




CITY OF HAMILTON
Healthy and Safe Communities Department
Housing Services Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	August 12, 2024
SUBJECT/REPORT NO:	Municipal Capital Facilities By-Law 16-335 Amendment for CityHousing Hamilton Properties (HSC24021) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kim Ryan, 905-973-1750 Pilar Homerston 905-973-1129
SUBMITTED BY:	Al Fletcher Acting Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the General Manager of Healthy and Safe Communities be delegated the authority to amend By-law 16-335 to add or remove of any CityHousing Hamilton (CHH) owned properties that meet the criteria for property tax exemptions set out in the Housing Facilities By-law 16-233;
- (b) That the By-law to amend By-law 16-335, CityHousing Hamilton Municipal Housing Project Facilities Tax Exemption By-law, attached as Appendix “A” to Report HSC24021, which has been prepared in a form satisfactory to the City Solicitor, be approved and enacted by Council;
- (c) That the City enter into amendment agreements to the Municipal Capital Facilities Agreement with CityHousing Hamilton, dated December 14, 2016-to add properties eligible for exemption from taxation for municipal and education purposes, commencing in 2025;
- (d) That the General Manager of Healthy and Safe Communities (the “GM”) be authorized to execute the amending agreements outlined in recommendation (c) with content and in a form satisfactory to the City Solicitor;
- (e) That CityHousing Hamilton be required to direct funds equal to the savings of the education portion of the 2025 property taxes of \$54,746 toward capital

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

repairs and regeneration of its housing stock;

- (f) That the General Manager of Healthy and Safe Communities be directed to reduce the annual subsidy provided by the City to CityHousing Hamilton, pursuant to operating agreements between the City of Hamilton and CityHousing Hamilton, by an amount equal to the municipal portion of the property tax exemptions applicable to the eligible properties of \$340,936 in 2025.

EXECUTIVE SUMMARY

The Housing Facilities By-law acts as an enabling legislative framework under the *Municipal Act, 2001* and permits the City to enter into agreements that provide incentives or assistance to organizations that develop or operate affordable or social housing. These agreements allow the City to provide various incentives without constituting “bonusing” under the *Municipal Act, 2001*, such as exempting land from taxation for municipal purposes; and providing capital funding through loans and grants. The CityHousing Hamilton Municipal Housing Projects Facilities Tax Exemption By-law 16-335 was passed on August 10, 2016, and included:

- Updated definitions related to “Affordable Housing” for rental and ownership housing units;
- Requirements about the level of household income required to benefit from assistance under the By-law;
- Additional provisions to allow the City to consider providing municipal and educational portions of property tax relief;
- A site-specific list of CityHousing Hamilton properties eligible for exception;
- That any subsequent form of incentive and/or exception is requested on a case-by-case basis.

In addition, to the above, the By-law also established that any savings from the education portion be issued to CityHousing Hamilton (CHH) “for the purpose of capital repair/rehabilitation and/or the creation of new affordable housing units.”

Since 2016, the last By-law amendment and Agreement, CityHousing Hamilton (CHH) has embarked on an ambitious revitalization of their portfolio through the development of new properties that replace older building stock. CityHousing Hamilton (CHH) has created 5 new Affordable Housing properties that qualify for tax exemption and as such, it is recommended By-law 16-355 be amended to include the properties listed below:

- i. 4 Bridgewater Court, Stoney Creek (Ward 9)
- ii. 106 Bay Street North, Hamilton (Ward 2)

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

- iii. 257 King William Street, Hamilton (Ward 3)
- iv. 8 Roxanne Drive, Hamilton (Ward 4)
- v. 690 Stonechurch Road West, Hamilton (Ward 14)

Three (3) additional new properties are in the process of development and have tentative occupancy dates within the next six (6) to twenty-four months (24). These new properties qualify for exception under the by-law and therefore to expedite the exemption process a request for delegated authority to the General Manager of Healthy and Safe Communities is being sought for CityHousing Hamilton (CHH) properties only. These city owned community and affordable housing projects contribute to the financial sustainability of CityHousing Hamilton (CHH) and to housing needs City wide.

In providing the property tax exemptions for the listed CityHousing Hamilton (CHH) owned social and affordable housing units, the City experiences no net levy impact because of an offset in the reduction of the Housing Services Division levy budget.

FINANCIAL – STAFFING – LEGAL IMPLICATION

Financial: There is no loss of revenue for the municipality associated with to Report HSC24021. There would be a loss of revenue for the Province in terms of the education portion of the property taxes in the approximate amount of \$54,746. Reinvesting the education portion of the property taxes back into capital repairs and regeneration of social housing provides some relief for the City, which is ultimately responsible for ensuring that Social Housing Providers are meeting the service level standards pursuant to the Housing Services Act, 2011.

Staffing: There are no staffing impacts associated with this Report.

Legal: The owner of a property benefitting from incentives provided under a municipal housing facilities by-law enters into a Municipal Capital Facilities Agreement with the City.

