

June 14, 2007

To: Executive Committee

From: Affordable Housing Committee

Subject: Habitat for Humanity Request for Fee Forgiveness – 4200 Kingston Road

Recommendations:

The Affordable Housing Committee on June 14, 2007, recommends to the Executive Committee and City Council that:

1. City Council recognize the development of 4200 Kingston Road by Habitat for Humanity as an affordable home ownership initiative within the City of Toronto;
2. authority be granted at this site for a one-time grant of \$131,364.48 from the city's Capital Revolving Fund equivalent to the building permit fees; development charges and park levy;
3. the Deputy City Manager, in consultation with the Chief Building Official and the Chief Financial Officer, report to Executive Committee on a policy as it relates to the waiver of fees and charges to non-profit home ownership initiatives and the legislative authority to support such policies; and
5. City officials take whatever action is necessary to give effect to these recommendations.

Background:

The Affordable Housing Committee on June 14, 2007, considered a report (May 31, 2007) from Deputy City Manager Sue Corke respecting Habitat for Humanity Request for Fee Forgiveness – 4200 Kingston Road.

City Clerk

Patsy Morris
Item AH4.6

Sent to: Deputy City Manager, Sue Corke
Director, Affordable Housing Development, Affordable Housing Office
Director, Partnerships, Affordable Housing Office



STAFF REPORT ACTION REQUIRED

Habitat for Humanity Request for Fee Forgiveness – 4200 Kingston Road

Date:	May 31, 2007
To:	Affordable Housing Committee
From:	Deputy City Manager Sue Corke
Wards:	43, Scarborough East
Reference Number:	AH Partnerships/ Toronto 2007 report 1

SUMMARY

This report responds to a request from Habitat for Humanity Toronto for a rebate on certain city fees associated with the development of 19 town homes at 4200 Kingston Road. This report recommends the city provide a grant of \$131,364.48 from the Capital Revolving Fund for Affordable Housing to Habitat for Humanity, which is an amount equivalent to the development charge, parks levy and building development fees paid for this site. The grant to be applied against the cost to develop the site and deliver affordable homes to nineteen low-income families and will be used directly to reduce their mortgages.

Habitat for Humanity Toronto has for many years successfully assisted low-income residents to move from poverty housing into affordable home ownership. On a case by case basis, the City of Toronto has previously waived certain fees and charges to help increase the affordability of Habitat developments.

This report proposes that city officials liaise with Habitat on an ongoing basis to determine the expected annual number of new homes and an estimated impact of future fee and charges waivers. It is also proposed that staff report to Executive Committee on a policy as it relates to the waiver of fees and charges for future non-profit home ownership initiatives and the legislative authority to support such policies.

RECOMMENDATIONS

The Deputy City Manager responsible for Affordable Housing and the Chief Building Official recommend that:

1. City Council recognize the development of 4200 Kingston Road by Habitat for Humanity as an affordable home ownership initiative within the City of Toronto.
2. Authority be granted at this site for a one-time grant of \$131,364.48 from the city's Capital Revolving Fund equivalent to the building permit fees; development charges and park levy.
3. The Deputy City Manager, in consultation with the Chief Building Official and the Chief Financial Officer, report to Executive Committee on a policy as it relates to the waiver of fees and charges to non-profit home ownership initiatives and the legislative authority to support such policies.
5. That city officials take whatever action is necessary to give effect to these recommendations.

Implementation Points

City officials work with Habitat for Humanity Toronto to implement and expedite Recommendation two of this report concerning the provision of a grant under the Capital Revolving Fund for Affordable Housing.

Financial Impact

The request by Habitat for Humanity for fee waivers and charges will require a refund of these fees as they were previously paid to the city by the former owner of 4200 Kingston Road. As such, these fees refunds and grant are unbudgeted operating expenditures in 2007 to be drawn from the city's Capital Revolving fund for housing. There is currently \$9Million of uncommitted funds in the Capital Revolving Fund available for investment in affordable housing projects. It is understood that this will be a one-time grant and that staff will develop a policy on the waiver of fees and charges to non-profit homeownership initiatives for the future.

