

# **City of Toronto Call for Applications**

## **Rental Housing Supply Program: Affordable and Rent-Controlled Housing Incentives Stream**

### **Program Guidelines**

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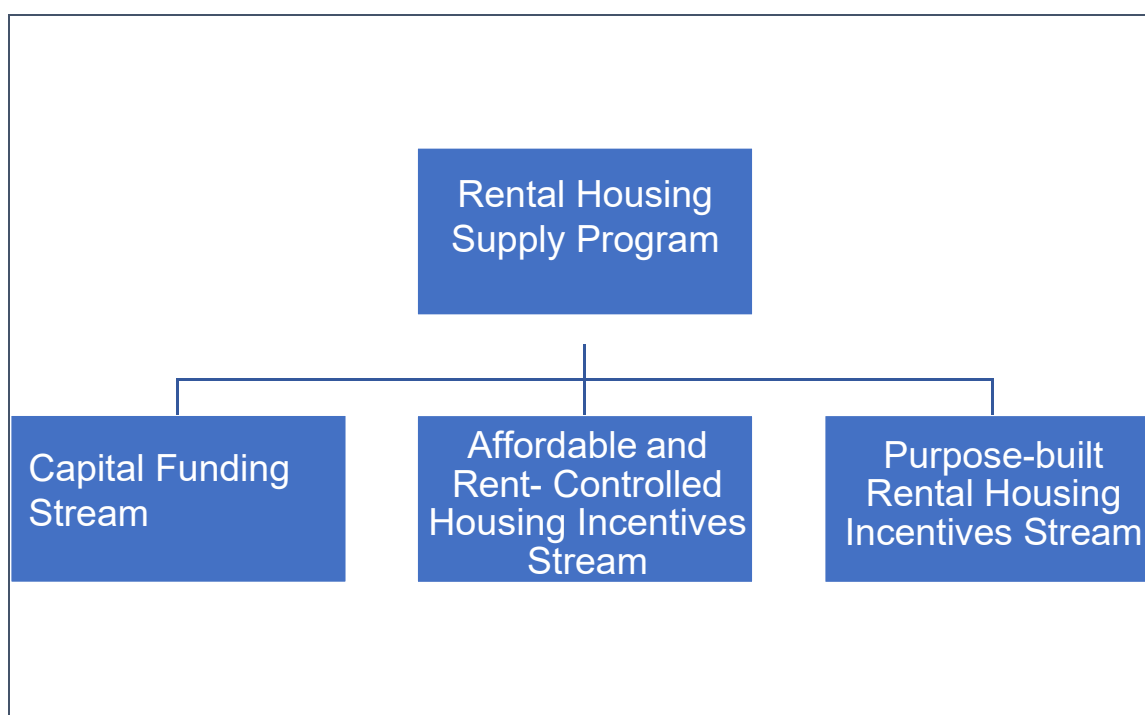
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# 1. PROGRAM OVERVIEW

## 1.1 BACKGROUND

Toronto City Council approved the new Rental Housing Supply Program (RHSP) in 2024 to support a critical shift in Toronto's housing system to deliver a range of new rental homes, including rent-g geared to income (RGI), Affordable, Rent-Controlled, and Purpose-Built rental homes, and build the capacity of the community housing sector. The program includes three streams: a Capital Funding stream, and two Incentives streams, as outlined below.



These Guidelines provide potential applicants to the Affordable and Rent-Controlled Housing Incentives Stream with critical information about eligibility for the program, City benefits available, and instructions on how to apply.

This Document is organized into three main sections:

1. Program Overview
2. Program Requirements
3. City Benefits Available under the Affordable and Rent-Controlled Housing Stream
4. Applying for Incentives

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

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

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 applicants 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)

## 1.2 DEFINITION OF KEY PROGRAM TERMS

**Access Plan:** 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.

**Affordable Rental Housing/Homes:** Rental housing that is developed and operated in accordance with the requirements of the City's Rental Housing Supply Program.

**City Benefits:** Refers to a range of City funding and Incentives provided to support the development of Affordable and Rent-Controlled 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.

**Incentives:** Refers to a variety of exemptions and/or waivers 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.

**Rent-geared-to-income (RGI) homes:** Also referred to as subsidized or social housing, is housing where rent is no more than 30% of a household's monthly Adjusted Family Net Income (AFNI).

