

# **City of Toronto Call for Applications**

## **Rental Housing Supply Program: Purpose-built Rental Housing Incentives Stream**

### **Program Guidelines**

**Date Issued: November 18, 2024**

**Deadline for Submissions: November 29, 2024 at 4:00 P.M.**



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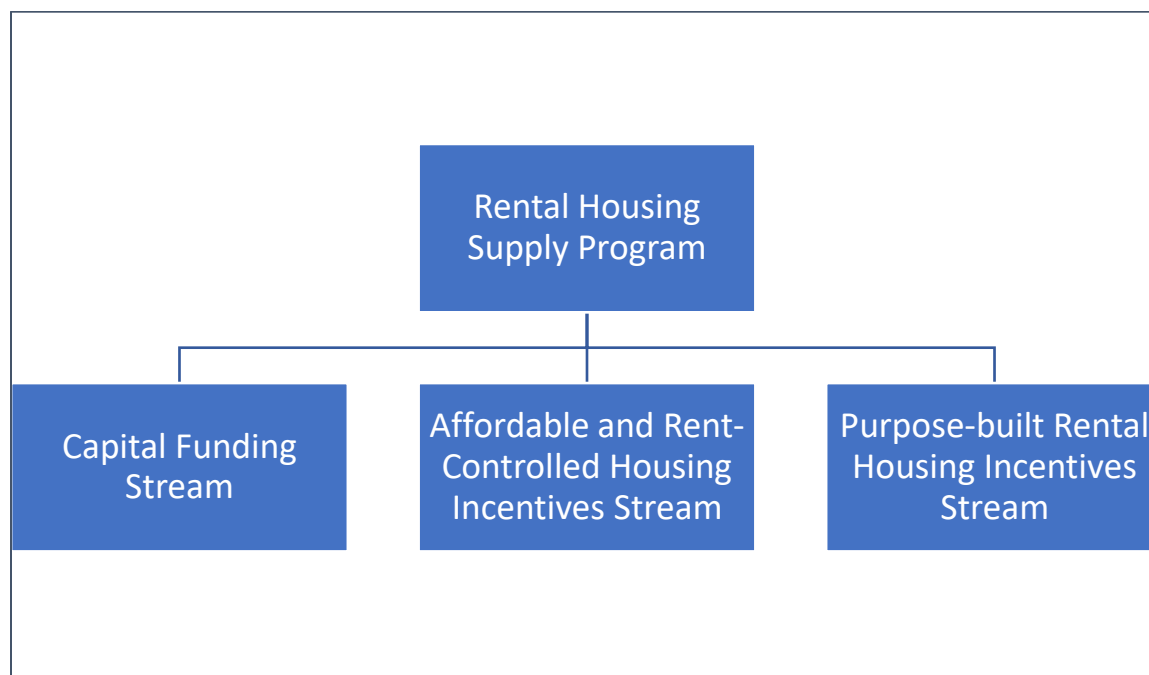
# 1. OVERVIEW

## 1.1 BACKGROUND

Toronto City Council approved the new Rental Housing Supply Program (RHSP) in June 2024 in order to support a critical shift in Toronto's housing system to deliver a range of new rental homes, including rent-geared to income (RGI), affordable rental, rent-controlled, and purpose-built rental homes.

In November 2024, City Council endorsed the establishment of a new Purpose-built Rental Housing Incentives stream, under RHSP, to support 20,000 new rental homes including at least 4,000 affordable rental and up to 16,000 purpose-built rental homes to move toward construction.

The RHSP is designed to support the City in achieving the goals of its [Housing TO 2020-2030 Action Plan](#) (HousingTO Plan) of approving 65,000 rental homes by 2030, including 6,500 RGI, 41,500 affordable rental and 17,500 rent-controlled homes. The program will also assist the City in meeting the Provincial housing target of 285,000 new homes starting construction in Toronto by 2031.



