

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

Addendum #2 September 3, 2024

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

- 1) **What is the current rent maximum for the new income-based definition for a dwelling room?**

The maximum monthly rent for a dwelling room under the new income-based affordable housing definition is \$856.

- 2) **The Q&A session mentioned "A property appraisal is to be submitted as part of the Property Acquisition Package". When would this appraisal need to be done?**

For example, if a property is undergoing renovations at the time of the RFP submission deadline (September 19th), should we submit an appraisal prior to the completion of the renovations, or can we wait until the renovations are finished?

Successful proponents will have 12 months from the date of their City-issued commitment letter to purchase a property. In the above scenario the appraisal should be provided with the Property Acquisition Package after the commitment letter is provided by the City.

- 3) **If a non-profit housing provider had the opportunity to acquire another non-profit agency and their properties (properties that are not on the market) would the MURA funding still be applicable?**

The acquisition of one non-profit corporation by another, or a merger of two groups, are not scenarios contemplated for funding from the MURA program.

MURA is intended primarily for the purchase of private sector rental housing that is at risk of losing its affordability through market rent increases.

This scenario appears to describe the purchase of existing non-profit housing (not private sector market rental housing) that may already be committed or under contract to providing affordable housing. In this case, the affordability of the homes would not appear to be at risk.

- 4) **A building has an arts organization on the main floor (non-residential space) with housing above on two other floors. The idea would be that the arts organization could raise funds to cover part of the listed price of the building but would need funding to afford the rest of the cost of purchase and to do some renovations on the housing units.**

Since the arts organization likely would not be interested in running the housing, they would contract with an existing supportive-housing provider to do that.

Can the arts organization, as prospective owner of the entire building, get MURA funding?

Yes, in this scenario the prospective owner of the building, would be eligible for MURA funding. As much detail as possible should be provided for both the prospective owner and the housing provider.

- 5) **If a proponent is approved for 50 units and purchases a 10-unit building, can they also purchase another property with the remaining 40-unit funding allocation within the one-year funding period?**

Yes, this scenario is permitted. Please note that the City will provide only one pre-acquisition and deposit payment based on the total funding allocation.

- 6) **Is it possible to submit two applications: one for a rooming house and the other for a traditional multi family building?**

Yes, an organization can submit more than one application.

Submissions can also propose the purchase of more than one property. Such proposals should very clearly distinguish the different proposed purchases with full details on each. The City reserves the right to approve one component and not others.

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

- 7) **One in five Black Torontonians lived in Core Housing Need, double the rate of non-racialized people. Is any specific funding/unit allocation provided to B3 organizations (Black-led, Black serving and Black-focused), or organizations specifically supporting affordable housing for Black and visible minorities?**

At this time the only dedicated funding set-aside or carve-out is the 20% of MURA funding that is dedicated to supporting Indigenous housing organizations.

8) Does MURA allow for the purchase of mixed use buildings? For example, ground floor retail/commercial leased at commercial market rent levels with affordable housing above, or ground floor programming space for wrap-around tenant services, perhaps leased to another organization?

Both examples are permitted and could be properties eligible for MURA funding.

However, MURA funds are to be used to purchase the housing component of the building, not the non-residential component.

In the case of a property with commercial space at grade, the property appraisal should clearly distinguish the values of the non-residential and residential portions of the building, and the maximum per-unit MURA funding can not exceed the value of the residential portion. Further, the non-residential space will likely be subject to property taxes, unless otherwise exempt.

Subject to a case-by-case review, programming and services dedicated to the residents of the building using a non-residential space within the building may be considered ancillary to the affordable housing and be eligible for the affordable housing's tax relief.

9) What are the implications if a building under MURA was to be sold in the future? Hypothetically, if a smaller MURA asset is sold in 10 years for capital to facilitate acquisition of a larger building in Toronto with more affordable housing, what would happen?

The program does not specifically address or allow for this scenario. The program's intent is that proponents purchase properties to provide affordable housing over the 99-year term of the agreement.

In the above scenario, a proponent could make a proposal to the City, with the understanding that the City would have no obligation to accept the proposal.