**Rent-Controlled Homes:** Rental homes where monthly occupancy costs are at or above the City's income-based rent, but no more than 150% AMR, and where rents increase annually by no more than the Provincial Annual Rent Increase Guideline plus 2%.

(see page 12 for current Rent-Controlled Rents).

**Rental Housing Supply Program (RHSP) Affordable Rent:** The Rental Housing Supply Program definition of affordable rent is the lower of the [City's new income-based](#)

[definition of affordable rent](#), and the [Provincial Development Charges Act definition](#). (see page 10 for current Affordable Rents).

**Supportive Housing:** housing where additional wrap around support services are provided to tenants to improve their housing stability, health, and well-being. These homes are generally operated with rents geared to income and prioritized for individuals experiencing or at risk of homelessness.

## 1.3 STAY INFORMED

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

## 2. KEY PROGRAM REQUIREMENTS

### 2.1 MINIMUM ELIGIBILITY REQUIREMENTS

This section describes core eligibility requirements applicable to all applicants and projects (Section A) and requirements for types of rental units that can be supported through the program (Sections B and C).

#### A) Requirements for All Projects

To participate in the RHSP, your proposal must meet the following eligibility requirements. Please note, failure to meet any of the following mandatory requirements will disqualify your proposal from the program.

#### **Eligible Organization Types**

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, applicants must specify the lead organizations in their application.

#### **Eligible Project Types**

The RHSP is intended to support the development of net new rental housing within the following project types:

- New construction
- Conversion of non-residential buildings to Affordable Rental Housing.
- 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*.
- Projects that 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 the *Co-operative Corporations Act*.

## Ineligible Project Types

The following project types are currently not eligible to apply for Incentives under the RHSP:

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

## Control of Land (owned, to be owned and leased)

The RHSP is intended to support organizations to develop net new rental housing on land they own or otherwise control, for a duration at least equivalent to the minimum affordability term required under the program.

- 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.
- If the lands are not currently owned but there is a signed agreement of purchase and sale (APS), a signed APS **must** be submitted with the application. The application must include:
  - A statement that the APS is in full force and effect and has not been terminated
  - All conditions that are required to be met as of the date of the application have been met or waived by both the purchaser and the vendor
  - Confirmation of the anticipated closing date
  - Evidence that applicants are able to fund the closing of the purchase.
- Projects would be eligible to apply and be approved under the RHSP, with execution of the Contribution Agreement conditional on the closing of the transaction. Should the purchase not occur within the timeframe identified on the APS and in the application, the City may withdraw the Incentives offer.
- Acquisition costs are not eligible under the RHSP. Applicants interested in pursuing an acquisition opportunity are encouraged to consider the [City's Multi-Unit Residential Acquisition \(MURA\) Program](#).

Applicants of projects on land owned by the City of Toronto are eligible to apply, however will be required to undergo a more detailed open book financial review process.

## Proportion of Affordable Housing

A key priority of the RHSP is to increase the supply of affordable rental housing in Toronto. As such to be eligible to apply for any City benefits under the RHSP:



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

Small projects delivered as a result of the Expanding Housing Options in Neighbourhoods (EHON) initiative (i.e. projects with 10 units or less such as laneway, garden suites, and others, subject to consultation with City Planning) will be exempted from the requirement to provide 20% of residential units as affordable rental homes to be eligible for Incentives towards the affordable rental homes.

### *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 new affordable rental housing by way of such City policies are eligible to include these affordable units towards the minimum 20% requirement under the RHSP. However, these units will not be eligible to receive City benefits under the RHSP unless the application demonstrates that the affordable units 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 units could be counted towards the 20% affordable housing requirement under the RHSP, however they would not be eligible to receive City benefits (funding and Incentives).
- 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 under the RHSP to extend the affordability period to at least 40 years, these units could be counted both towards the minimum 20% requirement and be eligible for funding and incentives under the RHSP.

*Rental Replacement:* Projects that are required to provide replacement 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 under the RHSP, and would not be eligible to receive City funding or Incentives towards those units.