It was noted that Council must currently approve all recommendations about site specific exemptions from staff on a case-by-case basis. It was recommended that staff obtain delegated authority to add or remove City owned properties as they are sold or added

HISTORICAL BACKGROUND

**SUBJECT: Municipal Capital Facilities By-Law 16-335 Amendment for
CityHousing Hamilton Properties (HSC24021) (City Wide) - Page 4 of 6**

On December 14, 2016, Council approved By-law 16-335 that provided an exemption from taxation for eligible CityHousing Hamilton (CHH) Municipal Housing Project Facilities. This detailed 537 properties, included as Appendix A to By-Law 16-335, that are tax exempted as of 2017. In addition, the City and City Housing Hamilton (CHH) entered into a Municipal Capital Facility Agreement that specified reporting requirements and covenants related to these exempt properties.

Since 2016, CityHousing Hamilton (CHH) has utilized the education tax savings funds for the purpose of capital repair and rehabilitation and report these efforts and dispositions annually to the Service Manager.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Municipal Act, 2001 authorizes a municipal council to enter into agreements with organizations for the provision of municipal capital facilities to, among other things, exempt land from taxation for municipal and school purposes. This authority can be applied to various classes of municipal capital facilities, including municipal housing facilities.

The City's 10-year Housing and Homelessness Action Plan sets out several strategies designed to address the quality of Hamilton's affordable housing stock. Exempting eligible CityHousing Hamilton (CHH) properties from taxation will create savings in the form of the education portion that can be used to help support successful implementation of these strategies, which include:

Strategy 5: Develop and implement a sustainable municipal funding source for social housing renewal.

RELEVANT CONSULTATION

Assistance and consultation were undertaken with CityHousing Hamilton (CHH) and Corporate Services Department.

Taxation and Revenue was consulted and provided the estimates for property and education tax estimates for the 5 properties listed.

The Legal Services Division was consulted and provided advice and feedback regarding amendments to the Housing Facilities By-law.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

OUR Vision: To be the best place to raise a child and age successfully.
OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.
OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Municipal Capital Facilities By-Law 16-335 Amendment for
CityHousing Hamilton Properties (HSC24021) (City Wide) - Page 5 of 6**

There is precedent for previous exemptions being granted to CityHousing Hamilton (CHH). In 2016 all City Housing Hamilton owned properties were exempt from Property Taxes. In addition, The City of Toronto and the City of Ottawa have granted property tax exemption to City owned properties, by their respective organizations.

General Manager delegated authority to grant any future approvals specific to CityHousing Hamilton (CHH) owned properties that qualify for tax exemptions under the by-law expedites the approval process as this removes the requirement to return to council when any qualifying properties are established.

Section 23.2 of the *Municipal Act, 2001*, S.O. 2001, c. 25 provides that Council may delegate legislative powers to an officer or employee of the City, such as the ability to amend a by-law, provided the power being delegated is of a minor nature and, in determining whether or not a power is of a minor nature, the council, in addition to any other factors it wishes to consider, shall have regard to the number of people, the size of geographic area and the time period affected by an exercise of the power. The delegation to amend By-law 24021 in recommendation (a) to Report HSC24021 identifies the delegation as one of a minor nature and therefore satisfies the requirements of subsection 23.2(4). It is of a minor nature because there is no overall impact to the net levy for the City of Hamilton and aligns with the Council approved Housing and Homelessness Action Plan.

The Housing Facilities By-law acts under the *Municipal Act, 2001* permits the City to enter into agreements that provide incentives or assistance to organizations that develop or operate affordable or social housing. These agreements are required to provide various incentives under The CityHousing Hamilton Municipal Housing Projects Facilities Tax Exemption By-law 16-335 was passed on August 10, 2016. The new properties were not included in the original exemption

The City as Service Manager provides funding to housing providers as set out in the Housing Services Act, 2011 under Regulation 369/11. This act requires that the Service Manager as part of the subsidy calculations provide funding for property taxes paid by the housing provider. Therefore, the amount of property taxes paid by a housing provider is reimbursed under the subsidy paid by the City. Any property tax exception or forgone municipal tax amount collected would have no financial implication to the City due to an offset of subsidy reduction.

In providing an exemption for property taxes for the additional City-owned social and affordable housing units, approximately \$395,682 in property tax revenue will be removed from the 2024 Budget. Of this amount, \$340,935 is for municipal purposes and is offset by a corresponding subsidy for CityHousing Hamilton (CHH) funded through Housing Services Division levy budget. The difference of \$54,746 that would have been provided to the Province and can instead be used to provide for future capital repairs of

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Municipal Capital Facilities By-Law 16-335 Amendment for
CityHousing Hamilton Properties (HSC24021) (City Wide) - Page 6 of 6**

housing stock. An exemption from municipal property tax can enable CityHousing Hamilton (CHH) to spend more of their limited resources on a pro-active property asset management strategy that enhances their portfolio.

ALTERNATIVES FOR CONSIDERATION – N/A

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report HSC24021: To Amend By-law 16-335