SUBJECT: Reduction of Property Taxes on 50 Creighton Road (FCS08109) (Ward 13) – Item G of Audit and Administration Committee Outstanding Business List

RECOMMENDATION:

a) That the Tax Assistance Agreement between the City of Hamilton and Dundas Lions Housing Limited entered into on January 1, 1962, (refer to Appendix “A” to report FCS08109), be extended for three (3) years ending December 31, 2010, with tax assistance provided at 60% for 2008, 40% for 2009 and 20% for 2010; and

b) That Item “G” “Reduction of Property Taxes on 50 Creighton Road” be removed from the Audit and Administration outstanding business list.

EXECUTIVE SUMMARY:

The Town of Dundas entered into a Tax Assistance Agreement with the Dundas Lions Housing Limited on January 1, 1962, for a reduction in property taxes on a ten (10) unit seniors housing complex at 50 Creighton Road in the Town of Dundas (refer to Appendix “A” to report FCS08109). Dundas Lions Housing Limited had entered into an agreement with Her Majesty The Queen in Right of Canada, represented by Central Mortgage and Housing Corporation (CMHC), under a National Housing Act program originally approved in 1954. Under that agreement, the Dundas Lions Housing Limited erected the ten (10) unit complex and assumed a forty-five (45) year mortgage with CMHC, in which they had to provide below market rents.
Under the *National Housing Act* program, municipalities were allowed to offer tax relief for any taxes in excess of $25 per unit. The Town of Dundas agreed, effective January 1, 1962, to provide a tax reduction to the property taxes on the property at 50 Creighton Road. The Town’s agreement was for the same forty-five (45) year period that the agreement with CMHC ran. The forty-five (45) year agreement with the Town of Dundas (*taken over by the City of Hamilton upon amalgamation*), expired on December 31, 2007. According to Canada Mortgage and Housing, their agreement expired in October 2000, when Dundas Lions Housing Limited paid off the mortgage early. The agreement also provided that the Town of Dundas reserved the right to review the amount of the rebate after each ten (10) year period. It is unknown if any review took place since the original agreement was signed.

As the agreement is effectively concluded, it is our recommendation that the Dundas Lions Housing Limited be allowed time to find other funding sources if they wish to continue offering below market rents. It is recommended that we extend the assistance for a further three (3) years with a reduction of assistance of 20% per year on the Municipal portion of the taxes only.

**BACKGROUND:**

The *National Housing Act* of 1954 allowed CMHC to enter into up to fifty (50) year mortgages to limited dividend housing companies for the purpose of assistance in the construction of low rental housing. The Province of Ontario, at the same time, allowed municipalities to offer tax assistance under Section 17 of the *Housing Development Act* R.S.O., 1960, Chapter 182. In order for the municipality to offer the tax assistance, approval was required from the Minister of Economics and Development and the Ontario Municipal Board. As the Provincial approval was tied into the *Federal National Housing Act* program and, as that program ceased with the mortgage being paid off, the authority to offer tax assistance effectively ended when the mortgage was concluded.

There are two other properties situated in the City of Hamilton that entered into similar agreements. Coronation Park Housing built a sixteen (16) unit seniors’ residence at 41 Reid Avenue South in 1958. Their mortgage with CMHC was for fifty (50) years and was paid off in April 2008. Tax assistance was being provided for taxes in excess of $25. In 2008, City Housing Hamilton took over administration of this building and taxes are being paid out of their operating funds. Kiwanis Club of Hamilton built a seventy-two (72) unit seniors’ residence at 255 King Street West in 1965. Their mortgage with CMHC is also for fifty (50) years ending in 2015. Taxes are being paid out of City Grant funds. The 2008 assistance is $92,835.74.