*Office Replacement:* Projects that include the conversion of office space to residential use and are required to comply with Official Plan policies related to office replacement are eligible to apply. However, any affordable housing units that are required in lieu of replacing office space will not be eligible to receive Incentives. These units can be counted towards the minimum 20% of residential units as Affordable Rental Homes, should they meet the RHSP's eligibility requirements

## **Securing City Benefits**

Whenever providing funding or Incentives towards affordable housing projects, the City secures the affordable housing outcomes achieved by way of legal agreements and by registering the value of City benefits on title to the lands:

- City benefits (including the value of any funding and Incentives) for Affordable Rental and Rent-Controlled Housing must be secured for at least 40 years with a target of 99 years.
- The value of these Benefits will be secured by way of a Charge/Mortgage of Land (the "City Charge") registered against the applicant's lands.

Template legal agreements will be released via addenda following the release of the Call for Applications.

## Development Review Status

The RHSP is intended to identify projects that have completed significant pre-development and due diligence work, and can demonstrate a viable path to achieving construction start within approximately three years. Applicants are required to have completed a Pre-Application Consultation (PAC) in respect of the project through the City's Development Review Division prior to applying for Incentives, and should be in the process of preparing the necessary planning application materials.

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.

## B) Affordable Rental Housing Requirements

Affordable Rental homes must meet the following requirements in order to be eligible for Incentives.

### Rent

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

Unit type	Maximum Rent
Studio	\$1,109
1-Bedroom	\$1,404
2-Bedroom	\$1,985
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, the rent increase cannot exceed the RHSP Affordable Rent amount.

## **Duration**

The units must be secured as Affordable Rental Housing 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.

## **Creating new rent-geared-to-income and/or supportive housing**

RGI housing is deeply affordable rental housing where tenants pay no more than 30% of their gross household income (or Adjusted Family Net Income (AFNI)) on rent. The AFNI is determined annually using each household member's Notice of Assessment (annual income tax return). For those receiving social assistance, such as Ontario Works or Ontario Disability Support Program, the rent is set at no higher than the shelter allowance of the tenants' social assistance program.

Supportive housing often meets the same affordability level as RGI housing, with the addition of support services provided to tenants to assist in maintaining housing stability and improve their health and well-being.

For the purposes of applying for Incentives, applicants who intend to offer rental units as RGI or supportive housing should treat these units as affordable rental housing in the Incentives Application, as the financial Incentives available are the same. More details about the operation of the housing including RGI level rents and support services, can be provided as part of an RHSP Funding Application.

## **C) Rent-Controlled Housing Requirements (only applicable to Community Housing Providers)**

Projects that include a minimum of 20% of residential units as affordable rental are eligible to receive City benefits towards Rent-Controlled Homes. Rent-Controlled Homes must meet the following requirements in order to be eligible for financial Incentives. Only Community Housing Providers are eligible for financial Incentives for Rent-Controlled Homes.

## Rent

Rents for Rent-Controlled Homes may be set above the RHSP Affordable Rent amount, but cannot exceed 150% of AMR for the City of Toronto, by bedroom type, as provided annually by CMHC. The table below provides the current 150% AMR for the City of Toronto by bedroom type.

Unit type	Maximum Rent
Studio	\$2,184
1-Bedroom	\$2,572
2-Bedroom	\$2,977
3-Bedroom	\$3,385

## Rent increases

Rents may increase annually by no more than the Provincial Rent Increase Guideline +2%. On turnover, the new starting rent cannot exceed 150% of average market rent for Toronto.

### Information on Rents and Rent Increases

Information on City Affordable Rent levels under the Rental Housing Supply Program will be updated annually on [www.toronto.ca/rentalsupply](http://www.toronto.ca/rentalsupply).

The Provincial Rent Increase Guideline is published annually by the Province of Ontario.

## Duration

The units must be secured as Rent-Controlled Homes for a minimum duration of 40 years, with a target duration of 99 years.

## 2.2 OPERATING REQUIREMENTS FOR AFFORDABLE RENTAL AND RENT- CONTROLLED RENTAL HOMES

Organizations approved through the RHSP are to follow the City's requirements for tenant selection, income verification, reporting, and the overall administration of the affordable and rent-controlled rental homes, as applicable. 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 and rent-controlled 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 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 homes, Private Sector Housing Organizations are encouraged to partner with Community Housing Providers that can provide tenant supports and/or be willing to take referrals from non-profits funded through the City's housing benefit programs.

