

June 3, 2010

To: Executive Committee

From: Affordable Housing Committee

Subject: Providing City Incentives to Support 32 New Affordable Non-Profit Rental Homes at 423-7 Dundas Street East

Recommendations:

The Affordable Housing Committee recommends to the Executive Committee, for its meeting on June 14, 2010 that:

- 1. City Council recommend that a tax exemption be granted to Nishnawbe Homes Inc. for municipal and school purposes for any affordable units in its non-profit development currently municipally known as 423-7 Dundas Street East for a period of 25 years.**
- 2. City Council grant authority to the Director, Affordable Housing Office, to negotiate a municipal capital facility agreement with Nishnawbe Homes to secure the ongoing affordability of the rental units being exempted from taxation; and**
- 3. City Council grant authority to and direct the Director, Affordable Housing Office, to enter into and execute, on behalf of the City, a municipal capital facility agreement, the City's security and any other documents or agreements required to facilitate the completion of the funding from Miziwe Biik Development Corporation and required by Nishnawbe Homes Inc. to obtain and maintain its other sources of funding, on terms and conditions satisfactory to the Director, Affordable Housing Office, and in a form approved by the City Solicitor.**

Background:

The Affordable Housing Committee on June 3, 2010, considered a report (May 17, 2010) from Sue Corke, Deputy City Manager seeking approval to recommend that Nishnawbe Homes Inc. be exempt from property taxes for a period of 25 years for its new 32-unit non-profit affordable rental housing development for aboriginal people at 423-7 Dundas Street East.

Background Information

Staff Report from Sue Corke, Deputy City Manager

(<http://www.toronto.ca/legdocs/mmis/2010/ah/bgrd/backgroundfile-30439.pdf>)

City Clerk

Dela Ting
Item AH13.5

Attachments

cc: Deputy City Manager, Sue Corke
Deputy City Manager and Chief Financial Officer
Director, Affordable Housing Office
Councillor Giorgio Mammoliti, Ward 7 York West
Interested Persons



STAFF REPORT ACTION REQUIRED

Providing City Incentives to Support 32 New Affordable Non-Profit Rental Homes at 423-7 Dundas Street East

Date:	May 17, 2010
To:	Affordable Housing Committee
From:	Sue Corke, Deputy City Manager
Wards:	28
Reference Number:	AFS - 12031

SUMMARY

This report seeks approval to recommend that Nishnawbe Homes Inc. be exempt from property taxes for a period of 25 years for its new 32-unit non-profit affordable rental housing development for aboriginal people at 423-7 Dundas Street East. The net present value of this 25-year exemption is \$288,940. Development charges and planning fees have been waived for an estimated value of \$170,890. The development was selected by Miziwe Biik Development Corporation as a result of a Request for Proposals process to receive funding under the Aboriginal Federal- Provincial Rental Program-GTA.

An exemption from property taxes will increase affordability and allow Nishnawbe Homes to offer rents below 80% of average market rents. The development will be a four-storey building with 15 bachelors, 13 one-bedroom and four two-bedrooms. Construction is expected to start in late 2010 or early 2011 with occupancy scheduled for early 2012.

Upon approval, this development of 32 units will contribute to reaching the Housing Opportunities Toronto annual target of 1,000 units of new affordable housing.

RECOMMENDATIONS

The Deputy City Manager responsible for the Affordable Housing Office recommends that:

1. City Council recommend that a tax exemption be granted to Nishnawbe Homes Inc. for municipal and school purposes for any affordable units in its non-profit development currently municipally known as 423-7 Dundas Street East for a period of 25 years;
2. City Council grant authority to the Director, Affordable Housing Office, to negotiate a municipal capital facility agreement with Nishnawbe Homes to secure the ongoing affordability of the rental units being exempted from taxation; and
3. City Council grant authority to and direct the Director, Affordable Housing Office, to enter into and execute, on behalf of the City, a municipal capital facility agreement, the City's security and any other documents or agreements required to facilitate the completion of the funding from Miziwe Biik Development Corporation and required by Nishnawbe Homes Inc. to obtain and maintain its other sources of funding, on terms and conditions satisfactory to the Director, Affordable Housing Office, and in a form approved by the City Solicitor.