## 1.2 ABOUT THE PURPOSE-BUILT RENTAL HOUSING GUIDELINES

These Purpose-built Rental Housing Incentives Guidelines (Guidelines) provide critical information about eligibility, City benefits available, and instructions on how to apply to the Purpose-built Rental Housing Call for Applications (PBR Call for Applications).

This document is organized into three main sections:

- Eligibility Criteria and Requirements
- City Benefits Available
- How to apply

Please note that any changes or updates to these Guidelines will be made available on the City's Rental Housing Supplying Program webpage at: [www.toronto.ca/rentalsupply](http://www.toronto.ca/rentalsupply)

## 1.3 DEFINITION OF KEY TERMS

**Access Plan** means a policy established by the Applicant and approved by the Executive Director, Housing Secretariat which policy shall specify how tenants are to be selected and how information about such process is disseminated to the public.

**Affiliate** of any Person means, at the time the determination is being made, any other Person Controlling, Controlled by or under common Control with, that Person, whether directly or indirectly.

**Affordable Rental Housing/Homes:** means rental housing that is developed and operated in accordance with Rental Housing Supply Program.

**City Benefits:** Refers to a range of City funding and Incentives provided to support the development of Affordable Rental and Purpose-built Rental Housing.

**Community Housing (or non-market housing):** Social and affordable housing that is owned and/or operated by Community Housing Providers, as well as Toronto Community Housing Corporation (TCHC), and Toronto Seniors Housing Corporation (TSHC).

**Community Housing Providers:** Collectively referred to as Non-Profit Housing Organizations, Non-Profit housing Co-operatives ("Co-ops"), and Indigenous Housing Providers.

**Control:** means, with respect to any Person at any time, the possession, directly or indirectly of the power to direct or cause the direction of the management or policies of

such Person, whether through the ability to exercise voting power, by contract, by virtue of being (or Controlling) the general partner, manager, managing partner, board of managers, board of trustees or board of directors of such Person, or by virtue of the beneficial ownership of or control over a majority of the economic interest of such Person or otherwise; and each of “Controlled by” or “Controlling” has a corresponding meaning.

**Incentives:** Refers to a variety of exemptions, waivers, and/or deferrals provided by the City including from development charges, parkland dedication fees, community benefits charges, planning application fees, building permit fees, and property taxes.

**Indigenous Housing Providers:** Non-Profit Housing Organizations that are assessed based on meeting all of the following criteria:

- Organization identifies itself as Indigenous;
- Board is comprised primarily of Indigenous members\*; and
- Organization is mandated to serve primarily Indigenous clients.

\*Will be met if the Board is primarily comprised of members self-identifying as Indigenous.

**Non-Profit Housing Co-operative:** means a co-operative corporation in good-standing incorporated as a non-profit housing co-operative as defined in the Co-operative Corporations Act, R.S.O. 1990, c. C.35.

**Non-Profit Housing Organization:** means a corporation in good standing incorporated under the Not-for-Profit Corporations Act, 2010, S.O. 2010, c.15 or the Canada Not-for-Profit Corporations Act, S.C. 2009, c.23, and includes an Indigenous Housing Provider or community land trust organized on a not-for-profit basis.

**Person:** means any individual, partnership, corporation, trust, unincorporated organization, municipality, government, or governmental agency or any combination thereof.

**Private Sector Housing Organization:** Refers to privately owned organizations that develop and/or operate housing projects.

**Purpose-built Rental Housing/Homes:** Rental homes that are not Affordable Rental Homes (as defined in these guidelines) where rental tenure is secured through agreements with the City, and within projects that meet minimum City requirements under the RHSP for the proportion of Affordable Rental Homes.

**Rental Housing Supply Program's Affordable Rent (RHSP Affordable Rent):**

means rent that is the lower of the [City's new income-based definition of affordable rent](#), and the [Provincial Development Charges Act definition](#) (see page 9 for 2024 Affordable Rents).