Community Housing Providers proposing a component of their project as supportive housing are eligible and encouraged to apply. Applicants are encouraged to identify their own source of operating funding for support services to support their project. Where such funding is not available, applicants may request the City provide operating funding for support services however this should be a part of a Funding Stream Application. The City is not able to guarantee the availability of support services funding on any given year or on an ongoing basis.

## 3. CITY BENEFITS

Through this Program, Community Housing Providers and Private Sector Housing Organizations are eligible for the following City benefits under the Affordable and Rent-controlled Rental Housing Incentives stream to develop and operate a range of rental homes.

### 3.1 FINANCIAL INCENTIVES

Approved projects are eligible for financial Incentives for the following types of units, within eligible projects:

- Affordable rental homes
- Rent-Controlled homes

#### A) Affordable Rental Housing

Applicants are eligible for the following Incentives for Affordable Rental Homes from the City through RHSP:

- Waiver of Planning Application Fees
- Waiver 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 from Residential Property Taxes (for the term of affordability)

By meeting the RHSP Affordable rent level, Private Sector Housing Organizations' Affordable Rental Homes will be eligible for exemptions from development charges, parkland dedication fees, and community benefits charges under the Development Charges Act and the Planning Act. The City will secure the value of these exemptions on title, as described in Section 2.1.

Projects meeting the Provincial definition of a non-profit housing development under the Development Charges Act are eligible for statutory exemptions from development charges, parkland dedication fees, and community benefits charges for all rental units.

## B) Rent-Controlled Housing (Community Housing Providers only)

Community Housing Providers that provide a minimum of 20% of their residential units as Affordable Rental will be eligible to receive the following Incentives for the remaining Rent-Controlled Homes in their development:

- Waiver of Planning Application Fees
- Waiver 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 from Residential Property Taxes (for the term of affordability)

The City will secure the value of these waivers on title, as described in Section 2.1.

Projects meeting the Provincial definition of a non-profit housing development under the Development Charges Act are eligible for statutory exemptions from development charges, parkland dedication fees, and community benefits charges for all rental units.

**NEW 15% Property Tax Reduction:** On November 13-14, 2024, City Council adopted a new Multi-Residential Property (Municipal Reduction) Tax Subclass, to enable a 15% reduction to property taxes for all eligible new rental housing developments. Eligible organizations will automatically be provided this reduced taxation rate through their annual property tax bill, and is not tied to approval under the Rental Housing Supply Program.

## 3.2 HOUSING BENEFITS FUNDING

Successful applicants are eligible to receive housing benefits funding from the City to provide more deeply affordable homes to qualified households. Applicants approved under the RHSP are required to make at least 20% of the project's affordable rental units available to households in receipt of housing benefits, should sufficient funding be available.



### 3.3 DEVELOPMENT REVIEW SUPPORTS AND SERVICES

Projects approved through RHSP will be supported through a prioritized development review process. The City has taken various 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. APPLYING FOR AFFORDABLE AND RENT-CONTROLLED RENTAL HOUSING INCENTIVES

### 4.1 APPLICATION AND REVIEW PROCESS

Applicants and/or projects that are requesting financial Incentives for new Affordable and Rent-controlled homes must submit a complete application package demonstrating the eligibility of their organization and their project. 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 in Appendix 1.

This application window will be available year-round to receive applications, and Incentives will be approved for projects meeting minimum eligibility criteria on a first-come first-served basis, up to the amount of Incentives available annually as approved by City Council.

Organizations that also require capital funding towards affordable housing in their project are required to submit a separate application to the Capital Funding stream of the program. This is necessary as each type of City benefit is provided following a different review and assessment process, governed by different sets of terms and conditions. Information on how to apply for funding will be [available on the City's website](#).

Successful applicants will be notified in writing of the outcome of their application once the eligibility review and prioritization process has completed. Successful applicants will also receive a letter confirming the approval of Incentives, waivers, and exemptions for all approved units. To obtain exemptions or waivers from applicable City charges, applicants must submit this letter as part of a planning, development and/or permit application package.

Detailed instructions and all required forms are provided in the Application package in Appendix 1 to these Guidelines.

Organizations requesting any Incentives for purpose-built rental homes within their development, including the affordable portion of that development, should apply through the Purpose-built Rental Housing Incentives Stream. [Information is available on the City's website.](#)