Tax Relief for Veteran’s Memorial Homes Owned by the Canadian Legion (Toronto) Homes

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<th>Date:</th>
<th>September 2, 2008</th>
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<td>To:</td>
<td>Government Management Committee</td>
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<td>From:</td>
<td>Treasurer</td>
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<td>Wards:</td>
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<td>Reference Number:</td>
<td>P:\2008\Internal Services\Rev\gm08021rev (AFS#8138)</td>
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SUMMARY

This report provides information on properties owned by the Canadian Legion (Toronto) Homes used to provide affordable housing to veterans, and seeks Council authority to amend the Tax Rebate program for Veteran’s Clubhouses and Legion Halls to clarify the definition and eligibility requirements for veteran’s memorial homes.

RECOMMENDATIONS

The Treasurer recommends that:

1. Council authorize amendments to Article IX, Tax Rebate Program for Veteran’s Clubhouse and Legion Halls, of the City of Toronto Municipal Code, Chapter 767, Taxation, to:
   a. Define the term “memorial home” to mean “a facility that provides affordable housing or rental housing units at below average rents, as defined in the City of Toronto Municipal Housing Facilities By-law, By-law No. 282-2002 for veterans, or spouses thereof, of the naval, military or air forces of Canada, Great Britain or Her Majesty’s allies”; and
   b. to require that if the applicant for rebate is a veteran’s memorial home, it must provide documentation to confirm the number of housing units that are occupied by veterans for the period to which the application relates.
2. Authority be granted for the introduction of the necessary bills to give effect thereto; and

3. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

**Financial Impact**

Currently, the City of Toronto’s Shelter, Housing and Support Administration Division pays a portion of the property taxes, both municipal and education portions, on rental housing units located at 4711-4719 Bathurst Street, 4701 Bathurst Street and 125 Stafford Road on behalf of the Canadian Legion (Toronto) Homes under a 1958 agreement which expires in 2008. The total amount paid by Shelter, Housing and Support for the three properties under this agreement was approximately $202,800 in 2007 – the balance of the annual taxes (approximately $3,550) were paid by Canadian Legion (Toronto) Homes.

The City’s obligation to pay property taxes on these three properties will cease in 2008, with the expiry of the 1958 agreement. Once the agreement has expired, and provided the recommendations in this report are adopted, these properties may then apply for a 100 per cent rebate of the property taxes payable on the eligible portion of these properties (i.e., units occupied by veterans) under the City’s Rebate Program for Veteran’s Clubhouses and Legion Halls. Assuming all units are eligible to receive the rebate, the estimated maximum amount of the total annual rebate for these three properties would total approximately $220,140 per year, comprised of a municipal portion of $192,375 and an education portion of $27,765. However, as the costs of veteran’s rebates are shared by Toronto’s school boards, the education portion of taxes of $27,765 would be deducted from amounts payable to the school boards, hence the City’s maximum costs for rebates to these properties would be approximately $192,375 annually.

With the termination of the tax assistance agreement, the City’s Shelter, Housing and Support Administration Division will realize operating cost savings of approximately $220,000 per year. These operational savings will be offset, however, by an increase in the funding requirement for the City’s non-program tax deficiencies account, from which veteran’s rebates are funded, to a maximum of $192,375. The actual amount of the required rebate for these three properties is not yet known, and will depend on the number of units which qualify to receive the rebate. It is expected that not all units will qualify to receive the rebate, and therefore the total annual rebate requirement will be less than the amount previously paid by Shelter, Housing and Support Administration, resulting in savings between $27,765 at a minimum (savings on the education share of taxes) and $192,375 (if no units are eligible).

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.
DECISION HISTORY
In response to a letter to the Government Management Committee from Councillor Nunziata dated July 8, 2008, the Committee requested the Treasurer to report to its meeting of September 17, 2008, on options and appropriate recommendations to continue tax relief for 4701 Bathurst Street, 4711-4719 Bathurst Street and 125 Stafford Road and other similar properties that are owned by the Canadian Legion (Toronto) Homes or similar organizations and used as memorial homes for veteran’s housing. The full text of this letter can be viewed at:


The Government Management Committee’s decision can be viewed at:

ISSUE BACKGROUND
The Canadian Legion (Toronto) Homes owns and operates properties at 4701 Bathurst Street, 4711-4719 Bathurst Street, and 125 Stafford Road in Toronto as memorial homes for the purposes of providing affordable housing to veterans.

Under an agreement dated October 21, 1958 between the former Municipality of Metropolitan Toronto (Metro) and the Canadian Legion (Toronto) Homes, Metro agreed to pay all property taxes above a base amount of $25 per suite for these properties (comprising 142 rental units in total), for a period of 50 years, or until the expiry of a mortgage agreement held by the Canada Mortgage and Housing Corporation (CMHC), whichever came first. The Legion remained responsible for the balance of property taxes in each year, which have been paid.

