

MUNICIPALITY OF CHATHAM-KENT

CORPORATE SERVICES

FINANCIAL SERVICES

TO: Mayor and Members of Council

FROM: Gord Quinton, BA, CGA
Acting Director, Financial Services/Treasurer

DATE: October 4, 2013

SUBJECT: Public and/or Affordable Housing Municipal Capital Facilities

RECOMMENDATIONS

It is recommended that:

1. The Municipality of Chatham-Kent pass a by-law pursuant to Section 110 of the Municipal Act, 2001 authorizing a municipal capital facilities agreement and the exemption of municipally owned Public or Affordable Housing premises or portions of the premises from municipal and education property taxes effective January 1, 2014.
2. Written notice of the by-law be provided to the Ministers of Finance, Education, and Municipal Affairs and Housing, the Municipal Property Assessment Corporation, the St. Clair Catholic District School Board, the Lambton-Kent District School Board, the Conseil scolaire de district des écoles catholiques du Sud-Ouest, and the Conseil scolaire de district du Centre Sud-Ouest.
3. The Housing Services 2014 base budget be reduced by the municipal tax exemption to ensure that there is no impact to the Municipality's operating budget or taxation requirements.
4. The net savings to the Municipality of education property taxes be transferred to the Reserve for Social Housing to be reinvested in Social Housing Facilities and be reflected in the 2014 base budget.

BACKGROUND

Currently, municipally owned Public and/or Affordable Housing facilities pay municipal and education property taxes similar to privately owned facilities. Recently the City of Toronto requested and received permission from the Province to adopt a by-law exempting their Social Housing facilities from property taxes. The Province has agreed to forgo the education property taxes provided the savings are reinvested into the Social

Housing facilities. It is being recommended that a similar strategy be adopted in Chatham-Kent.

COMMENTS

The General Manager of Health & Family Services recently became aware of actions the City of Toronto adopted in 2012 exempting their municipally owned Social Housing facilities from property tax.

This exemption only applies to affordable rental housing and/or public housing units owned by the Municipality. For Chatham-Kent, the 41 properties are identified on Schedule A in the attached by-law. Any space rented in the facilities to third parties will continue to attract property taxation. For example, there is space in the Riverview Terrace Affordable Housing facility that is leased to the March of Dimes and will continue to receive a tax bill.

The conversion of all municipally owned Public Housing facilities (and Riverview Terrace) from 'taxable' to 'exempt' will result in a net savings to the Municipality of approximately \$58,000 in education taxes beginning in 2014. It is being recommended that the savings be placed into the Reserve for Social Housing to be used towards maintaining housing stock in a state of good repair, with its use being approved by Council as normal practice.

As required by the legislation, notification of the adoption of the by-law will be provided to the various ministries and school boards.

COMMUNITY STRATEGIC PLAN

The recommendations in this report support the following Council Directions:

- Healthy, Active Citizens
- Growth Through Variety of Post-Secondary Institutions
- High Quality Environment Through Innovation
- Destination Chatham-Kent!
- Magnet for Sustainable Growth
- Prosperous and Thriving Community
- Has the potential to support **all** Council Directions
- Neutral issues (does not support negatively or positively)

CONSULTATION

The Director, Housing Services was consulted. Staff at the Ministry of Municipal Affairs and Housing confirmed the steps required under the regulations.

FINANCIAL IMPLICATIONS

For the 2014 budget, the reduction in municipal tax revenue will be offset by a reduction in the Housing Services base budget, or in other words, will be revenue neutral to the taxpayer. The savings of approximately \$58,000 of education taxes no longer forwarded to the school boards will be transferred to reserves resulting in less future tax dollar requirements to maintain housing facilities.

Prepared by:

Reviewed by:

Gord Quinton, BA, CGA
Acting Director, Financial Services/Treasurer

Gerry Wolting, B.Math, CPA, CA
General Manager, Corporate Services

Attachments: By-law Public and or Affordable Housing Municipal Capital Facilities

c: Shelley Wilkins, Director, Housing Services

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BY-LAW NUMBER ???-2013

OF

THE MUNICIPALITY OF CHATHAM-KENT

A By-law to authorize entering into an agreement for the provision of municipal capital facilities and an exemption from taxation for municipal and school purposes for the provision of municipal capital facilities for affordable housing located on various properties owned by the Municipality of Chatham-Kent Housing Services Division in the Municipality of Chatham-Kent

WHEREAS subsection 110(1) of the *Municipal Act*, S.O. 2001, c. 25, as amended, provides that the council of a municipality may enter into agreements for the provision of municipal capital facilities with any person;

