



REPORT FOR ACTION

Implementation of the Community Housing Partnership Renewal Program - Authority to Enter into Municipal Housing Facility Agreements

Date: October 5, 2020

To: Planning and Housing Committee

From: General Manager, Shelter, Support and Housing Administration

Wards: All

SUMMARY

In December 2019, City Council approved the Community Housing Partnership Renewal Program (CHPR), a new program designed to incentivize former federal non-profit housing providers with expired operating agreements to enter into new agreements with the City to secure affordable housing and maintain or improve levels of affordability. The implementation of CHPR requires site-specific authority from Council to approve individual municipal housing facility agreements for participating housing providers.

The purpose of this report is to obtain Council authority for Shelter, Support and Housing Administration (SSHA) to implement the first round of non-profit housing providers that have committed to participating in CHPR. This includes enrolling four housing providers with a total of 360 affordable rental units for 20-year terms. In addition to securing affordability, agreements under CHPR will include requirements that promote long-term sustainability of the rental stock and deepen affordability of a mix of unit sizes through the provision of housing benefits.

The HousingTO 2020-2030 Action Plan listed CHPR as a key initiative supporting the City's objective to protect non-profit housing and the City's commitment to achieving related targets in the action plan over the next ten years. Granting property tax relief to non-profit housing providers participating in CHPR is a cost-effective approach to secure affordable rental units and maintain the supply of affordable rental housing in Toronto.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, recommends that:

1. City Council authorize the General Manager, Shelter, Support and Housing Administration, to negotiate and enter into, on behalf of the City, a municipal housing facility agreement (the City's Contribution Agreement) with the housing providers described in Table 2 in the Financial Impact section of report (October 5, 2020) from the General Manager, Shelter, Support and Housing Administration, to secure affordable housing in accordance with By-law 1756-2019, in return for the exemption from taxation for municipal and school purposes, on terms and conditions satisfactory to the General Manager, Shelter, Support and Housing Administration, in a form approved by the City Solicitor.
2. City Council authorize an exemption from taxation for municipal and school purposes for the properties and periods of time described in Table 2 in the Financial Impact section of report (October 5, 2020) from the General Manager, Shelter, Support and Housing Administration, with the tax exemption being effective from the "Effective Date" of the municipal housing facility agreement (the City's Contribution Agreement).
3. City Council authorize the Controller to cancel or refund any taxes paid after the effective date of the municipal housing facility agreement (the City's Contribution Agreement).
4. City Council enact a site specific by-law amending the criteria for "Former Federal Project" in the Municipal Housing Facility By-law 1756-2019, to exempt 11 Winona Dr. operated by Hellenic Homes for the Aged Inc., from the eligibility criteria that former federal projects must have their original operating agreement with the Canada Mortgage and Housing Corporation expired to meet the definition of "Former Federal Project" in the Municipal Housing Facility By-law 1756-2019.
5. City Council direct the City Clerk to give written notice of the municipal housing facility agreement to the Minister of Finance, the Municipal Property Assessment Corporation, the Toronto District School Board, the Toronto Catholic District School Board, le Conseil scolaire Viamonde, and le Conseil scolaire catholique MonAvenir.

FINANCIAL IMPACT

This report seeks Council authority for SSHA to commence the implementation of the first round of the Community Housing Partnership Renewal Program (CHPR) with non-profit housing providers that have committed to participating in the program.

Four non-profit housing providers have committed to enrolling in CHPR in 2020: Mutually Assisting Residential Community (M.A.R.C) of Greater Toronto; St. Matthew's Bracondale House; Toronto Lithuanian Senior Citizens Inc.; and Hellenic Home for Aged Inc.

Implementation of the Community Housing Partnership Renewal Program - Authority to Enter into Municipal Housing Facility Agreements

There are no 2020 financial impacts to the City resulting from the implementation of CHPR. However, providing a property tax exemption to participating housing providers in an amount proportional to the number of affordable units secured, will result in an estimated net annual reduction in property tax revenue to the City of \$899,333 in 2021, consisting of a municipal portion of taxes of \$773,486, and a provincial education portion of taxes of \$125,847. The municipal portion of taxes of \$773,486 that are currently payable will no longer be collected once the property becomes exempt. The provincial education portion of property taxes of \$125,847 in 2021, will no longer be required to be remitted to the Province once the exemption for the exempt portions takes effect, with no net impact to the City.

The estimated total net present value of the property tax exemption over the 20-year affordability term is \$13,379,801, as shown in Table 1. The final value of the property tax exemptions will be determined by the Municipal Property Assessment Corporation.

