

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

**Date:** October 16, 2024

**To:** Planning and Housing Committee

**From:** Executive Director, Housing Secretariat

**Wards:** 3 – Etobicoke Lakeshore

### **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. Through the program, community housing providers commit to maintaining their rental housing as affordable, and potentially deepening the level of affordability provided to households, in exchange for a property tax exemption and housing benefits for their residents. The program provides a viable and cost-effective approach to preserve the supply of affordable rental housing in Toronto, representing a fraction of what the City would need to invest to replace them with newly constructed or acquired affordable homes. The Community Housing Partnership Renewal Program has secured approximately 700 affordable rental homes with 6 non-profit housing providers since its inception.

The implementation of CHPR requires site-specific authority from Council to approve individual municipal housing facility agreements for participating community housing providers. The purpose of this report is to obtain Council authority for the Executive Director, Housing Secretariat to enrol Church of Atonement Senior Citizens (“Church of Atonement”), a non-profit housing provider with a total of 76 affordable rental homes, for a 20-year term, into the program. In addition to securing affordable rental homes, agreements under CHPR will deepen affordability for residents through the provision of housing benefits.

### **RECOMMENDATIONS**

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The Executive Director, Housing Secretariat recommends that:

1. City Council authorize the Executive Director, Housing Secretariat to negotiate and enter into, on behalf of the City, a municipal housing facility agreement (the City's Contribution Agreement) with the housing provider described in Table 2 in the Financial Impact section of this report October 16, 2024 from the Executive Director, Housing Secretariat, to secure affordable housing in accordance with the Municipal Housing Facility By-Law (By-law 713-2024) in return for the exemption from taxation for municipal and school purposes, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, 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 this report October 16, 2024 from the Executive Director, Housing Secretariat, 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 Executive Director, Housing Secretariat to enrol Church of Atonement into the Community Housing Partnership Renewal Program to enter into a new agreement with Church of Atonement, for a total of 76 affordable rental homes for a 20-year term under the CHPR program. Of the affordable rental homes, 45 of them will have a housing benefit attached, to provide rent that is geared to the household's income. There is no new financial impact associated with the disbursement of the housing benefits, as the additional 45 benefits are included in the Housing Secretariat's approved 2024 Operating Budget.

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	Estimated Annual Property Tax*	Estimated Net Present Value of Property Taxes*
76	20 years	\$ 141,491	\$ 2,105,029

\*based on 2024 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	Property Taxes (annual)		
			City*	Education*	Total
Church of Atonement Senior Citizens	76	20 years	\$122,869	\$18,622	\$141,491

City incentives are estimated at \$0.141 million annually, with a projected net present value of \$2.105 million in property taxes over the 20-year affordability period, as outlined in Table 1 and Table 2. These incentives are not direct payments from the City but represent forgone revenues.

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

## DECISION HISTORY

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On December 17, 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>

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

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

On May 5, 2021, City Council adopted the Authority to Enter into Municipal Housing Facility Agreements under the Community Housing Partnership Renewal Program, authorizing the General Manager, Shelter, Support and Housing Administration to enrol

non-profit housing providers into the program and securing a total of 237 affordable rental units; 139 units for a 20-year term and 98 units for a 10-year term.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.PH22.11>

On June 26, 2024 City Council adopted the Community Housing Modernization and Growth Strategy, which recommended a new strategy to protect the city's existing Community Housing stock through preserving the assets as well as maintaining affordability; creating net new community housing that will support the City in achieving its target of approving 65,000 rent-controlled homes by 2030; and improving access to housing opportunities for low-and-moderate-income households, particularly Indigenous residents and those from equity-deserving groups.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH13.9>

## **EQUITY IMPACT STATEMENT**

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Community Housing provides housing options that are essential to support low-and-moderate-income households, including Indigenous Peoples, Black and other racialized residents, seniors, people with disabilities, lower income key workers, women, and gender-diverse people to live in Toronto. The preservation of good quality housing through the Community Housing Partnership Renewal Program will increase the opportunity for low-and-moderate-income households 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.