AND WHEREAS Ontario Regulation 603/06, as amended, prescribes municipal housing projects as eligible municipal capital facilities;

AND WHEREAS section 2 of By-law No. 44-2007 of the Municipality of Chatham-Kent permits the Municipality to enter into municipal housing project facilities agreements with housing service providers;

AND WHEREAS Council is desirous of entering into agreements for the provision of municipal capital facilities with the Chatham-Kent Housing Services Division of the Municipality of Chatham-Kent for its various properties listed in Schedule A, located in the Municipality of Chatham-Kent, Ontario to be utilized as municipal affordable housing projects;

AND WHEREAS Council is desirous of exempting from taxation for municipal and school purposes for all housing units within the various affordable housing projects operated by the Chatham-Kent Housing Services Division of the Municipality of Chatham-Kent located at the premises described in Schedule A;

NOW THEREFORE, the Municipality of Chatham-Kent hereby ENACTS as follows:

1. The Municipality of Chatham-Kent is authorized to administer and enter into an agreement under section 110(1) of the *Municipal Act* with the Chatham-Kent Housing Services Division concerning its properties described in Schedule A for the provision of a municipal capital facility, namely municipal affordable housing projects consisting of affordable rental units.
2. The land and municipal capital facilities of the properties described in Schedule A shall be exempt from taxation for municipal and school purposes while this by-law is in force and so long as the premises are used as a municipal capital facility, namely as affordable housing.
3. The tax exemptions referred to herein shall be effective from the latter of the date the Agreement is entered into, and January 1, 2014.
4. This by-law shall be deemed repealed:
 - a. if the Chatham-Kent Housing Services Division ceases to occupy the building;
 - b. if the Chatham-Kent Housing Services Division ceases to use the premises for the purpose of affordable housing in accordance with By-law No. 44-2007;
 - c. if the agreement is terminated for any reason whatsoever.

By-law read a first, second and third time and finally passed in the Council Chamber at the Municipality of Chatham-Kent this 21st day of October, 2013.

MAYOR – Randy R. Hope

CLERK – Judy Smith

SCHEDULE "A"

DESCRIPTION OF PREMISES

ROLL NUMBER	MUNICIPAL ADDRESS	REALTY TAX CLASS	REALTY TAX QUALIFIER
365002000106800	ERIE ST N 175	M	T
365008000216300	OAK ST 13	M	T
365008000310400	SUNSET PL 11	M	T
365008000310500	SUNSET PLACE 3	M	T
365008000411000	CANAL ST E 18	M	T
365008000512500	ELLA ST S 291/2	M	T
365008000512600	ELLA ST S 31	M	T
365008000528300	GLADSTONE AVE 1	M	T
365008000528400	GLADSTONE AVE 5	M	T
365008000530300	GLADSTONE AVE 4	M	T
365008000530400	GLADSTONE AVE 2	M	T
365016000204600	TALBOT ST W 287	M	T
365016000400900	TALBOT ST E 82	M	T
365024000393600	CECIL ST S 11	M	T
365032000209200	WALNUT ST 370	M	T
365039000312500	HOLDEN ST 655 (116)	M	T
365042000614200	PINE ST 85	M	T
365042003207601	POPLAR ST 100	M	T
365042004101800	MC NAUGHTON AVE W 99	M	T
365044100115200	PARK ST 109	M	T
365044100116500	THOMAS AVE 32	M	T
365044100310400	HILDA AVE 870	M	T
365044100312200	AVONDALE CRT 11	M	T
365044100312300	AVONDALE CRT 15	M	T
365044100314200	JANSSENS ST 209	M	T
365044100314300	JANSSENS ST 213	M	T
365044100316200	LARKWOOD ST 74	M	T
365044100316300	LARKWOOD ST 72	M	T
365044100320400	GREENBRIAR TRAIL 18	M	T
365044100323500	THOMAS AVE 155	M	T
365044100417000	HIGHBURY CRES 95	M	T
365044100417900	HIGHBURY CRES 59	M	T
365044100418900	HIGHBURY CRES 19	M	T
365044100419600	HILDA AVE 839	M	T
365044100419700	HILDA AVE 835	M	T
365044100422800	HIGHBURY CRES 106	M	T
365044100500200	THOMAS AVE 29	M	T
365044200601500	WESTCOURT BLVD 200	M	T
365044300514600	ALBERT ST 500	M	T
365044300700300	WALLACE ST 770	M	T
365042002418700	TECUMSEH RD 5	M	T