Table 1: Total Annual and Net Present Value of Property Tax Exemptions

Estimated Number of Affordable Housing Units	Affordability Period	Estimated Annual Property Tax*	Estimated Net Present Value of Property Taxes*
360	20 years	\$ 899,333	\$ 13,379,801

*based on 2020 tax rates and an Net Present Value discount rate of 3%

Table 2: Breakdown of Annual Property Tax Exemptions

Housing Projects	Estimated Number of Affordable Units	Affordability Period	Property Taxes (annual)		
			City*	Education*	Total
6091 Bathurst St., Mutually Assisting Residential Community of Greater Toronto	90	20 years	\$167,040	\$27,177	\$194,217
11 Winona Dr., Hellenic Home for the Aged Inc.	130	20 years	\$381,023	\$61,993	\$443,016
707 St Clair Ave W., St. Matthews Bracondale House	82	20 years	\$132,505	\$21,559	\$154,064
1700 Bloor St W., Toronto Lithuanian Senior Citizens Inc.	58	20 years	\$ 92,918	\$15,118	\$ 108,036
Total	360		\$773,486	\$125,847	\$899,333

*based on 2020 property tax rates

Funding for the reduction in municipal tax revenue has been made available within the non-program tax deficiency budget, as outlined in the CHPR report approved by City Council on December 17, 2019.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with the implementation of CHPR to be considered along with other priorities during the 2021 Budget Processes.

Implementation of the Community Housing Partnership Renewal Program - Authority to Enter into Municipal Housing Facility Agreements

EQUITY IMPACT STATEMENT

The new affordable rental housing created through the Community Housing Partnership Renewal Program will increase the opportunity for low-income individuals and families to access safe, healthy and suitable homes. In addition, providing tax relief for the participating non-profit housing providers will help to sustain the affordable rental stock and deepen affordability, as a portion of units will be provided to households in receipt of a housing benefit.

DECISION HISTORY

On December 17, 2019, City Council adopted the Community Housing Partnership Renewal Program, a new program involving municipal housing facility agreements between the City and eligible non-profit housing providers to secure affordable housing in exchange for a property tax exemption. Site-specific authority is essential to implementing the Community Housing Partnership Renewal Program, as the Municipal Housing Facility By-law requires that staff return to City Council for approval of individual municipal housing facility agreements.

The staff report and decision document can be accessed at the following link:
[Community Housing Partnership Renewal Program](#)

On December 17 and 18, 2019, City Council adopted the HousingTO 2020-2030 Action Plan and its recommended actions as a strategic framework to guide the City's efforts on housing and homelessness needs over the next 10 years. The Community Housing Partnership Renewal Program was included as an initiative supporting the City of Toronto action to protect affordability of existing non-profit housing.

The staff report and decision document can be accessed at the following link:
[HousingTO 2020-2030 Action Plan](#)

COMMENTS

Background on Expiring Operating Agreements

Under former federal housing programs, non-profit housing providers entered into operating agreements with the Canada Mortgage Housing Corporation (CMHC), outlining housing provider funding levels and conditions. The City assumed responsibility for the administration of these operating agreements in 2002 when federal social housing programs were downloaded to municipal governments.

These operating agreements comprise over 8,500 rental units in Toronto, over half of which have already expired with the remainder set to expire by 2032. In the absence of new agreements, these rental units will no longer be secured by terms that protect affordability. In addition, the City risks ending the City's long-standing formal

Implementation of the Community Housing Partnership Renewal Program - Authority to Enter into Municipal Housing Facility Agreements

relationships with non-profit housing providers that have expertise in developing and managing housing and losing access to limited non-profit housing stock.

Community Housing Partnership Renewal Program

In December 2019, City Council approved the Community Housing Partnership Renewal Program (CHPR), a new program designed to incentivize former federal housing providers with expired operating agreements to enter into new agreements with the City. To be eligible for the program, housing providers must be not-for-profit and have an expired former federal operating agreement developed under sections 26, 27, and 95 of the National Housing Act.

Subject to approval of this report, the City will enter into a Contribution Agreement with the named non-profit housing providers. The Contribution Agreement will outline the terms and conditions of the Community Housing Partnership Renewal Program. This includes the following program terms for housing providers:

- Provide a minimum of 50% of units at or below 80% average market rent as determined by CMHC (referred to as affordable units), in adherence with the conditions of the Municipal Housing Facility By-Law described below.
- Provide a minimum of 50% of affordable units to tenants in receipt of a housing benefit, providing that units will be filled on turnover only, and subject to availability of funding for benefits administered by the City.
- Fill affordable units and units with a housing benefit using a City-approved access plan.
- Participate in SSHA's asset management program, which includes regular completion of a Building Condition Assessment and monitoring by SSHA staff.