Fee Waiver Recommended	Amount of Waiver	Source
Building Permit Fees	\$32,469.95	Capital Revolving Fund
Development Charges	\$67,336.00	Capital Revolving Fund
Park Levy	\$31,559.13	Capital Revolving Fund

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

DECISION HISTORY

At the City Council meeting of February 5, 6, 2007 a Notice of Motion was introduced by the Councillor for Ward 43, Scarborough East, requesting that Council approve the waiving of fees associated with the Habitat for Humanity project at 4200 Kingston Road. The Notice of Motion was referred to the Executive Committee for consideration. At the Executive Committee meeting of March 26, 2007, the Motion was referred to the Deputy City Manager, Sue Corke, and the Chief Building Official and Executive Director, Toronto Building, to report on the matter to the Affordable Housing Committee. This report was prepared in consultation with Finance staff and the Chief Building Official and Executive Director and fulfills the request from the Executive Committee.

ISSUE BACKGROUND

The City of Toronto has developed a range of supports and incentives to assist low-income families and individuals access affordable housing. To increase rental housing affordability, the city has policies that support the development of affordable rental housing through the waiving of development fees and charges, including forgiveness of property taxes.

In contrast to the city's approach to new rental housing, the city has taken a case-by-case approach to new affordable homeownership initiatives. While this report recommends a similar approach in the case of 4200 Kingston Road, it also recommends that staff report back on a policy for future non-profit affordable home ownership initiatives.

COMMENTS

Habitat for Humanity Toronto has a long history of developing affordable ownership housing for low-income families in Toronto. To date, the City of Toronto has provided fee waivers on Habitat developments to reduce carrying costs for new purchasers in developments such as 38 St. Lawrence and 150 Pinery Trail.

City officials met in May 2007 with Habitat for Humanity Toronto to review their request for \$249,958.70 in fee forgiveness.

Several of the charges, including the building permit fee, development charges and park levy were paid by the previous owner of the property. As such there is no current legislative authority to permit the city to waive the building permit fees paid by a previous owner. Similarly there is currently no policy or legislative ability to forgive or refund the park levy or development charges paid by a previous owner.

However, as an alternative to fee forgiveness, it is recommended that the city provide a one time grant of \$131,364.48 equivalent to the value of the development charges, park levy and building permit costs.

The chart below outlines the specific Habitat for Humanity Toronto requests and city staff comments and recommendations

Habitat Requested Fee Forgiveness	Staff Comments/Recommendations
1. Building Permit Fee \$32,469.95	Grant be approved as per section 83 of the City of Toronto Act and paid from the city's Capital Revolving Fund for Affordable Housing
2. Development Charges \$67,336.00	Grant be approved as per section 83 of the City of Toronto Act and paid from the city's Capital Revolving Fund for Affordable Housing
3. Education Development Charges \$7,638.00	Refund is not recommended as this was previously paid to the school board
4. Road Damage Deposit \$5,700.00	Waiver is not required as the deposit will be refunded subject to conditions on deposit
5. Park Levy \$31,559.13	Grant be approved as per section 83 of the City of Toronto Act and paid from the city's Capital Revolving Fund for Affordable Housing
6. Municipal Numbering \$132.72	Refund is not recommended given the incidental nature of the charge
7. Water and Sewer Servicing \$105,122.90	This is a cost incurred directly by the city or third party – not recommended

CONCLUSION

Habitat for Humanity Toronto provides much needed affordable home ownership opportunities to low-income families. The recommendations in this report will help to enhance the affordability of 19 new homes that will be completed and occupied in August/September 2007.

It is also proposed, upon adoption of the report, that city officials liaise with Habitat for Humanity Toronto to report on future plans and how the city can continue to support the delivery of non-profit ownership housing. And that staff report on a policy as it relates to such support.

CONTACT

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SIGNATURE

Sue Corke
Deputy City Manager