The 50-year term of the original agreement with Metro will expire on October 20, 2008, and in fact, for 4711-4719 Bathurst Street, the agreement has already expired, with the expiry of the CMHC mortgage agreement in January 2008, as shown in Table 1.

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<tr>
<th>Projects</th>
<th>Properties</th>
<th>Units</th>
<th>Expiry of Agreement with the City</th>
<th>Expiry of the CMHC Mortgage Agreement</th>
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<td>94</td>
<td>October 2008</td>
<td>April 2014</td>
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<tr>
<td>125 Stafford Rd</td>
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COMMENTS
Since amalgamation in 1998, the City’s Shelter, Housing and Support Administration Division has assumed responsibility for payment of the City’s portion of property taxes
under the former Metro agreement, identifying the required amount each year as part of the Division’s operating budget. In 2007, the City paid approximately $202,800 in property taxes for these three properties, or roughly 98.3% of the total taxes payable, with the Canadian Legion (Toronto) Homes contributing the remaining $3,550, or 1.7% of the total taxes payable of $206,350.

It should be noted that the City’s share of property tax payments has actually increased over time in relation to the portion paid by the Canadian Legion, because the Legion’s contribution towards taxes remains fixed at $25 per unit under the former Metro agreement, while the property taxes increased each year. In contrast, it is expected that the actual number of housing units occupied by veterans would be decreasing over time.

Based on the expiry conditions of the tax assistance agreement, the Canadian Legion became responsible for payment of the full amount of property taxes on 4711-4719 Bathurst Street from January 2008 onward, coinciding with the expiry of the CMHC mortgage. The Legion will also assume full responsibility for payment of taxes from October 21, 2008 onward for 4701 Bathurst Street and 125 Stafford Road, based on the expiry of the 50-year term of the agreement. The Legion has identified that this will result in a substantial increase in costs, and may jeopardize their ability to continue to operate these affordable housing units.

Staff of Shelter, Housing and Support Administration have notified the Canadian Legion (Toronto) Homes of the agreement’s expiry conditions, and have indicated that the agreement will not be extended, but that other forms of tax relief are available that can provide continued support for affordable veteran’s housing.

Property Tax Assistance under the Veterans Rebate Program

Under the City’s Tax Rebate Program for Veteran’s Clubhouses and Legion Halls (Municipal Code Chapter 767 - Article IX), eligible organizations may receive a 100 per cent rebate of the property taxes payable on facilities for veterans, including memorial homes. An eligible property is defined as “lands or building, or a portion thereof, used as a memorial home, clubhouse, or athletic grounds for veterans of the naval, military or air forces of Canada, Great Britain or Her Majesty’s allies.”

Although the City’s current veteran’s rebate program identifies a memorial home as an eligible use, the City of Toronto Municipal Code does not provide a definition of the term “memorial home.” Similarly, while the provincial Assessment Act uses the term “memorial home” in reference to a tax exemption which may be provided by municipalities in respect of municipal taxes only, the Act does not provide a definition of the term. The Municipal Property Assessment Corporation has also advised that they have not adopted a working definition for a “memorial home,” but have confirmed that a property used to provide affordable rental housing to veterans would be considered a memorial home for the purposes of the Assessment Act. This report recommends that the Municipal Code section for the veteran’s rebate program be amended to provide a definition of the term “memorial home.” It is proposed that a “memorial home” be defined as:
a facility that provides affordable housing or rental housing units at below average rents, as defined in the City of Toronto Municipal Housing Facilities By-law, By-law No. 282-2002 for veterans, or spouses thereof, of the naval, military or air forces of Canada, Great Britain or Her Majesty’s allies.

Additionally, given that the rebate program’s objective is to provide tax relief to facilities that support veterans, the City must be assured that the housing units receiving rebates under this program are actually occupied by veterans, and not operated simply as affordable housing for the general population. With this in mind, this report further recommends that the Municipal Code’s provisions for the veteran’s rebate program be amended to include a requirement that if the applicant for rebate is a veteran’s memorial home, it must annually confirm the number of housing units that are occupied by veterans during the period to which the application relates.

With the above amendments to the veteran’s rebate program, and provided that the housing units operated by the Canadian Legion (Toronto) homes at 4701, 4711-4719 Bathurst Street and 125 Stafford Road are occupied by veterans and that all other eligibility and application requirements are satisfied, the Canadian Legion may qualify to receive a rebate of 100 per cent of the property taxes payable on all eligible units.

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SIGNATURE

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Cam Weldon
Treasurer