Analysing the City of Toronto’s Multi-Unit Residential Acquisition Program

Speakers:
Celia Wandio, 2022-23 Blanche and Sandy Van Ginkel Graduate Fellow in Municipal Finance and Governance

Moderator:
Kass Forman, Manager, Programs and Research, Institute on Municipal Finance and Governance

May 2, 2023
Land Acknowledgement

We wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional lands of the Huron-Wendat, the Seneca, and most recently, the Mississaugas of the Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land.
Questions?

Ask in person

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Analysing the City of Toronto’s Multi-Unit Residential Acquisition (MURA) Program

Celia Wandio
Blanche and Sandy Van Ginkel Graduate Fellow in Municipal Finance and Governance
May 2, 2023
Presentation Outline

1. Policy context – housing policy & municipal finance
2. Need for acquisition funding
3. MURA – origins and funding to date
4. Evolving municipal role in housing
5. Current and potential funding tools
6. Conclusion
Policy Context

<table>
<thead>
<tr>
<th>Municipalities are “creatures of the province”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Devolution of social housing to municipalities in Ontario, 1998</td>
</tr>
<tr>
<td>Municipalities struggling to pay for expanded responsibilities</td>
</tr>
<tr>
<td>City of Toronto Act, 2006 gives City of Toronto additional revenue tools</td>
</tr>
<tr>
<td>Recent provincial acts have limited municipal revenues</td>
</tr>
<tr>
<td>Federal re-engagement in housing with National Housing Strategy</td>
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</table>
Understanding the Need for Acquisition Funding
Naturally Occurring Affordable Housing

NOAH is affordable because of:
- Property age
- Location
- Poor maintenance

NOAH is being lost due to:
- Aging and deteriorating rental stock
- Conversion/redevelopment
- Rising rents so units no longer affordable
- Lack of regulation/tenant protections
### Loss of Non-Subsidized Rental Units (Under $750 Per Month)

<table>
<thead>
<tr>
<th>Units lost 2011-2016</th>
<th>Units lost 2016-2021</th>
<th>Units lost 2011-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>-322,651</td>
<td>-230,475</td>
<td>-553,126</td>
</tr>
</tbody>
</table>

Source: Steve Pomeroy, 2022, using Census data
Loss of Rooming Houses

Rooming houses are a vital source of affordable housing.

Data from a 2017 Parkdale study found that 347 dwelling rooms had been lost due to conversion in the previous 10 years, with another 818 rooms at risk.

New rooming house regulations may increase risk of conversion.
Reasons for Acquisition Strategies

1. Cost efficient
2. Relatively quick to implement
3. Supports tenants and equity-deserving groups
4. Supports non-profit housing sector, including community land trusts
5. Long-term affordability
MURA: A Municipal Response to the Loss of NOAH
Acquisition Funding in Canada

Federal
- Acquisition an aspect of Rapid Housing Initiative funding, but not acquisition of tenanted rental properties

Provincial
- Acquisition eligible under Ontario Priorities Housing Initiative (OPHI), 2019-2022
- Province of BC’s new Rental Protection Fund, announced January 2023

Municipal
- Vancouver’s SRO (single-room occupancy hotels) acquisition program
- Montreal’s rooming house acquisition program, 1989-1992
- More examples in American context
## Pre-MURA Acquisition Pilots

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 37 (Community Benefits)</td>
<td>$1.5 million</td>
<td>2018 Pilot</td>
</tr>
<tr>
<td>[Ontario Priorities Housing Initiative (OPHI)]</td>
<td>$3 million</td>
<td>2019 Pilot</td>
</tr>
<tr>
<td></td>
<td>Unknown</td>
<td>2021 Pilot</td>
</tr>
</tbody>
</table>
MURA Program Details

- Can be used for apartment buildings (up to 60 units) and rooming houses
- Properties must be at risk of being lost due to conversion
- Payment process compatible with property acquisition
MURA Funding, 2021-2023

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Charges</td>
<td>$3.5 million</td>
<td>Year 1 (2021)</td>
</tr>
<tr>
<td>General Revenue</td>
<td>$6.5 million</td>
<td>Year 2 (2022)</td>
</tr>
<tr>
<td>Ontario Priorities Housing Initiative</td>
<td>$10 million</td>
<td>Year 3 (2023)</td>
</tr>
<tr>
<td>Vacant Homes Tax</td>
<td>$10 million</td>
<td></td>
</tr>
</tbody>
</table>
The Municipal Role in Affordable Housing Policy
## Municipal Affordable Housing Programs

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Capital Grant Program(s)</th>
<th>Revenue Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halifax Regional Municipality</td>
<td>Affordable Housing Grant Program (AHGP)</td>
<td>Bonus Density Program</td>
</tr>
<tr>
<td>City of Vancouver</td>
<td>Community Housing Investment Program (CHIP)</td>
<td>Development charges</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Empty Homes Tax</td>
</tr>
<tr>
<td>City of Edmonton</td>
<td>Affordable Housing Investment Plan (AHIP)</td>
<td>General revenues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>First Homes Program</td>
</tr>
</tbody>
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Origins of Municipal Role

Unmet affordable housing needs

Public pressure for action
Justification for Municipal Role

- Responsive to and aware of local needs
- Opportunities for public engagement
- Increased flexibility
MURA & the Municipal Role

- Responding to unmet housing needs
- Responding to local housing advocacy
- Sensitive to needs of local housing providers
Funding to Fulfill the Municipal Role in Housing
## Current & Potential Revenue Sources for City of Toronto

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Currently Used?</th>
<th>Used for MURA?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Charges</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Community Benefits</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Vacant Homes Tax</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Property Tax</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Municipal Land Transfer Tax</td>
<td>Yes</td>
<td>Not directly</td>
</tr>
<tr>
<td>Provincial/Federal Transfers</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Municipal Income Tax</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Municipal Sales Tax</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Growth-Related Funding Tools

- Includes community benefits and development charges
- Previously used for acquisition pilots and Open Door Program
- Revenue limited by legislative changes
Development Charges & Housing

• From 1997 to 2019, the Development Charges Act enabled the collection of DCs for a wide range of local services, which was interpreted to include affordable housing

• City of Toronto began collecting DCs for “shelter and housing” in 2004

• 2019 DCA amendment excluded housing and other “soft services”

• 2020 DCA amendment explicitly added “housing services” to list of eligible services

• 2022 DCA amendment (via Bill 23) removed “housing services” from list
Vacant Homes Tax

- Toronto tax based on Vancouver experience
- Allocated to MURA in 2023; revenues uncertain
- Primary goal is to return homes to rental market
Property Tax

- Regressive tax
- Can harm affordability
- Competing priorities for funding
Municipal Land Transfer Tax (MLTT)

Volatile and unpredictable revenues

Increases costs of buying a home

“Luxury” tax bracket could approximate progressive tax
Provincial/Federal Transfers

- Senior levels of government have greater fiscal capacity
- Can take the form of conditional or unconditional transfers
- Senior levels of government often prefer conditional transfers
- Transfer approach decreases flexibility and municipal fiscal autonomy
- Federal and provincial funding is vital in addition to own-source municipal revenues
Conclusion

Acquisition of private rental housing should be a major priority in housing policy.

Municipalities have taken on a greater role in affordable housing because of unmet needs (including for acquisition) and public pressure.

Municipalities are able to respond to emerging local needs.

The MURA Program is at risk due to constrained municipal finances.

Both new municipal revenue tools and increased senior gov’t funding are needed.
Thank you for listening!
Sources


