

**HABITAT FOR HUMANITY YORK REGION –
REQUEST FOR DEFERRAL OF DEVELOPMENT CHARGES****Recommendation**

The City Manager and the Commissioner of Finance/City Treasurer, in consultation with the Director of Reserves & Investments recommends:

- 1) That applications from Habitat for Humanity for deferral of development charges be dealt with as exceptions to the City Wide Development Charges Deferral Policy; and
- 2) That each Habitat for Humanity deferral application be considered under the condition that:
 - i) The City has confirmation that the Region of York has granted a deferral of development charges or a grant equivalent to development charges for the same application;
 - ii) Habitat for Humanity is a non profit organization;
 - iii) Habitat for Humanity is registered, in good standing, as a charity with the Canada Customs and Revenue Agency;
 - iv) Lands are owned by an approved Habitat for Humanity partner family;
 - v) All other consents that are determined necessary by the City.
- 3) That the authority to approve the City of Vaughan's deferral of development charges for a Habitat for Humanity application be delegated to the Commissioner of Finance/City Treasurer, consistent with the approval authority in the City-Wide Development Charges Deferral Policy and subject to the above conditions;
- 4) That a by-law be enacted to authorize the above delegation and execution of the Development Charge deferral agreements, to the satisfaction of the City Solicitor.

Contribution to Sustainability

Not applicable.

Economic Impact

The future economic impact of a deferral of City Wide Development Charges for each single family dwelling at the current prevailing rate is \$12,480. The deferred development charge will be repaid to the City when the residential unit is no longer owned by Habitat for Humanity or their partner family, or after 35 years, whichever occurs first.

Communications Plan

Not applicable.

Purpose

The purpose is to provide Council with a report that addresses the deputation of March 23, 2010 with respect to the request to defer development charges on Habitat for Humanity builds in the City of Vaughan.

Background - Analysis and Options

Committee of the Whole at its meeting of March 23, 2010, received a deputation from Ms. Nancy Van Kessel, Habitat for Humanity York Region with respect to deferral of development fees for Habitat for Humanity York Region builds in Vaughan and recommended:

“That this matter be referred to staff, in consultant with the deputant and York Region, to report back to the Committee of the Whole meeting of April 20, 2010 regarding issues raised by Members of Council.”

Subsequent to the deputation, the deputant followed up with a written request (Attachment 1). Habitat for Humanity York Region is a non-profit organization dedicated to providing affordable low-income housing in partnership with families in need.

In 2005, Council adopted a City Wide Development Charges Deferral Policy setting out the qualifying criteria enabling all qualified applicants to receive a deferral of the City of Vaughan City Wide Development Charges.

Deferral for services/uses permitted by the City of Vaughan or the Regional Municipality of York or any local board thereof must meet all of the following criteria:

- i) A non-profit organization; and
- ii) Services/uses that would otherwise be provided by the City of Vaughan (other than seniors housing) or the Regional Municipality of York or any local board thereof; and
- iii) Lands are owned by the non-profit organizations or are leased lands where the land owner has consented to register the deferral agreement on title and agrees to pay the deferral amount, if required;
- iv) That all other consents that are determined necessary by the City are obtained;
- v) Registered, in good standing, as a charity with the Canada Customs and Revenue Agency;
- vi) Registered, in good standing, where required with appropriate Province of Ontario Ministries; and
- vii) The service is available to the general public.

In November 2001, the Region of York Council approved a policy which allowed the Region of York to provide funding to low income housing built under the auspices of Habitat for Humanity equivalent to the Regional development charges payable for the development.

For Regional development charges for Habitat for Humanity, the Region of York has instructed the municipality to collect the applicable development charges on behalf of the Region and at a later date the Region will reimburse the development charges back to Habitat for Humanity.

All houses constructed by Habitat for Humanity are built using building materials, land and money partially donated by individuals, business and various community groups. Partner families purchase their homes from Habitat for Humanity and make monthly payments on their no-interest mortgages over a maximum 35 year period. Once the home is sold to the partner family, land title changes from Habitat for Humanity to the partner family.

As a result of the partner family owing the home, including the land, Habitat for Humanity applications will not qualify for a deferral under the existing policy as the applicant does not meet the following criteria:

- iii) “lands are owned by the non-profit or are leased lands where the land owner has consented to register the deferral agreement on title and agrees to pay the deferral amount”

This criteria was included in the policy to ensure that non-profit organizations remained party to the deferral agreement through land ownership. Land ownership by a private resident was not contemplated by the policy.

Habitat for Humanity applications for deferral in the City of Vaughan will be considered under the following conditions:

- i) Confirmation that the Region of York that has granted a deferral of development charges or a grant equivalent to development charges for the same application
- ii) Habitat for Humanity must be a non profit organization
- iii) Habitat for Humanity must be registered, in good standing, as a charity with the Canada Customs and Revenue Agency;
- iv) lands are owned by an approved Habitat for Humanity partner family;
- v) that all other consents that are determined necessary by the City.