Similar to other City housing programs, the MURA Contribution Agreement requires that the City approve any sale or transfer of the property to a new owner. The new purchaser must either enter into a Contribution Agreement for the remainder of the Affordability Period, or the unforgiven balance of the funded amount must be paid back to the City. The funded amount is forgiven at a rate of 1% per year for each year the agreement is in effect.

10) Does this fund cover only purchasing and/or could it include renovations?

MURA funding may be used for the acquisition of properties and critical health and safety repairs to the buildings purchased.

11) If a MURA-funded property is sold due to termination of the housing provider entity, what happens to any appreciation to the property value? For example, if a housing provider purchases a property for \$1 million, and

later the housing provider is dissolved and property is sold for \$1.2 million, what happens to the \$200,000 increase?

The property value increase described in this scenario is not subject to or addressed by the MURA program or the related agreement.

12) Does the City offer or encourage other institutions to offer financing advantages to the housing provider who participates into the MURA program? For example, better conditions when housing providers apply for a mortgage?

The City has no such relationship with lenders. Groups are encouraged to speak to their lenders about the level of financing that could be secured to support a competitive proposal. Groups are encouraged to increase the purchasing power of the program by contributing equity and financing.

13) Is there any way a MURA-purchased property can remove its affordable housing status, return to market-level rents, and be sold?

The intent of the MURA Program is to provide permanently affordable rental homes. Selling or renting a MURA-funded property at market rents would put the proponent in default under the terms of the Contribution Agreement, potentially requiring the proponent to repay the unforgiven MURA funds.

14) If the non-profit housing provider chooses to work with a third-party renovation company, is the owner of the reno company allowed to be a member of the non-profit housing provider?

No, renovation contracts must be at arms-length.

15) The Q&A session mentioned "A property appraisal is required to substantiate the property acquisition price". If the subject property is a rooming house, and there's no comparable rooming houses in the proximity, the appraisal does not usually accurately reflect the real price of the subject property. What would the City do in that situation?

Should a disagreement arise as to the value of the property, the proponent would be free to augment the information provided in the appraisal.

16) The Q&A session mentioned "A property appraisal is to be submitted as part of the Property Acquisition Package described at Appendix 1G of the RFP". However there is no Appendix 1G.

Thank you for this correction. The Property Acquisition Package information can be found at Appendix 1-F.

17) The City asks applicants to provide due diligence information (BCA, appraisal, etc.). We don't have this information yet as we would get these

reports completed after we enter an APS with the seller, and we will not enter an APS until we have MURA funding secured. Please clarify.

Due diligence documents are not required to be submitting in your proposal for the September 19, 2024, deadline. Once you have entered an APS with a seller, your due diligence work such as an appraisal, building condition assessment and environmental studies will need to be commissioned and provided to the City in the Property Acquisition Package.

18) To be eligible for MURA funding, do the existing residential units to be purchased have to be legal from a zoning perspective, including rooming house type properties?

Multi-tenant/rooming houses must adhere to the City's New Framework for Multi-Tenant (Rooming) Houses, including zoning compliance. More information is available here:

<https://www.toronto.ca/community-people/housing-shelter/multi-tenant-rooming-houses/new-framework-for-multi-tenant-rooming-houses/>

Please refer to section 2.3 Eligible and Priority Properties of the RFP. At page 13 the RFP states:

"Multi-tenant houses/rooming houses must be:

- Licensed, or;
 - Evidence must be provided of the Proponent's ability to obtain a new license or reinstate a lapsed license, or;
 - The rooming house use must be documented as legal non-conforming, or permitted to maintain its existing use as a rooming house or similar single room occupancy"

19) MURA has grants up to \$200,000 per unit or \$150,000 per multi-tenant house/rooming house room. How were these amounts set? Would the City ever provide less than these amounts?

These maximum per unit/room funding amounts were set during the design of MURA after consultation with non-profit sector stakeholders.

The majority of successful proponents submitted proposals that did not request the maximum funding per unit/room. As this RFP is a competitive process with limited funding, proponents are encouraged to reduce their funding requests below the maximum per unit/room and maximize the proponent's contributions in the form of equity or financing.

20) Is the grant calibrated to approximate a percentage of the purchase prices in Toronto?

No.

21) Do we need to submit full, individualized resumes from each project team member and consultant?

Resumes for key team members and consultants should be provided to maximize the proposal's potential score in the City's evaluation.