

## **Authority to Enter into Municipal Housing Facility Agreements under the Community Housing Partnership Renewal Program**

**Date:** April 8, 2021

**To:** Planning and Housing Committee

**From:** General Manager, Shelter, Support and Housing Administration

**Wards:** All

### **SUMMARY**

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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. CHPR is a key initiative within the HousingTO 2020-2030 Action Plan, 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. In October 2020, City Council approved the first round of non-profit housing providers that committed to participating in the program. Four housing providers enrolled into the CHPR program, securing a total of 360 affordable rental units for 20-year terms.

The purpose of this report is to obtain Council authority for Shelter, Support and Housing Administration (SSHA) to implement the second round of non-profit housing providers that have committed to participating in CHPR. This includes enrolling two housing providers with a total of 237 affordable rental units; 139 units for a 20-year term and 98 units for a 10-year term. In addition to securing affordable rental units, agreements under CHPR will deepen affordability through the provision of housing benefits.

## **RECOMMENDATIONS**

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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 (April 8, 2021) 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 (April 8, 2021) from the General Manager, Shelter, Support and Housing Administration, with the tax exemption being effective from the "Effective Date" of the City's Contribution Agreement.
3. City Council authorize the Controller to cancel or refund any taxes paid after the Effective Date of the City's Contribution agreement.
4. City Council direct the City Clerk to give written notice of each By-law authorizing the municipal housing facility agreements to the Minister of Finance, and written notice of each By-law authorizing an exemption from taxation for municipal and school purposes to the Municipal Property Assessment Corporation, and to the Toronto District School Board, the Toronto Catholic District School Board, le Conseil scolaire Viamonde, and le Conseil scolaire catholique MonAvenir, as appropriate.

## **FINANCIAL IMPACT**

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This report seeks Council authority for SSHA to enrol the second round of non-profit housing providers into the Community Housing Partnership Renewal Program (CHPR).

Two non-profit housing providers have committed to enrolling in the Community Housing Partnership Renewal Program in 2021: Richview Baptist Foundation and Sts. Peter and Paul Ukrainian Community Homes.

Providing a property tax exemption to participating housing providers, for the 237 affordable units secured, will result in an estimated net annual reduction in property tax revenue to the City of \$320,288 in 2021, consisting of a municipal portion of taxes of \$275,469 and a provincial education portion of taxes of \$44,819. The municipal portion of taxes of \$275,469 that are currently payable will no longer be collected once the property becomes exempt. The provincial education portion of property taxes of

\$44,819 in 2021 will no longer be required to be remitted to the Province once the exemption for the exempt portions takes effect.

The estimated total net present value of the property tax exemptions over the relevant affordability periods is 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 (years)	Estimated Annual Property Tax*	Estimated Net Present Value of Property Taxes*
139	20	\$ 147,230	\$2,190,404
98	10	\$ 173,059	\$1,476,226

\*based on 2020 tax rates and a Net Present Value discount rate of 3%.

Table 2: Breakdown of Annual Property Tax Exemptions

Housing Projects	Estimated Number of Affordable Units	Affordability Period (years)	Property Taxes (annual)		
			City*	Education*	Total
221 Milner Ave., Sts. Peter and Paul Ukrainian Community Homes	139	20	\$126,627	\$20,602	\$147,230
105 Clement Road., Richview Baptist Foundation	98	10	\$148,842	\$24,217	\$173,059
<b>Total</b>	<b>237</b>		<b>\$275,469</b>	<b>\$44,819</b>	<b>\$320,288</b>

\*based on 2020 property tax rates

Funding for the reduction in municipal tax revenue has been made available within the 2021 non-program tax deficiency budget.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications noted in the report.

## EQUITY IMPACT STATEMENT

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 sustain the affordable rental stock and deepen affordability, as a portion of the units will be provided to households in receipt of a housing benefit.

## DECISION HISTORY

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On October 27, 2020, City Council adopted the Implementation of the Community Housing Partnership Renewal Program, authorizing Shelter, Support and Housing Administration (SSHA) to enrol the first round of non-profit housing providers into the program and securing a total of 360 affordable rental units for 20-year terms.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH17.1>

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.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.7>

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.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

## COMMENTS

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### Community Housing Partnership Renewal Program

Non-profit housing providers that developed housing programs under section 26, 27 and 95 of the *National Housing Act*, entered into operating agreements with the Canada Mortgage and Housing Corporation (CMHC), between 1946 and 1986, outlining how the subsidy would be calculated and the housing provider's obligation. Over 8,500 units were developed under these federal housing programs and the responsibility for the administration of these contracts were transferred to the City in 2002. Half of these operating agreements have already expired and the rest are set to expire by 2032.

