



STAFF REPORT ACTION REQUIRED

Providing Property Tax Exemptions for New Affordable Rental Homes at 3738 St. Clair Avenue East

Date:	June 6, 2016
To:	Affordable Housing Committee Executive Committee
From:	Director, Affordable Housing Office
Wards:	Ward 36 – Scarborough Southwest
Reference Number:	AFS - #21649

SUMMARY

Consistent with City policy, this report recommends that City Council exempt 22 affordable rental homes at 3738 St. Clair Avenue East in Ward 36 – Scarborough Southwest, currently owned and operated by New Frontiers Aboriginal Residential Corporation (NFARC) from property taxes for a period of 25 years. The exemption will allow the new housing project to offer more affordable rents to lower-income aboriginal households.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council authorize the Director, Revenue Services to recommend an exemption from taxation for municipal and school purposes for the 22 new affordable rental homes at 3738 St. Clair Avenue East for the period the units remain affordable, and up to 25 years;
2. City Council grant authority to the Director, Affordable Housing Office, to negotiate, enter into and execute the municipal capital facility agreements with New Frontiers Aboriginal Residential Corporation or its successor corporation, to ensure the creation of affordable rental units at or below 80% of average market rates for a minimum of 20 years and 100% thereafter, and any security, financing or other documents required, as well as any amendments thereto on terms and conditions acceptable to the Director, Affordable Housing Office and in a form approved by the City Solicitor;

3. City Council grant authority to the City Solicitor to execute, postpone, confirm the status of and discharge any City security documents registered as required by normal business practices;
4. City Council grant authority to cancel or refund any taxes paid from the by-law exempting the property from taxation; and
5. The appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

In keeping with City policy, this report recommends that City Council exempt 22 affordable rental homes at 3738 St. Clair Avenue East in Ward 36 – Scarborough Southwest, currently owned and operated by New Frontiers Aboriginal Residential Corporation (NFARC) from property taxes for a period of 25 years, being the minimum term that the units must remain at or below 80% of average market rents for 20 years and 100% thereafter.

The value of the annual property tax exemption at this property is estimated at \$16,955 at current rates. The net present value of this property exemption over the 25 year term is estimated at \$216,740, of which \$157,505 represents the City portion of taxes and \$59,235 for the education portion.

A tax exemption would have no net present impact to the City for the educational portion of taxes that are remitted to the Province.

Development charges and planning and building fees of \$323,359 have previously been waived for NFARC.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

EQUITY IMPACT STATEMENT

Access to safe, secure, affordable housing in all parts of Toronto is a fundamental goal of the City's 10-year *Housing Opportunities Toronto Action Plan 2210-2222*. The provision of new affordable housing is also a goal of the City's Poverty Reduction Strategy.

Providing property tax exemptions for 22 affordable rental homes at 3738 St. Clair Avenue East will assist in making affordable housing more accessible to disadvantaged and lower-income aboriginal people. This will improve their economic and social well-being.

ISSUE BACKGROUND

Aboriginal people make up a disproportionate share of Toronto's homeless and under-housed population. The 22 affordable rental homes at 3738 St. Clair Avenue East will be more affordable for aboriginal households through this tax exemption.

NFARC was awarded capital funding from Miziwe Biik Development Corporation under the Aboriginal Rental Program – GTA as a result of a competitive process. This funding comes with obligations consistent with the Canada-Ontario Investment in Affordable Housing program and has been secured through a Contribution Agreement and registered mortgage.

NFARC and Wigwamen Incorporated will amalgamate later this year resulting in the title to 3738 St. Clair Avenue East being changed to Wigwamen Incorporated.

NFARC also received relief from development fees and charges from the City and these contributions together with the tax exemption will be secured through a Contribution Agreement.

The building is a four storey apartment building comprised of 2 - bachelor, 14 – one bedroom, and 6 – two bedroom apartments.

COMMENTS

Addressing the housing issues facing Aboriginal people addresses one of the recommendations in the City's 10 year housing plan *Housing Opportunities Toronto 2210-2020* by providing City incentives to support the development of Aboriginal-specific housing.

This report recommends exemption from property taxes consistent for non-profit housing for the 22 affordable homes at 3738 St. Clair Avenue East. Upon approval, NFARC or Wigwamen Incorporated will enter into a Contribution Agreement, a municipal capital facility agreement, with the City to provide rents at or below 80% average market rents for 20 years and 100% for the balance of the term of the tax exemption. The obligations under the Contribution Agreement will be secured by a mortgage in favour of the City to protect the public investment.

In the event of a default, the agreement will provide that the by-law providing the property tax exemption will be repealed.

Approving this request will contribute to greater affordability for Aboriginal tenants. The City will monitor the development for the 25-year legal agreement to ensure the obligations of the agreement continue to be met.

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SIGNATURE

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