



The Corporation of the Town of Tecumseh

Planning & Building Services

To: Mayor and Members of Council

From: Brian Hillman, Director Planning & Building Services

Date to Council: September 10, 2019

Report Number: PBS-2019-31

Subject: Community Housing Renewal Strategy
Ontario Priorities Housing Initiatives (OPHI)
Town of Tecumseh's Participation in 2019 Rental Housing Component
OUR FILE: D04 AFF

Recommendations

It is recommended:

That the Town's participation in the Ontario Priorities Housing Initiatives (OPHI), 2019 Rental Housing Component of the Community Housing Renewal Strategy, **be confirmed**;

And that the mandatory program requirements identified under the OPHI, requiring setting the property tax rate for multi-unit residential units receiving capital program funding at the effective rate equivalent to the Single Residential Rate for the Town, or by providing a grant-in-lieu to have the same effect, **be provided**.

Background

Since 2007, the Town has been a participant in the Canada-Ontario Affordable Housing Program (COAHP), as authorized by Council. In 2018, the program was renamed as the Rental Housing Component of the Social Infrastructure Fund (SIF). The program provides funding and priority consideration for proposals that provide affordable rental housing for low-income senior citizens and persons with disabilities. The City of Windsor has been designated the Service Manager responsible for the delivery of the social housing programs in Windsor and Essex County.

Historically, the response to the program region-wide has been positive. In past years, Community Living Essex County was awarded funding for three separate residential locations in Tecumseh, totalling ten affordable rental units representing \$731,500 of program funds.

In April of 2019, the Ministry of Municipal Affairs and Housing (MMAH) announced funding under the Ontario Priorities Housing Initiatives (OPHI) for community housing. This funding would be delivered under Ontario's Community Housing Renewal Strategy.

The City of Windsor Housing and Children's Services (CWHCS) is the authority that oversees the aforementioned housing programs.

Comments

Program Details

The CWHCS has requested confirmation from the Town of Tecumseh of its continued intention to participate in the upcoming 2019 Rental Housing Component of the Community Housing Renewal Strategy, as funded by the OPHI. There are two requirements to be fulfilled by the Town in order to participate in the OPHI, as follows:

1. Reduction in Municipal Property Tax Rate

To participate in the program for 2019, the Town needs to reconfirm that it wishes to participate in the program and that it agrees to reduce the municipal portion of property taxes for any OPHI funded rental housing project by setting the tax rate equivalent to or lower than, the Single Residential Rate or provide a grant-in-lieu to have the same effect.

However, in 2018, the province introduced a new tax class for new multi-residential development, established as multi-Residential – New Construction. The province requires that the tax rate for this new class be equal to or up to a maximum of 10% higher than the Single Residential Rate. The Town's tax ratios are set at the County level and the new Multi-Residential – New Construction has been set equal to the Single Residential tax class for 2018. In effect, this new tax classification will result in all new multi-residential development being taxed at the same rate as single residential development.

Notwithstanding the foregoing, the program requires Municipalities in which approved projects are located to set the municipal portion of property taxes for the project at a rate equivalent to, or lower than, the Single Residential Rate for the municipality for the 20-year duration of the program. This protects against a potential future legislative change that could have the effect of increasing the Multi-Residential – New Construction Rate to a rate that is greater than the Single Residential Rate. Accordingly, Council's commitment to maintain this rate for approved projects over the 20-year life of the program is still required and is recommended.

2. Passage of Municipal Housing Facility By-law

If a development under the OPHI program is proposed, Ontario Regulation 603/06 of the *Municipal Act, 2001* requires that before an agreement respecting municipal housing project facilities is entered into, a Municipal Housing Facility By-law must be enacted, which must comply with the requirements of subsection 7(2) of the aforementioned Ontario Regulation. Council passed By-law 2017-30, the Municipal Housing Facilities By-law, on May 9, 2017. This by-law outlines the parameters in which housing developed under the government programs receive municipal funding. The By-law is in effect until May of 2022.