Deferral agreements prepared by the City's Legal Department will be registered on land title and will end and development charges will be payable when the residential unit is no longer owned by Habitat for Humanity or a partner family, or after 35 years, whichever occurs first.

The City of Vaughan development charges deferral amount for a single family dwelling at the current prevailing rate is \$12,480.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council.

Regional Implications

Not applicable.

Conclusion

Staff recommend that applications for deferral of development charges from Habitat for Humanity be dealt with as a specific exception to the City's policy. These applications will be slightly different from the circumstances contemplated by the City's policy, in that the land will be owned by private residents under agreement with Habitat for Humanity, and the development charges will be repaid after 35 years at the latest.

Attachments

Attachment 1 – Habitat for Humanity York Region Request for Deferral of Development Charges

Report prepared by:

Ferruccio Castellarin, CGA
Director of Reserves & Investments
Ext. 8271

Respectfully submitted,

Clayton D. Harris, CA
City Manager

Barbara Cribbett, CMA
Commissioner of Finance/City Treasurer



Habitat for Humanity®
York Region

Attachment 1

Building Homes. Building Hope.

Charitable Registration Number: 86634 1415 RR0001

449 Eagle Street, Newmarket, ON. L3Y 1K7
905-868-8722 Fax 905-868-8724 www.hfhyr.ca

April 9, 2010

Ms. Barbara Cribbett
City of Vaughan
Commissioner of Finance and City Treasurer
Finance Department
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1

Re: Request for Deferral of Development Charges

Dear Ms. Cribbett,

Further to the presentation at the March 23, 2010 Committee of the Whole meeting (Deputation 7b), please accept this formal request for the deferral of development fees for Habitat for Humanity York Region ("Habitat York") builds in the City of Vaughan.

As background, Habitat York, a registered charitable organization (#86634 1415 RR0001), builds simple, decent and affordable homes in partnership with the community and with the families who will own them. All homes are built largely by volunteers using building materials, land and money partially donated by individuals, businesses, and various community groups. Families purchase their home from Habitat and make monthly payments on their no-interest mortgages over a maximum 35 year period.

In order to make the houses affordable for the families that we serve (who fall below the low income cutoffs defined by Statistics Canada), we attempt to keep the total fair market value of the home between \$200,000-\$225,000, which is proving to be a challenge in York Region. Habitat York can control the construction costs and the associated value of the housing structure (by not straying from a defined basic model without "upgrades"), but the land value assessment is uncontrollable. The land cost and associated development charges currently comprise more than 60% of our total unit cost, on average. The availability of affordable land is therefore a key factor in our ability to serve more families in need.

Habitat York's goal for 2012 is to enrich the lives of 10 partner families per year on average, through home ownership. The availability of affordable land in York Region remains a key obstacle in achieving this goal, and Habitat York requests that individual municipalities assist in reducing land acquisition costs by deferring all development fees for Habitat for Humanity homes built within York Region. This request is therefore being made to all municipalities within York Region and Bradford West Gwillimbury.

Specifically, Habitat York is requesting that all Municipal development fees be deferred for all new residential construction projects initiated by Habitat York in order to reduce the overall cost per housing

unit and allow us to build more homes for families in need. Development fees will be deferred until the point the residential unit is occupied by a non-Habitat family (i.e. the fees will effectively be waived while a Habitat family, either the original homeowner or a subsequent purchaser, owns the home). The deferral of development fees will be appropriately disclosed in the Municipality and Habitat York financial statements as an outstanding receivable/liability at the time of deferral, and remain as such until the lesser of 35 years or the residential unit is no longer owned by a Habitat for Humanity partner family.

The deferral of development fees at the municipal level will also allow Habitat York to take advantage of an existing policy with the Region of York. All regional development fees are waived on the condition that municipal fees are waived. This would result in a \$40,000-\$50,000 savings per housing unit, which would dramatically improve our ability to build more homes.

To date, Habitat York has built homes in the towns of Newmarket, East Gwillimbury, Georgina and Markham and has been fortunate enough not to be charged any development fees to date (with the exception of education levies). The same accommodation in the City of Vaughan would be a tremendous help to Habitat York in initiating builds in the municipality to which we already have strong ties. Habitat York is a partner with the Region of York at the McCleary Court Community Environmental Centre and will be opening a new ReStore at 405 Rowntree Dairy Road in Vaughan in June 2010.

On behalf of all of the low income families in Vaughan that are in need of safe, decent affordable housing, thank you in advance for your consideration of this request.

Best regards,



Nancy Van Kessel
Executive Director

cc Ferruccio Castellarin, CGA
Director of Reserves & Investments