Financial Impact

This report seeks approval to recommend that Nishnawbe Homes Inc. be exempt from property taxes, in keeping with existing City policy, for municipal and school purposes for 25 years for its development of 32 units of affordable rental housing at 423-7 Dundas Street East. The net present value of this property tax exemption is \$288,940. Development charges and fees have been waived for the project for approximately \$170,890.

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

Equity Impact Statement

The funding recommended in this report will assist in providing greater access to affordable rental housing to a disadvantaged and lower-income segment of Toronto's population—people of aboriginal heritage. Increasing the opportunities of aboriginal people to affordable housing will improve the economic and social well-being of these

students, seniors, persons with disabilities and working people. The impact of this initiative will be monitored by the City for the 25 years of the Contribution Agreement Nishnawbe will sign with the City which requires that the housing remain affordable for that period.

ISSUE BACKGROUND

Nishnawbe Homes has requested a property tax exemption for its 32-unit development of affordable rental housing at 423-7 Dundas Street East as a way to achieve more affordable rents for its intended residents. Upon approval, Nishnawbe Homes will enter into a Contribution Agreement with the City obligating Nishnawbe to provide rents at or below 80% of average market rents for the term of the tax exemption or 25 years. The obligations under the Contribution Agreement will be secured by a mortgage in favour of the City and thereby protect the public investment.

Nishnawbe Homes was awarded \$4,180,000 from Miziwe Biik Development Corporation under the Aboriginal Rental Program – GTA as a result of a competitive process. This funding comes with obligations consistent with the Canada-Ontario Affordable Housing Program and will be secured through a Contribution Agreement and registered mortgage.

The development will be a four-storey apartment building with 32 affordable homes comprised of 15 bachelor, 13 one-bedroom and four two-bedroom units with two being fully accessible units. Nishnawbe Homes is a non-profit housing provider that started in 1994 and currently manages 122 units of affordable housing for aboriginal people. In 2008, the proponent completed a renovation project at 244 Church Street which created 60 affordable homes with funding from the federal, provincial and city governments.

Equity Analysis

Barriers Faced by the Target Population:

Aboriginal people in Toronto are recognized by the City as a priority group in terms of its Access, Equity and Human Rights policy. The final report in June 2008 of the Greater Toronto Area Aboriginal Housing Consultation states that almost half of all Aboriginal households report paying more than 50% or more of their income on housing, well above the 30% accepted threshold and often for overcrowded, unsafe and substandard housing. Further, it states that less than one in five Aboriginal households have annual incomes that would qualify them for a mortgage to purchase a home. Many societal factors have

resulted in about 33% of Aboriginal households having annual incomes below the poverty line making access to decent, affordable housing very difficult without some form of rental assistance given the high cost of housing in Toronto.

Overcoming the Barriers:

The City's Housing Opportunities Toronto, An Affordable Housing Action Plan 2010-2020 has as one of its recommendations to be implemented by the City-“Address the housing issues facing

Aboriginal people who are homeless by: a) Allocating funds to support the development of Aboriginal-specific housing options.”

The proposed housing development in this report is one response to that recommendation. Upon approval, 32 units will be built by an Aboriginal housing provider to address the financial barriers faced by Aboriginal people in Toronto in accessing decent affordable rental housing. The capital funding for the development is being provided through the Aboriginal Federal-Provincial Rental Program-GTA. The property tax exemption recommended in this report will directly assist Nishnawbe Homes to be able to lower rents through a reduction in operating costs.

Measuring Results:

The City will monitor the development for the 25 years of the legal agreement to be entered into by Nishnawbe Homes with the City to ensure that the obligations of the agreement continue to be met. These obligations include maintaining the housing for Aboriginal people and at affordable rents.

COMMENTS

This report seeks approval to recommend that property taxes be exempted for the Nishnawbe Homes Inc. non-profit development of 32 affordable rental homes at 423-7 Dundas Street East for 25 years. Approving this request will mean that rents will be below 80% of average market rents, making it more affordable.

Capital funding for the development has been provided by Miziwe Biik Development Corporation as a result of a Request for Proposals selection process. Nishnawbe has been awarded funds from the Aboriginal Federal-Provincial Rental Program – GTA to provide

affordable housing for 25 years. The City has waived development charges and planning fees pursuant to existing policy for non-profit affordable housing. Upon approval of the recommendations in this report, the exemption would be secured through a mortgage with the City obligating Nishnawbe Homes to provide affordable housing for 25 years.

CONTACT

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SIGNATURE

Sue Corke, Deputy City Manager