## 1.4 FEDERAL AFFORDABLE HOUSING FUNDING PROGRAMS

Participation and funding from all orders of government is required to deliver the HousingTO Plan. As part of the National Housing Strategy, Canada Mortgage and Housing Corporation (CMHC) has programs to support the creation of new affordable rental housing, including the Affordable Housing Fund, Apartment Construction Loan Program and Affordable Housing Innovation Fund. All proponents are encouraged to consider these funding programs when planning to create new affordable and rental housing. For more information, visit: [www.cmhc-schl.gc.ca/nhs](http://www.cmhc-schl.gc.ca/nhs)

## 1.5 STAY INFORMED

Organizations are encouraged join the City's Affordable Rental Housing RFP & Opportunities Registry Listserv by signing up on the City's website at [www.toronto.ca/rentalsupply](http://www.toronto.ca/rentalsupply). Registered organizations will be notified by email of any program updates and when calls for applications and requests for proposals are issued.

## 2. KEY PROGRAM REQUIREMENTS

### 2.1 MINIMUM ELIGIBILITY REQUIREMENTS

To participate in the PBR Call for Applications, applications must meet the eligibility requirements listed below.

#### **Eligible Applicants**

Community Housing Providers and Private Sector Housing Organizations are eligible to apply. The City encourages development partnerships between Community Housing Providers and Private Sector Housing Organizations. However, the lead Applicant must be clearly identified in each application.

**For the purposes of this Call for Applications, the City will accept no more than two (2) submissions total from any one Person and/or any of their Affiliates.**

#### **Eligible Project Types**

- New construction.
- Conversion of non-residential buildings to Purpose-built Rental Homes (excluding office conversion).
- Addition of new Affordable Rental Housing buildings/units to existing sites/buildings.
- Social housing redevelopment that involves building new units/additions on social housing sites may also be eligible, provided appropriate consents are obtained under the *Housing Services Act, 2011*.
- The project must provide rental housing where there is a landlord-tenant relationship and tenants are recognized by the *Residential Tenancies Act, 2006*, or may also be non-profit housing co-operatives as defined in by the *Co-operative Corporations Act*.

#### **Ineligible Project Types**

- Nursing and retirement homes
- Shelters and crisis care facilities
- Office conversion
- Transitional housing
- Student residences

## **Control of Land (Owned or Leased)**

- The lands must be owned by the Applicant, or leased by the Applicant with at least 40 years remaining on the term of the lease (equivalent to the minimum affordability term required).
  - Acquisition costs are not eligible. Applicants interested in pursuing an acquisition opportunity are encouraged to consider the [City's Multi-Unit Residential Acquisition \(MURA\) Program](#).
- Proponents of in-flight projects on City-owned land are eligible to apply, however will be required to undergo a more detailed open book financial review as part of the review process.

## **Proportion of Affordable Rental Housing**

- A minimum of 20% of the project's residential units must be Affordable Rental Homes.
- The Affordable Rental Homes must meet the requirements set out in Section A below (e.g. depth of affordability, duration, rent control).

## ***Relationship to City Planning Policies***

The City requires the delivery of Affordable Rental Housing under other City Planning policies and programs, including the Official Plan, Secondary Plans, site and area specific policies, or through in-kind community benefits charges. Projects that are otherwise required to provide Affordable Rental Housing by way of such City policies are eligible to include these Affordable Rental Homes towards the minimum 20% requirement under the PBR Call for Applications. However, these Affordable Rental Homes will not be eligible to receive additional City Benefits unless the application demonstrates that the Affordable Rental Housing will exceed the minimum requirements related to affordability that are set out in the relevant Planning policy.

- For example, if a project is required to provide 5% of units as Affordable Rental Housing at the City's Official Plan income-based definition for a period of 99 years, these Affordable Rental Homes could be counted towards the 20% affordable housing requirement, however they would not be eligible to receive City Benefits.
- Alternatively, if a project is required to deliver 5% of residential units as Affordable Rental Housing at the City's income-based definition for a period of 25 years, and proposes to extend the affordability period to at least 40 years, these Affordable Rental Homes could be counted both towards the minimum 20%



requirement and be eligible for City Benefits.

