



STAFF REPORT ACTION REQUIRED

Aboriginal Affordable Housing Opportunity at 244 Church St.

Date:	January 26, 2007
To:	Executive Committee
From:	Deputy City Manager
Wards:	27 Toronto Centre-Rosedale
Reference Number:	

SUMMARY

This report recommends approval of an affordable housing opportunity proposed by Nishnawbe Homes Inc. (Nishnawbe Homes) and developed in partnership with the City of Toronto, the Province of Ontario and the Government of Canada. Nishnawbe Homes has made an offer to purchase the residential property located at 244 Church Street in order to provide permanent affordable housing for 62 Aboriginal residents with low incomes.

Federal/provincial support is being made available from the Affordable Housing Program – Toronto Urban Aboriginal Initiative. This report recommends the City administer the program and waive property taxes for twenty five years to make rents more affordable and increase project viability.

Nishnawbe Homes is a well recognized and highly regarded provider of Aboriginal housing in Toronto. Provincial and City staff have worked closely in a responsive and co-operative partnership to evaluate the business case and are jointly recommending that this proposal proceed. Approval by Council will permit Nishnawbe Homes to purchase the property on March 30, 2007 and immediately begin housing members of the Aboriginal community -- while preserving this housing asset.

RECOMMENDATIONS

The Affordable Housing Office recommends that:

1. City Council approve the Nishnawbe Homes Inc. proposal to operate affordable housing at 244 Church St. under the Canada Ontario Affordable Housing Program - Toronto Urban Aboriginal Initiative and agree to administer this project under the Program;

2. Authority be granted for exemption from taxation for municipal and school purposes for 244 Church St. for the term of the Contribution Agreement or 25 years of this initiative, whichever is less;
3. Authority be granted to the Director of Affordable Housing Development to execute, on behalf of the City, a municipal housing project facility agreement and a contribution agreement with Nishnawbe Homes Inc. to fund this project pursuant to the Program, and such other documents as may be required to give effect to the transaction; and
4. The appropriate City Officials be authorized and directed to take all necessary action to give effect to the recommendations, including the introduction in Council of any necessary Bills.

FINANCIAL IMPACT

The public benefit resulting from the proposed investment is the retention and renovation of a 62 unit rental building. It will secure 62 units of permanent housing with affordable rents that are between 50% and 67% of average market rent for Aboriginal residents.

Capital Funding Assistance: The total estimated cost for this proposal is \$3,887,592.00 and will be funded as shown in Table 1. Another City contribution to capital funding is the waiver of building permit fees, estimated at 45,000.

Table 1: Capital Funding Sources	
City Aboriginal PDF	\$10,000
CMHC SEED grant	\$10,000
Donation from Realtor	\$5,000
Canada-Ontario AHP	\$3,862,592
Total Funding	\$3,887,592

Operating Funding Assistance: The project will also receive rental assistance from the Strong Communities Housing Allowance Program – Toronto Pilot. This funding will be used to reduce the base rent of \$500 a month to average rents of approximately \$350 a month. Annual rental assistance is \$70,200 and over the three and a half years of the Pilot is worth a total rental assistance of approximately \$245,700. The net present value of the recommended City’s property tax forgiveness is approximately \$344,000 over 25 years. Housing allowances and property tax waivers will result in affordable rent for residents and will assist in maintaining and managing the property.

Table 2: Operating Contributions	
Benefit	Cost
25 yr NPV Property Tax Waiver	\$344,000
Housing Allowance 3.5 yrs	\$245,700

Program Administration Assistance: Under the terms of the Affordable Housing Program, the City will also receive \$50,213.70 to administer the funding and monitor Program compliance.

The Deputy City Manager and Chief Financial Officer have reviewed this report and agree with the financial impact information.

EQUITY IMPACT

The City of Toronto is home to an estimated 70,000 Aboriginal Canadians. The City's Streets Needs Assessment found that 26 per cent of homeless respondents were Aboriginal and nearly 40 per cent of these noted that cultural supports were needed to help them find and retain housing.

The proposal by Nishnawbe Homes is a good opportunity to provide Aboriginal-owned and managed housing in the City of Toronto. It will help preserve and reinforce the cultural identity of Aboriginal people and help them succeed in life.

Resources Needed

Similar to other housing proposals, the City needs to marshal federal, provincial and city financial resources to successfully support affordable housing for people with low-incomes. The Nishnawbe proposal is timely as it coincides with the provincial interest in supporting new projects under the Toronto Urban Aboriginal Initiative. This proposal requires approximately \$62,000 per unit to preserve and renovate 62 units.

