

Providing Property Tax Exemptions for New Affordable Rental Homes at 257 Dundas Street East

Date: March 8, 2017
To: Affordable Housing Committee
From: Director, Affordable Housing Office
Wards: Ward 27 – Toronto Centre-Rosedale

SUMMARY

Consistent with City policy, this report recommends that City Council exempt 33 new affordable rental homes being created by Egale Canada Human Rights Trust ("Egale") at 257 Dundas Street East in Ward 27 – Toronto Centre-Rosedale from property taxes for 49 years.

Egale has leased the property from Toronto Community Housing for 49 years and has developed comprehensive programs for homeless LGBTQ2S youth. The program will provide wraparound supports including transitional housing, crisis counselling, employment assistance and other services. The exemption will allow for more affordable rents for lower-income households.

RECOMMENDATIONS

The Director, Affordable Housing Office, recommends that:

1. City Council exempt the 33 new affordable housing units being created at 257 Dundas Street East from taxation for municipal and school purposes for the term of the lease with Toronto Community Housing Corporation.
2. City Council authorize the Director, Housing Stability Services, Shelter, Support and Housing Administration to execute consents as required to allow encumbrances on title to the property at 257 Dundas Street East, and transfer of the property at 257 Dundas Street East, from time to time.
3. City Council authorize City staff to cancel or refund any taxes paid from the by-law exempting the property from taxation.

FINANCIAL IMPACT

In keeping with City policy, this report recommends City Council exempt 33 new affordable rental homes being created by Egale at 257 Dundas Street East in Ward 27 – Toronto Centre-Rosedale from property taxes for the term of its lease from Toronto Community Housing Corporation, being the minimum term that the units must remain at or below 100% of average market rents. The property at 257 Dundas Street East is being leased from Toronto Community Housing Corporation ("TCHC") on a 49-year term, and renovated and operated by Egale for the purpose of creating transitional and emergency housing for the LGBTQ2S community.

The value of the annual property tax exemption at this property is estimated at \$21,334 at current rates. The net present value of this property exemption over the 49 year term is estimated at \$544,045, further breakdown is summarized below:

Property Tax	Annual	NPV- 49 Years
City	\$ 15,413	\$ 393,047
Education	\$ 5,830	\$ 148,669
Transit	\$ 91	\$ 2,329
Total:	\$ 21,334	\$ 544,045

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

To increase affordability, an estimated \$378,824 in development charges and planning and building fees will be waived for Egale. A summary of all incentives and City, federal, and provincial contributions is summarized below:

257 Dundas Street East		
Affordable Rental Homes	Value of Contribution Per Unit	Total Support (33 Units)
City Incentives (Development Charges, Planning and Building Fees, Tax Exemption)	\$27,965.73	\$922,869
City Funding (Section 37)	\$30,303.03	\$1,000,000
Provincial Funding	\$45,454.54	\$1,500,000
	\$103,723.30	\$3,422,869

*Section 37 funding for renovation and retrofit to create thirty units. Unit yield has increased.

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 2010-2020. The provision of new affordable housing is also a goal of the City's Poverty Reduction Strategy.

Providing property tax exemptions for 33 new affordable rental homes at 257 Dundas Street East will assist in making affordable housing more accessible to disadvantaged and lower-income LGBTQ2S youth. This will improve their economic and social well-being.

DECISION HISTORY

At its meeting on July 7, 8 and 9, 2015, City Council adopted CD5.8 "2015 Funding Allocations for Shelter and Related Services", where Council authorized the General Manager, Shelter, Support and Housing Administration to enter into a purchase of service agreement with Egale for the establishment of a new permanent transitional and emergency housing program for LGBTQ2S youth in Ward 27.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD5.8>

ISSUE BACKGROUND

The Toronto Street Needs Assessment of 2013 found that 21 percent of respondents in youth shelters identify as a part of the LGBTQ2S community, more than twice the overall rate for the total homeless population. As such, City Council has prioritized enhancing the shelter and transitional housing supports available to LGBTQ2S youth.

Egale's new project at 257 Dundas Street East has been made possible through a 49 year nominal-sum lease from Toronto Community Housing and a \$10 million fundraising campaign. In addition, the Ministry of Health and Long-term Care is providing \$1.5 million over three years for crisis counselling services. The City is providing \$1 million in Section 37 community benefits and operational support from the Shelter Support and Housing Administration Division.

Egale will receive relief from development fees and charges from the City and these contributions together with the requested tax exemption will ensure long-term affordability for the 33 units being created.

These contributions, together with the recommended exemption from property taxes, were secured by a municipal capital facility agreement (a Contribution Agreement) dated July 11, 2016. As authority for the tax exemption had not yet been obtained, the agreement made the tax exemption conditional upon obtaining Council approval for the exemption.

COMMENTS

Addressing complex housing issues facing vulnerable populations is one of the recommendations in the City's 10-year housing plan: Housing Opportunities Toronto 2010-2020.

This report recommends exemption from property taxes consistent for non-profit transitional housing for the 33 new affordable homes at 257 Dundas Street East. Upon approval, Egale will enter into a Contribution Agreement, a form of municipal capital

facility agreement, with the City to provide rents at a nominal sum of \$100 per month, which is well below the maximum allowable 100% average market rent for a property tax exemption. The nominal rents and range of supports provided by Egale will ensure residents will be able to develop the life skills necessary to stabilize their lives and move on to more permanent forms of housing. Egale will develop an access plan, acceptable to the City, to select homeless and at-risk of homelessness LGBTQ2S youth from shelters and outreach organizations.

The obligations under the Contribution Agreement will be secured by a restriction registered against the property in favour of the City to protect the public investment. In the event of a default, the Contribution Agreement will provide that the by-law providing the property tax exemption will be repealed.

The Egale project is in the final pre-development stage and is about to start construction. Occupancy is schedule for early 2018.

Approving this request will contribute to greater affordability for the residents at 257 Dundas Street East. The City will monitor the development for the term of the 49-year Contribution Agreement to ensure the obligations of the agreement continue to be met.

Revenue Services, Shelter, Support and Housing Administration, Corporate Finance, Financial Planning and City Legal divisions have been consulted in the preparation of this report.

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SIGNATURE

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