***Rental Replacement:*** Projects that are required to provide replacement of rental housing (e.g. involving the demolition and replacement of at least 6 rental units) will not be eligible to include those units towards the minimum 20% Affordable Rental Homes requirement, and would not be eligible to receive City Benefits towards those units.

***Office Replacement:*** Projects that include the conversion of office space to residential use are not currently eligible to apply under the PBR Call for Applications. The City is reviewing its Official Plan policies related to office replacement and will consider future changes to the eligibility criteria following adoption of any revised policies.

## **Securing City Benefits**

Successful Applicants will be required to enter into legal agreements with the City to secure the value of City Benefits provided for Affordable Rental and Purpose-built Rental Housing for at least 40 years with a target of 99 years.

***Affordable Rental Homes:*** To secure the obligations under this program, a Charge/Mortgage of Land (the “City Charge”) must be registered against the Applicants’ lands.

***Purpose-built Rental Homes:*** Upon entering into a Development Charges Deferral Agreement, the deferral will remain in effect for as long as the tenure of the building remains rental. The development charges will become due and payable if the building is converted during the term of the agreement.

Template legal agreements will be released via addenda prior to the closing of the PBR Call for Applications.

## **Development Review Status**

The Purpose-built Rental Housing Incentives stream is intended to support projects that have advanced through the development review process, and can demonstrate a viable path to achieving construction start by the end of 2026.

Community Housing Providers who are in earlier stages of development review process, are encouraged to apply to the City’s new [Community Housing Pre-Development Fund](#), to complete pre-development and early due diligence work.

## A) Affordable Rental Housing Requirements

Affordable Rental Homes must meet the following requirements in order to be eligible under the PBR Call for Applications:

### Rent

Rents for affordable rental homes cannot exceed the Affordable Rent, as defined under RHSP annually. The Table below outlines the RHSP Affordable Rents for 2024.

Unit type	Maximum Rent (2024)
Studio	\$1,088
1-Bedroom	\$1,378
2-Bedroom	\$1,992
3-Bedroom	\$2,190

### Rent Increases

Rents may increase by no more than the Provincial Rent Increase Guideline, to an amount not to exceed the RHSP Affordable Rent. On turnover, rents must be set at no more than RHSP Affordable Rent amount for the applicable year.

### Duration

The Affordable Rental Homes must be secured for a minimum period of 40 years from date of first occupancy, with a target duration of 99 years.

### Unit Mix and Sizes

The Affordable Rental Homes must comply with unit size and mix requirements as determined by the Executive Director, Housing Secretariat, and may include the [City's Affordable Housing Design Guidelines](#). Generally, the Affordable Rental Homes in the development must be equivalent in mix of unit types (e.g. studio, 1-bedroom, etc.) and in size of units, as to the other residential units in the development.

## B) Purpose-Built Rental Housing Requirements

Purpose-built Rental Homes must meet the following requirement in order to be eligible under the PBR Call for Applications:

## **Duration**

Purpose-built Rental Homes must be maintained as rental for a minimum duration of 40 years, with a target duration of 99 years, matching the duration of affordability for the Affordable Rental Homes.

## **2.2 OPERATING REQUIREMENTS FOR AFFORDABLE RENTAL HOMES**

Community Housing Providers and Private Sector Housing Organizations approved through the PBR Call for Applications are to follow the City's requirements for tenant selection, income verification, reporting, and the overall administration of the Affordable Rental Homes. These ongoing operating requirements are detailed in the Contribution Agreement template, to be provided as an addendum to the Call for Applications.

New prospective residents of Affordable Rental Homes are to be income-tested in order to ensure that their household income is no more than four times the rent of their unit. This applies for all new tenants, at initial occupancy and on turnover of a unit.

Tenancing of all Affordable Rental Homes must be completed in accordance with a City approved Access Plan, which must be agreed upon before occupancy.