**ANALYSIS/RATIONALE:**
By allowing this group the opportunity to reduce its’ reliance on the tax subsidy, they will be able to look for other financing sources should they wish to continue offering below market rents. The current administrators of the Dundas Lions Housing Limited were under the impression that their tax assistance would continue as long as they offered below market rents. In an effort to assist them to look at alternatives, offering a three (3) year phase-out should give them the time to find those alternatives.

**ALTERNATIVES FOR CONSIDERATION:**

Negotiate a new Tax Assistance Agreement identifying amount of assistance, duration of time and operating budget to be charged.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

The cost to fund this proposal would be $10,742.10 for 2008; $7,161.40 for 2009 and $3,580.70 for 2010 (using 2008 tax dollars).

If the City were to extend this assistance under a new agreement, there is the potential that other service providers of low rental seniors housing would desire the same arrangement. As it is estimated there are approximately four thousand (4,000) units that may qualify, there is the potential, based on the cost per unit at 50 Creighton Road, of an additional four million dollars ($4,000,000) that would need to be funded.

**POLICIES AFFECTING PROPOSAL:**

None.

**RELEVANT CONSULTATION:**

Legal Services, Hamilton Housing, and Budgets.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

- Community Well-Being is enhanced. ☒ Yes ☐ No
  A set policy will provide a level playing field for all providers of seniors housing at below market rents.

- Environmental Well-Being is enhanced. ☐ Yes ☒ No
Economic Well-Being is enhanced. ☑ Yes ☐ No
The City will receive full tax dollars on all below market housing units billed.

Does the option you are recommending create value across all three bottom lines?
☐ Yes ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?
☐ Yes ☑ No
THIS AGREEMENT made in duplicate the 1st day of January, A.D. 1962.

BETWEEN:

THE CORPORATION OF THE TOWN OF DUNDAS
hereinafter called the Municipality,

OF THE FIRST PART

and

DUNDAS LIONS HOUSING LIMITED, a Company incorporated under the laws of the Province of Ontario, having its Head Office at the Town of Dundas,

OF THE SECOND PART

WHEREAS Dundas Lions Housing Limited is a limited dividend housing corporation incorporated under the Ontario Companies Act for the purpose of constructing and operating a low rental housing project in the Town of Dundas, in the Province of Ontario in accordance with the provisions of the National Housing Act.

AND WHEREAS the said Dundas Lions Housing Limited has erected a ten unit building for senior citizens on lands owned as described on schedule "A" attached hereto by the said Dundas Lions Housing Limited and agrees to operate the said building as a low rental housing project in accordance with an Agreement entered into between the said Dundas Lions Housing Limited and Her Majesty The Queen in Right of Canada, represented by Central Mortgage and Housing Corporation.

AND WHEREAS in order to provide low rental housing accommodation, for the purpose aforesaid, the said Dundas Lions Housing Limited has requested from the Corporation of the Town of Dundas a rebate of a portion of the annual Realty Taxes levied against Dundas Lions Housing Limited as owner of the said low rental housing project for a period of forty-five (45) years or so long as the rentals charged by the said Dundas Lions Housing Limited do not exceed the rentals that may be charged according to the said Agreement entered into between the said Dundas Lions Housing Limited and Her Majesty The Queen in Right of Canada as represented by Central Mortgage and Housing Corporation.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, the parties hereto agree as follows:-
Dundas Lions Housing Limited agrees to and with the Corporation of the Town of Dundas to operate a ten unit building for senior citizens on lands owned by the said Dundas Lions Housing Limited and to operate the said building as a low rental housing project in accordance with an Agreement entered into between the said Dundas Lions Housing Limited and Her Majesty The Queen in Right of Canada, represented by Central Mortgage and Housing Corporation, and the Corporation of the Town of Dundas agrees to and with Dundas Lions Housing Limited to rebate all annual Realty Taxes levied against Dundas Lions Housing Limited for a period of Forty-five (45) years or so long as the rentals charged by Dundas Lions Housing Limited do not exceed the rentals that may be charged according to the said Agreement entered into between the said Dundas Lions Housing Limited and Her Majesty The Queen in Right of Canada as represented by Central Mortgage and Housing Corporation and save as hereinafter provided, commencing in the year 1962 in excess of Twenty-five Dollars ($25.00) per unit provided however, that after the expiration of a ten year period, and each succeeding ten year period of the said Forty-five years, the Corporation of the Town of Dundas reserves unto itself the exclusive right to review the amount of rebate allowed per unit to the said Dundas Lions Housing Limited.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their corporate seals, attested by the hands of the proper Officers on their behalf.