In December 2019, City Council updated the Municipal Housing Facility By-law and approved the Community Housing Partnership Renewal Program (CHPR), a new program designed to incentivize former federal non-profit housing providers to enter into new agreements with the City to sustain the City's housing system and maintain or improve levels of affordability. The program consists of three components that will guide the City's relationship with non-profit housing providers: secure affordability in exchange for a property tax exemption; deepen levels of affordability through added housing benefits; and building capacity in the non-profit sector.

CHPR requires site-specific authority from Council to approve individual municipal housing facility agreements for participating housing providers. CHPR enrollment is being held in cycles to manage the operational workload and timelines required to negotiate agreement terms with housing providers. In October 2020, City Council approved the first round of non-profit housing providers that committed to participating in the program. Four housing providers enrolled into the CHPR program, securing a total of 360 affordable rental units for 20-year terms. Details for the first round of enrollment into CHPR can be found in Attachment A. This report represents the second round of approvals.

### **Updated 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 financial assistance in the form of housing benefits and property tax exemptions to housing designated as a municipal housing facility. Council may designate rental housing as a municipal housing facility if that housing meets the definition of affordable housing as defined in the updated Municipal Housing Facility By-law. Former federal housing projects are one of the groups designated as a municipal housing facility under this by-law.

### **Program Eligibility**

To be eligible for the CHPR program, housing providers must be a not-for-profit, have an expired former federal operating agreement developed under section 26, 27 and 95 of the *National Housing Act* and secure "low-rent units," which are defined under the updated Municipal Housing Facility By-law, as housing units with monthly occupancy costs (prior to applying any housing benefit) at or below 80% of the average monthly rents by unit type, as determined by the Canada Mortgage and Housing Corporation.

Subject to approval of this report, the City will enter into a Contribution Agreement with the named non-profit housing providers. Housing providers that enter into a Contribution Agreement (municipal housing facility agreement) with the City, approved by way of the by-law, must maintain affordability requirements and select tenants in the manner required by the City's Municipal Housing Facility By-law.

The Contribution Agreement will outline the terms and conditions of the Community Housing Partnership Renewal Program. This includes the following terms for housing providers:

- Provide a minimum of 50% of units at or below 80% average market rents, as determined by CMHC (referred to as affordable units), in compliance with the requirements of the Municipal Housing Facility By-Law.
- Provide a minimum of 50% of affordable units to tenants in receipt of a housing benefit, 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.

## **Housing providers participating in the second cycle of enrollment**

CHPR enrollment is being held in cycles to process property tax exemptions through the Municipal Property Assessment Corporation. This report seeks authority to move forward with entering into new agreements with two housing providers that have committed to joining CHPR in the second cycle of enrollment:

### *Richview Baptist Foundation*

Richview Baptist Foundation has a total of 195 units at 105 Clement Rd (Ward 2) and is committed to continuing to provide low-income housing to seniors. Agreement terms negotiated with Richview Baptist Foundation under CHPR include:

- 98 affordable units, including 98 one-bedroom units
- Of these affordable units, 49 units will have a housing benefit attached
- 10-year affordability term

### *Sts. Peter and Paul Ukrainian Community Homes*

Sts. Peter and Paul Ukrainian Community Homes has a total of 148 units at 221 Milner Ave (Ward 23) and is committed to continuing to provide low-income housing to seniors. Agreement terms negotiated with Sts. Peter and Paul Ukrainian Community Homes under CHPR include:

- 139 affordable units, including 41 bachelor units, 92 one-bedroom units, 6 two-bedroom units
- Of these affordable units, the existing 92 units with a housing benefit attached will be maintained
- 20-year affordability term

## **CONCLUSION**

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The Community Housing Partnership Renewal Program represents an opportunity to establish a new relationship with non-profit housing providers and provides the flexibility and incentives to meet the individual needs of each housing project. Subject to approval of this report, six housing providers will have enrolled into the CHPR program, securing a total of 597 affordable rental units in the City.

## **CONTACT**

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## **SIGNATURE**

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

## **ATTACHMENTS**

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Attachment A: 2020 First Round of Housing Providers Enrolled in CHPR

## Attachment A: 2020 First Round of Housing Providers Enrolled in CHPR

Housing Provider	Project Address	Total Units	Affordable Units	Affordability Period (years)	Affordable Units with a Housing Benefit attached
Mutually Assisting Residential Community of Greater Toronto	6091 Bathurst St.	90	90	20	90
Hellenic Home for Aged Inc.	11 Winona Dr.	150	130	20	130
St. Matthew's Bracondale House	707 St. Clair Ave W.	148	82	20	82
Toronto Lithuanian Senior Citizens Inc.	1700 Bloor St. W.	116	58	20	46
<b>Total</b>		<b>504</b>	<b>360</b>		<b>348</b>