Projects subject to the Access Plan requirement will be assigned a dedicated City Housing Consultant to coordinate and facilitate the development of the project's Access Plan. For these units, Private Sector Housing Organizations are encouraged to partner with Community Housing Providers who can provide tenant supports and/or be willing to take referrals from Community Housing Providers funded through the City's housing benefit programs.

## 3. CITY BENEFITS

The following City Benefits are available under the Purpose-built Rental Housing Incentives stream.

### 3.1 FINANCIAL INCENTIVES

#### A) Affordable Rental Homes

- Waivers of Planning Application Fees
- Waivers of Building Permit Fees
- Exemption of Community Benefit Charges (if not exempted by provincial legislation)
- Exemption of Development Charges (if not exempted by provincial legislation)
  - Toronto District School Board Development Charges Toronto District Catholic School Board Development Charges (when applicable) are not exempted.
- Exemption of Parkland Dedication Fees (if not exempted by provincial legislation)
- Exemption of Residential Property Taxes (for the term of affordability)

#### B) Purpose-built Rental Homes

- Indefinite deferral of development charges payable (the deferral will remain in effect for as long as the building remains rental).

**Please note- the City provides exemptions, waivers, or deferrals only and does not refund fees and charges already paid.**

**NEW! 15% Property Tax Reduction:** On November 13-14, 2024, City Council adopted a new Multi-Residential Property (Municipal Reduction) Tax Subclass, with an intent to provide a 15% rate reduction to municipal property taxes for all eligible new purpose-built rental housing developments, subject to City Council's approval as part of the 2025 budget process. Eligible properties will automatically be included in the New Subclass. Eligibility is not tied to approval under the Rental Housing Supply Program.

### 3.2 HOUSING BENEFITS

Successful Applicants are eligible to receive housing benefits from the City to provide more deeply affordable rents to qualified households. Successful Applicants are required to make at least 20% of the project's Affordable Rental Homes available to households in receipt of housing benefits, should sufficient funding be available.

### 3.3 DEVELOPMENT REVIEW SUPPORTS AND SERVICES

Approved projects under the Purpose-built Rental Housing Incentives stream will be supported through a prioritized development review process. The City has taken several steps to improve the development review process, to improve the speed, flexibility and predictability of how the City processes rental housing applications and to ensure a more streamlined process for all applications. Approved projects will be required to complete a pre-submission meeting with the City (where not previously completed) and will be reviewed for prioritization through the Priority Development Review Stream.

## 4. HOW TO APPLY FOR PURPOSE-BUILT RENTAL HOUSING INCENTIVES

Applicants must submit a complete application package demonstrating the eligibility of their organization and their project. **For the 2024 PBR Call for Applications, any one Person and/or any of their Affiliates are limited to submitting a maximum of two (2) submissions.**

The application must include organizational information, details of the proposed project, project financial information, a development schedule, and other materials. Detailed list of all requirements is provided in the **Application Package**.

**The City anticipates significant demand for the PBR Call for Applications in 2024, and the number of incentives available is limited. Future rounds of incentives under this stream are subject to financial support from other orders of government.**

Applications from projects requesting these incentives will be reviewed to confirm the eligibility of the proposed project and the organization, and will be prioritized based on the following considerations:

- Financing status of the project,
- Experience securing financing, including whether the applicant is approved as a Frequent Builder by CMHC; and
- Timeline to achieve construction start, prioritizing projects that demonstrate ability to achieve this milestone earlier than the end of 2026.

These criteria will be considered so the City is able to support projects that have the strongest likelihood of securing financing and achieving construction start quickly.

Successful Applicants will be notified in writing of the outcome of their application once the eligibility review and prioritization process has completed. Detailed instructions and all required forms are provided in the Application Package.

Organizations requesting incentives for other projects that do not contain Purpose-built Rental Homes, or do not require incentives for Purpose-built Rental Homes (e.g. projects with 100% affordable rental, mixed affordable and rent-controlled housing) should apply through the Affordable Rental Housing Incentives Stream. Information is available on the City's website at [www.toronto.ca/RentalSupply](http://www.toronto.ca/RentalSupply).