THE CORPORATION OF THE TOWN OF DUNDAS

[Signatures]

DUNDAS LIONS HOUSING LIMITED

[Signatures]
SCHEDULE "A"

ALL AND SINGULAR that certain parcel or tract of land and premises, situate lying and being in the Town of Dundas, in the County of Wentworth, in the Province of Ontario, being composed of parts of lots numbers thirteen (13) and fourteen (14) in the First Concession of the Township of West Flamborough, now in the Town of Dundas, and which may be more particularly described as follows, that is to say, COMMENCING at an iron bar planted in that part of the southern limit of Mill Street which is parallel with the southern limit of blocks numbers forty-one (41) and forty-two (42) according to a survey prepared for Richard Hatt and registered in the Registry Office for the Registry Division of Wentworth as number one (1) Dundas, and distant sixty-six feet (55'0") measured southerly at right angles therefrom where the same is intersected by the production southerly of the western limit of Market Street as shown on the aforesaid registered plan number one (1) Dundas. THENCE north seventy degrees, twenty-five minutes west (N. 70° 25' W.) along the aforesaid southern limit of Mill Street, Three hundred and eighty-seven and fifty-four one-hundredths feet (387.54') to an iron bar planted; THENCE South nineteen degrees, thirty-five minutes west (S. 19° 35' W.) at right angles to the aforesaid southern limit of Mill Street two hundred and thirty-three and fifty one-hundredths feet (233.50') more or less to an iron bar planted in the northern limit of lot number three (3) as shown on plan of survey known as Ashman Survey and registered in the Registry Office for the Registry Division of Wentworth as Number 977; THENCE south eighty degrees, thirty-seven minutes east (S. 80° 37' E.) along the northern limit of lot number three (3) aforesaid eight and seventy-five one-hundredths feet (8.75') to an iron bar planted at an angle therein; THENCE south twenty degrees, thirty-seven minutes east (S. 20° 37' E.) along the northeastern limit of lots numbers three (3) and four (4) of the aforesaid registered plan Number 977 seventy-four and sixty-six one-hundredths feet (74.66') to an iron bar planted at an angle in the northern limit of lot number four (4) aforesaid; THENCE south...
Schedule A - sheet 2.

fifty-three degrees, seven minutes east (S. 53° 07' E.) along the northern limit of lot number four (4) aforesaid and its production southeasterly one hundred and nine and fifty-eight one-hundredths feet (109.58') to an iron bar planted; THENCE south eighty-five degrees, fifty-eight minutes and twenty-five seconds east (S. 85° 58' 25" E.) one hundred and seventeen and eighty-three one-hundredths feet (117.83') to an iron bar planted; THENCE south forty-four degrees, nineteen minutes and twenty-five seconds east (S. 44° 19' 25" E.) thirty-two feet (32.00') to a stake planted in the western limit of Creighton Road; THENCE North thirty-five degrees, six minutes east (N. 35° 06' E.) along the western limit of Creighton Road three hundred and fourteen and seventy-five one-hundredths feet (314.75') to the place of beginning.

THE ABOVE DESCRIBED parcel of land contains by admeasurement two and nineteen and one-hundredths acres (2.19 acres) be the same more or less.
Dated January 1st, 1968

The Corporation of the
Town of Dundas

And

Queens Lions Housing Limited

Agreement

Arthur J. Basl,
Dundas, Ontario.