Municipal Housing Facility By-Law (By-Law 1756-2019)

Under Section 252 of the City of Toronto Act, 2006 and the City's Municipal Housing Facility By-law, City Council has the authority to enter into agreements for the provision of municipal housing facilities, and to provide property tax exemptions to housing designated as a municipal housing facility. Exempting property taxes is a consistent policy tool used by the City to enable and incentivize affordable housing, as leveraged in the Open Door program.

Housing providers that enter into a Contribution Agreement (municipal housing facility agreement) with the City under this by-law must maintain affordability requirements and respective rules for tenant selection. The Municipal Housing Facility By-law requires former federal projects under CHPR to provide affordable units (referred to as "low-rent units") to households who are below the established income limit, which is at or below four times the annualized monthly occupancy cost for the housing unit.

Housing providers participating in the first cycle of enrollment

CHPR enrollment is being held in cycles to manage operational workload and timelines required to negotiate agreements with housing providers and process property tax

Implementation of the Community Housing Partnership Renewal Program - Authority to Enter into Municipal Housing Facility Agreements

exemptions through the Municipal Property Assessment Corporation. This report seeks authority to move forward with entering into agreements with four housing providers that have committed to joining CHPR in the first cycle of enrollment:

Mutually Assisting Residential Community of Greater Toronto

Mutually Assisting Residential Community (M.A.R.C.) of Greater Toronto has a total of 90 units at 6091 Bathurst St (Ward 18) and is committed to continuing to provide low-income housing to seniors. Agreement terms negotiated with M.A.R.C under CHPR include:

- 90 affordable units, including 11 one-bedroom units, 72 two-bedroom units, and 7 three-bedroom units
- Of these affordable units, M.A.R.C will maintain the existing 50 units as units with a housing benefit attached, and continue to add housing benefit units upon unit turnover until all 90 affordable units are also in receipt of a housing benefit
- 20-year affordability term

St. Matthew's Bracondale House

St. Matthew's Bracondale House has a total of 148 units at 707 St Clair (Ward 12) and is committed to continuing to provide low-income housing to seniors. Agreement terms negotiated with St. Matthew's Bracondale House under CHPR include:

- 82 affordable units with a housing benefit attached, including 16 bachelor units, 55 one-bedroom units, 4 two-bedroom units, 7 three-bedroom units
- 20-year affordability term

Toronto Lithuanian Senior Citizens Inc.

Toronto Lithuanian Senior Citizens Inc. has a total of 116 units at 1700 Bloor St W (Ward 2) and is committed to continuing to provide low-income housing to seniors. Agreement terms negotiated with Toronto Lithuanian Senior Citizens Inc. under CHPR include:

- 58 affordable units, including 4 bachelors, 53 one-bedroom units, 1 two-bedroom unit
- Of these affordable units, the existing 46 units with a housing benefit attached will be maintained.
- 20-year affordability term

Hellenic Home for Aged Inc.

Hellenic Home for Aged Inc. has a total of 150 units at 11 Winona Dr. (Ward 12) and has an approved Greek-origin mandate. Agreement terms negotiated with Hellenic Home for Aged Inc. under CHPR include:

- 130 affordable units with a housing benefit attached, including 111 one-bedroom units and 19 two-bedroom units
- 20-year affordability term

Site-specific By-Law Exemption for Hellenic Homes for the Aged Inc.

According to the Municipal Housing Facility By-Law, housing providers receiving a property tax exemption under CHPR must meet the definition of a Former Federal Project, which includes a requirement that the housing provider's original operating agreement with the CMHC must be expired.

This report is seeking approval to enact a site-specific by-law that will exempt Hellenic Homes for the Aged Inc. from the definition of Former Federal Project, to enable them to enroll in CHPR before their operating agreement expiration date of May 1, 2021.

Hellenic Home for the Aged Inc. is under unique circumstances as they have received a funding commitment of \$4.9 million from the CMHC under the National Housing Strategy's Co-investment Fund to address urgent capital repair needs, including replacing the hot water tank, roof, chiller and major repairs to the elevator. These capital repairs will address immediate needs while modernizing the building so it can continue to provide safe and affordable housing for residents.

In order to meet the debt coverage ratio requirements of the Co-investment Fund, Hellenic Home for the Aged Inc. must increase its net operating income and the only sustainable option to do this is by reducing their property tax expense. Providing a site specific exemption to grant Hellenic Home for the Aged Inc. a property tax exemption in advance of the expiry of their operating agreement will allow them to leverage federal funds for building renewal, while committing to an on-going partnership with the City that will secure 130 deeply affordable units for a 20-year affordability term to support low-income seniors.

CONTACT

Doug Rollins, Director, Housing Stability Services, Shelter, Support and Housing Administration, 416-392-0054, Doug.Rollins@toronto.ca

SIGNATURE

Mary-Anne Bédard, General Manager
Shelter, Support and Housing Administration