Performance

Nishnawbe Homes has prepared a sound management plan for the ongoing operation of the project. The Affordable Housing Office will facilitate Nishnawbe Homes work to renovate the building. Shelter, Housing and Support will administer the housing agreements associated with the Affordable Housing Program after occupancy. Program compliance with the agreements by Nishnawbe Homes will be measured through annual financial reports. However, recognizing the pilot nature of this initiative, provincial and city staff are committed to working with Nishnawbe Homes to monitor ongoing project viability and to bring forward recommendations as needed to maintain affordable rents.

DECISION HISTORY

This is the first time this project has been considered by City Council. On Friday December 22, 2006, the Assistant Deputy Minister, Housing Division, Ministry of Municipal Affairs and Housing confirmed to Nishnawbe Homes a "conditional commitment" to purchase the property under the Affordable Housing Program. The province requested that the City of Toronto assume administration of the project under the Affordable Housing Program and in partnership with the province conduct due diligence on the business plan. The business plan was presented January 19, 2007 and reviewed by provincial and city officials who made recommendations to strengthen the proposal. Nishnawbe Homes finalized the business plan January 24, 2007 and the Deputy City Manager informed the Ministry of Municipal Affairs that city staff were prepared to recommend the proposal to Toronto City Council. On January 26, 2007 Minister Gerretsen confirmed project funding, conditional upon to Nishnawbe Homes entering into a Contribution agreement with the City of Toronto by March 30, 2007.

ISSUE BACKGROUND

The Group

Nishnawbe Homes has a long and distinguished history of providing safe and secure housing for the Aboriginal community in Toronto. Within its mandate it also strives to create a strong sense of community in the context of Aboriginal cultural values and supports an alcohol and drug free environment. In Toronto, Nishnawbe Homes operates 80 units for Aboriginal women and men 18 years of age and older amongst 13 houses and Maddy Harper Lodge. Nishnawbe Homes has received letters of support for this proposal from representatives of the Aboriginal community.

The Property

244 Church is on the west side of Church Street, just south of Dundas Street East. The location is close to a wide range of social services, health care, educational institutions, employment opportunities and Aboriginal cultural agencies.

The three-storey building, built circa 1890, contains a gross floor area of approximately 14,800 sq. ft. above grade and approximately 3,690 sq. ft. of finished basement space. The building is well maintained and contains 62 rooms with common rooms, television room, visitor parlour and kitchenettes. The rooms are approximately 220 square feet in area.

The Proposal

Nishnawbe Homes proposes to purchase 244 Church Street, undertake renovations to maintain and update the building, and use the site for permanent, stable housing for Aboriginal people. The building has been used as a women's residence and 30 of the 62 rooms are occupied. The current residents have security of tenure and their tenancies are governed by existing landlord and tenant legislation. It is the intention of Nishnawbe Homes to rent to Aboriginal residents as existing tenants move.

As outlined in its business plan, Nishnawbe Homes will employ a property manager and community worker on site. Aboriginal elders living in the building will reinforce cultural values and provide a positive influence. Overnight staff also will be employed to provide building security. Nishnawbe Homes is committed to providing rents at or below \$500 a month and will be assisted during a three-year transition period by participating in the Strong Communities Housing Allowance Program – Toronto Pilot.

COMMENTS

Key issues considered in reviewing the request for financial support include:

- Toronto's priority in providing new housing opportunities for the Aboriginal community,
- Provincial and city approval of the business plan,
- Provincial government's commitment to make a special Aboriginal allocation under the Affordable Housing Program – Toronto Urban Aboriginal initiative, and
- The excellent track record and capacity of Nishnawbe Homes.

The Nishnawbe Homes business plan, including full project details, capital and operating budgets, and management plan outline have been reviewed by Affordable Housing Office staff, Social Housing Unit staff and provincial staff as part of the due diligence review of the project. The proposal was also reviewed by N. Barry Lyons Consultants Limited on the same basis as projects under the City's Affordable Housing Development Request for Proposals and deemed to be financially viable. The project will be debt free and deliver affordable housing at rents below \$500 per month to meet the needs of people with very low incomes.

CONCLUSION

Nishnawbe Homes has approached the City of Toronto and the Province of Ontario to secure financial support for its proposal and is planning to own and operate the property as of March 30, 2007. Nishnawbe Homes is well positioned to purchase and rehabilitate the residential property at 244 Church Street and provide housing for 62 low income and Aboriginal residents.

Provincial and city officials have responded in a timely fashion in conducting due diligence on the business plan and are recommending funding approval. The proposal to preserve and renovate 244 Church Street is an example of an effective provincial, city and community partnership.

Approval will also contribute the first 62 units of affordable housing in 2007 under the Mayor's objective to deliver 1,000 affordable homes annually.

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SIGNATURE

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