Municipalities that agree to the single residential property tax rate requirement and Municipal Housing Facility By-law are referred to as “participating municipalities”. Delivery of the OPHI funding requires confirmation from each member municipality that wishes to participate in the program so that participating municipalities may be listed in as location options for social housing programs in Windsor and Essex County. If a municipality does not wish to participate, proposals received for projects located within the municipality are not eligible for funding.

The Rental Housing component of the program may fund up to 75% of the total pro-rated share of capital costs of the affordable units, on a 20-year forgivable loan basis.

Participating landlords are required to maintain rents at 80% or less of the then current CMHC or alternate average market rents for the 20-year duration of the program. It is noted there is not a specific allocation provided to each participating municipality.

To facilitate the CWHCS' review and selection of the program components to be delivered in 2019, written confirmation of a municipality's participation in the program is required for September of 2019, along with confirmation that the mandatory property tax requirement will or has been adopted.

Program Promotion

CWHCS has advised that since 2006, they have maintained a “bidders list” of various development firms/agencies that have expressed an interest in affordable housing throughout the Windsor-Essex region. When Requests For Proposals (RFPs) are initiated through the City of Windsor Purchasing Department, all those on the list are notified. In addition, commencing this year CWHCS has conducted media releases outlining the aforementioned program which has been covered by both newspaper and radio media.

If Council adopts this Report, it will be listed in the Town's Council Highlights news release, which is shared on the Town's website and social media. A direct mailing to local developers and home builders is also proposed along with a request to CWHCS to share this Report with those on its bidders list. Any other communication opportunities will be explored by the Manager Strategic Initiatives. CWHCS requests that any Town media releases advising of the Town's participation in the program direct all inquires to CWHCS for proper management of the program.

CWHCS notes that in the event a proponent wishes to initiate an affordable housing project in the Town, the proponent is required to advise the Town of its intentions and to seek formal written support of the project from the Town, as part of its proposal to CWHCS.

In addition, CWHCS advises that if Council adopts this Report, one way the Town can promote the program is to inform a prospective affordable housing project developer of any Town financial incentives available. For the Town, this is proposed to be accomplished by advising potential proponents of the Town's Tecumseh Road Main Street Community Improvement Plan (CIP), which offers each property up to \$100,000 in CIP grant funding. In particular, a housing development under the noted program could potentially benefit from the CIP Development Charges Grant Program.

First Nations/Indigenous Population

To date, CWHCS has had no direct experience with First Nations/Indigenous groups as it relates to affordable housing developments. The MMAH establishes a list of "target groups" towards which municipalities may aim affordable housing developments. Local municipalities then create a target group that addresses local identified needs.

For 2019, CWHCS has established a priority target group that includes:

- Youth Supportive Housing
- Indigenous Population
- Family Units of 2 or more bedrooms
- Chronically Homeless
- Persons with Disabilities
- Homelessness Following Transition (release from Provincially-funded institutions such as hospitals or prisons).

CWHCS has indicated that it is up to the individual proponent/developer to work with whichever target group is chosen.

Consultations

Financial Services
City of Windsor Housing and Children's Services

Financial Implications

As previously noted, in 2018 the province introduced a new tax class for new multi-residential development, established as Multi-Residential – New Construction. The province requires that the tax rate for this new class be equal to or up to a maximum of 10% higher than the Single Residential Rate. The Town's tax ratios are set at the County level and the new Multi-Residential – New Construction Rate has been set equal to the Single Residential tax class for 2018. In effect, this new tax classification will result in new multi-residential development being taxed at the same rate as single residential development.

Based on the foregoing, there will be no financial implications to the Town.

If at some future date the Multi-Residential – New Construction Rate increases, it continues to be anticipated that a grant-in-lieu would be the means to give an effective Single Residential Rate until such time as changes are made by the Province to allow an alternative method to set the tax rate.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input checked="" type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input checked="" type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable

Website

Social Media

News Release

Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Enrico DeCecco, BA (Hons), MCIP, RPP
Junior Planner

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Reviewed by:

Brian Hillman, MA, MCIP, RPP
Director Planning & Building Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
None	None