased and renovated into separate apartments, this would be an eligible acquisition provided that the proponent had separate funding for the renovations. In other words, any renovation costs would be the responsibility of the proponent.

It should be noted that this scenario may involve planning approvals and would require Building Permits. A proposal for this scenario should evidence that the proponent has the financial and professional ability to complete the renovations.

- 2) **How does the grant weigh the purchase of a vacant vs. an occupied building? For our programming, it is important that we purchase a vacant building. We would still be preserving the apartments as affordable, but the previous tenants would have already been asked to leave at the time we take possession.**

The eviction of existing tenants is not permitted under the program. Existing tenants have full security of tenure under the Residential Tenancies Act and no obligation to vacate their units due to a change in ownership. Proponents shall not request vacant possession from existing owners. Should a property be vacant at the time of listing, this would be an eligible acquisition.

- 3) **On page 23 of the RFP, it mentions that proposals should be limited to 16 pages. Does the page limit include the unscored content, i.e. the letter of introduction, summary of proposal, and TOC or is the 16 page limit for the scored content only?**

The 16 page limit does not include the unscored content described above.

- 4) MURA provides acquisition funding up to \$200,000 per apartment and \$150,000 per room, but what if some of our rooms have two (or more) occupants? (i.e. semi-private rooms). Can MURA funding apply to each bed?**

No, MURA funding is per unit/room.

- 5) Can the MURA program also provide funding for renovations and/or operations of a facility (i.e. in addition to financing the real estate acquisition)?**

MURA funding may be used for the acquisition of properties and critical health and safety repairs to the buildings purchased. On-going operational funds are not provided.

- 6) Are there other existing programs we can use to obtain renovation funding and/or operational funding?**

Currently there are no city funding programs that can be assigned to renovations on the purchased property.

- 7) What is the interest rate, the repayment frequency, and the amortization period of any loan?**

There are no interest costs or regular payments required under MURA.

Under the terms of the MURA Agreement, the balance of the Principal Amount will be forgiven by one per cent (1%) on each anniversary of the advance of the Acquisition Funds. If the Agreement is terminated before the Funds are fully forgiven, the Proponent shall repay to the City the outstanding balance of the Funds.

- 8) What is the security position of the City mortgage charge on title (i.e. must MURA be a first mortgage?) Is subsequent financing allowed on title, if needed?**

Private lender financing charges are permitted, and the MURA charge can be registered after these.

- 9) If the acquisition is of a vacant property, is there a time frame to reach full occupancy?**

No.

10) Are there any “minimums” applicable to occupancy levels that need to be maintained for funding models?

MURA properties are intended to maintain full occupancy, subject to normal operations.

11) Since acquisitions will include operations staff, does the creation of these new jobs influence the criteria/details of any potential MURA funding?

No.

12) Are there any periodic reporting requirements (e.g. periodic financial statements, other updates or reports)? Should the services and/or programs provided be included in any reports?

Please refer to the Contribution Agreement for regular reporting requirements.

13) We’re contemplating the purchase of two adjacent properties. The first property is fully renovated, and the second property will need some renovations/ modifications for our use. Should we make one or two applications under MURA?

The organization can submit separate applications or one submission that clearly distinguishes the different proposed purchases. Using the example given, a single proposal should include the two proposed properties as two clearly separate components of the overall submission i.e. buildings A and B, with full details on each. The City reserves the right to approve one component and not others. Should the properties only be available as a group and not individually, this should be explained in detail in the proposal.

Proponents interested in purchasing multiple properties should note that this RFP is a competitive process with limited funding.

14) How is HST treated? Is it fully refundable? (i.e. on every item or only on some items)? Or is it not charged in the first place? Or is it treated in some other fashion?

Proponents should consult their accountants regarding HST.

15) How will the approved funds be allocated? If funding is granted, will it be allocated on a per-unit basis, or will a total amount be approved, allowing us the flexibility to determine the number of units we can acquire within that funding?

Funds will be allocated on a per unit basis. For example, if the proposal requests 30 units at \$175,000 per unit, a total of \$5.25 million will be allocated for 30 units.

If the proponent purchases a property with 25 units, the City will provide \$4,375 million in funding (25 units x \$175,000/unit).

If a Successful Proponent can purchase a property that has a larger number of units than anticipated, they would be encouraged to explore first mortgage financing to cover the financial gap. In other words, if the proponent purchases a property larger than 30 units, the maximum allocation of \$5.25 million will be provided and the proponent will be responsible for any additional required funds. MURA terms will apply to the entire building.

16) Can rents be increased when the unit becomes vacant, and if so, can they be increased beyond the provincial guideline amount as long as they stay below the maximum affordable rent? Or are rent increases restricted to once every 12 months according to the provincial guidelines, regardless of tenant turnover?

On unit turn-over rents can be increased to the current affordable rent level. Proponents that can successfully operate properties below affordable rent levels, while remaining financially viable and in a state of good repair, are encouraged.

17) If a proponent allocates 20% of units for housing benefit recipients, and the City allocates RGI housing benefits for these units, can the proponent set the total rent at the MURA max affordable rent for these units? For example, if an RHI-eligible in-situ tenant is currently living in a bachelor unit and paying \$900 in rent, when an RGI housing benefit is allocated to this tenant, is it acceptable for a new lease (providing RGI lease requirements) to be signed with the tenant at a total rent of \$1,088? The tenant would of course only pay 30% of their income as the tenant's portion of rent.

Yes, with the exception, if the 30% rent calculation for the household results in a rent amount that is above the current rent but below the max affordable rent (i.e. they would still qualify for a small subsidy) the lower rent would apply under RTA rules since an in-situ tenant shouldn't receive an increase more than an RIG guideline.