The Canada Revenue Agency has advised the City that residents paying rent or housing charges in affordable units that receive a property tax exemption are not eligible for the Ontario Energy and Property Tax Credit ("OEPTC") component of the Ontario Trillium Benefit ("OTB") (administered by the Canada Revenue Agency) which seeks to help low-and-moderate-income Ontarians pay for energy costs and property taxes. As such, those living in affordable housing projects, including the Church of Atonement site at 256 Sheldon Avenue recommended in this staff report, will be ineligible for the OEPTC component of the OTB.

## **COMMENTS**

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### **Community Housing Partnership Renewal Program**

In Toronto, community housing (or non-market housing) refers to social and affordable housing that is owned and/or operated by non-profit housing organizations (including community land trusts), non-profit housing co-operatives, and Indigenous housing providers, along with the Toronto Community Housing Corporation ("TCHC") and the Toronto Seniors Housing Corporation ("TSHC"). The City has a legislated funding and oversight relationship with many of these providers, which provide affordable homes in

properties of varying sizes. About 75% of this stock was built prior to 1987 utilizing federal and provincial funding programs.

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 affordable rental homes were developed under these federal housing programs and the responsibility for the administration of these contracts were transferred to the City in 2002, with all operating agreements set to expire by 2032.

In the absence of the City entering into new agreements upon expiry, over 8,500 affordable rental homes would no longer be secured by terms that protect their rental affordability. If the City is not able to establish new relationships with housing providers reaching the end of their operating agreements, including the Church of Atonement, it faces a number of risks, including losing affordable rental housing stock; losing rent-geared-to-income (“RGI”) units; and forfeiting the public benefit of the multi-million dollar investment made through decades of mortgage subsidy and capital grant funding that was provided to housing providers in exchange for affordability.

In December 2019, City Council updated the Municipal Housing Facility By-law and approved the Community Housing Partnership Renewal Program, 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 is a key action to maintain existing the City's rental stock and is an opportunity for housing providers to enter into new agreements with the City that will maintain or improve levels of affordability through added housing benefits; secure access to the supply of affordable rental housing in exchange for a property tax exemption; and strengthen the capacity of non-profit housing providers.

### **Updated Municipal Housing Facility By-Law (By-law 713-2024)**

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 CMHC through their annual Fall Rental Market Survey.

## **Church of Atonement**

Church of Atonement is a non-profit housing provider that established the housing project at 256 Sheldon Avenue (Ward 3 – Etobicoke Lakeshore) as a 76 rental (70 one-bedrooms and 6 two-bedrooms) residence for low-income seniors in 1982, under the former provisions of the *National Housing Act*. The 76 affordable rental homes are situated on land leased to the Church of Atonement by the Churchwardens of the Church of Atonement, with a term ending in alignment with enrolment under the CHPR program for a 20-year term.

This report seeks authority to move forward with entering into a new agreement with Church of Atonement, for a total of 76 affordable rental homes for a 20-year term under the CHPR program. Of the affordable units, 45 homes will have a housing benefit attached, to provide rent that is geared to the household's income.

Subject to approval of this report, the City will enter into a Contribution Agreement (municipal housing facility agreement) with Church of Atonement. By entering into a Contribution Agreement with the City, approved by way of the by-law, Church of Atonement must maintain affordable rents for the 76 units, and:

- a. Provide a minimum of 50% of affordable rental homes 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.
- b. Provide a minimum of 50% of affordable rental homes to tenants in receipt of a housing benefit, subject to availability of funding for benefits administered by the City.
- c. Fill affordable rental homes and homes with a housing benefit using a City-approved access plan.

## **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, Church of Atonement will enrol in the Community Housing Partnership Renewal Program, committing to maintaining the affordability of 76 affordable rental homes for senior residents for a 20-year term. This ensures that the public investment made in community housing continues to provide affordable housing options for Toronto residents.

## **CONTACT**

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## **SIGNATURE**

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