

Property Tax Relief for New Infill Affordable Rental Homes for Seniors at 1117 & 1119 Gerrard St. East

Date: February 15, 2018
To: Affordable Housing Committee
From: Director, Affordable Housing Office
Wards: Ward 30 - Toronto Danforth

SUMMARY

This report will recommend tax exemptions for 36 new affordable rental homes for seniors at 1117 and 1119 Gerrard Street East needed to support the development and operation of the property by WoodGreen Community Housing Inc.

City Council at its meeting of March 28 and 29, 2017 requested that the Director, Affordable Housing Office negotiate the terms and conditions of federal/provincial financial assistance and City incentives to WoodGreen Community Housing Inc. for the redevelopment of 1117 and 1119 Gerrard Street East subject to the receipt by the City of a satisfactory business case for the development of the project. This business case was received in parallel with the Open Door program and has been approved for federal/provincial funding.

The property tax exemption is estimated to provide the project a net present value of \$486,986, a substantial benefit over the 25 year term which will support increased affordability to the seniors demographic in the City.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council exempt the 36 new affordable homes at 1117 and 1119 Gerrard Street East from taxation for municipal and school purposes for the term of 25 years.
2. City Council authorize the City Solicitor to execute, postpone, confirm the status of and discharge any City security documents registered as required by normal business practices.
3. City Council authorize City staff to cancel or refund any taxes paid from the by-law exempting the property from taxation.

FINANCIAL IMPACT

The 36 new homes to be developed form part of the 2017 Open Door Affordable Rental Housing targets, aimed at approving 1,000 new affordable rental homes annually. In keeping with City policy, this report recommends that City Council exempt the 36 new homes for seniors at 1117 & 1119 Gerrard Street East in Ward 30 - Toronto Danforth, owned and operated by WoodGreen Community Housing Inc., from property taxes for 25 years.

The value of the annual property tax exemption for this property is estimated at \$27,967 at 2017 rates. The net present value of this property exemption over the 25 year-term is estimated at \$486,986 with a breakdown summarized below:

Property Tax	Annual	NPV- 25 Years
City	\$20,301	\$353,505
Education	\$ 7,566	\$131,748
City Building	\$ 100	\$ 1,733
Total:	\$27,967	\$486,986

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

In the event of a default, the Contribution Agreement provides that the tax exemption by-law be rescinded.

A summary of the previously approved federal/provincial capital funding and Open Door incentives is provided below:

Approved Capital Funding and Incentives - 1117 & 1119 Gerrard St. East		
Affordable Rental Homes	Value of Contribution Per Unit	Total Support (36 Units)
Open Door Incentives (Development Charges, Planning and Building Fees)	\$26,388	\$949,968
Federal/Provincial (SIF)	\$150,000	\$5,400,000
Total City/Federal-Provincial Contribution	\$176,388	\$6,349,968

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information. The City will have no further obligations beyond the incentives and City contributions already approved for the project.

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 36 affordable rental homes at 1117 & 1119 Gerrard Street East will assist in making affordable housing more accessible to disadvantaged seniors and will help improve their economic and social well-being.

DECISION HISTORY

At its meeting on August 25, 26, 27 and 28, 2014, City Council adopted TE34.90 "Preliminary Report - 835-841 Queen Street East - Application for Rental Housing Demolition Under Municipal Code Chapter 667" in which City Council approved in principle, subject to final approval of a Section 111 permit, the demolition of the 36 social housing units at 835-841 Queen Street East with replacement at an off-site location, and the removal of the obligation to replace the units on-site as a condition of receiving development approvals for any future proposal for 835-841 Queen Street East.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.TE34.90>

At its meeting on March 28 and 29, 2017, City Council adopted TE22.9 "835-841 Queen Street East - Rental Housing Demolition Application Under Municipal Code 667- Final Report" in which City Council authorized the Director, Affordable Housing Office to negotiate the terms and conditions of federal/provincial and City financial assistance to WoodGreen Community Housing Incorporated for the redevelopment of 1117-1119 Gerrard Street East, subject to receipt by the City of a business case for the development of the project and on terms and conditions satisfactory to the Director, Affordable Housing Office.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.TE22.9>

COMMENTS

In September of 2017, WoodGreen Community Housing Inc. (WoodGreen) made a business case submission as directed which provided the rationale for the initiative and demonstrated the group's capacity to develop and operate 36 new affordable rental

homes for seniors at the existing Gerrard Street East site. Using the Open Door program as a basis for the business case, it set out a comprehensive plan to intensify the site and connect to the existing rental apartment facility, also aimed at seniors in the community.

As part of the development, WoodGreen will reconstruct the existing River Oak Parent Child Resource Centre to become an integrated social aspect of the development and greater community.

WoodGreen is in the final stages of the Planning approvals process for this development, aimed to start construction of the development this year with completion projected for 2020 per the approved federal/provincial program timeline requirements.

This report recommends an exemption from property taxes, consistent with City policy for non-profit housing for the 36 affordable rental homes for seniors at 1117 & 1119 Gerrard Street East. WoodGreen has entered into a Contribution Agreement, a municipal capital facility agreement with the City. The obligations under the Contribution Agreement are to be secured by a mortgage in favour of the City to protect the public investment.

The rents of these 36 one-bedroom units will be set at 80% of the average market rent and remain affordable for a period of 25 years, inclusive of a five-year phase out period.

Based on current 2018 levels, rents set at 80% would be \$962 for a one-bedroom, for 25 years and adjusted annually by the City based on Canada Mortgage and Housing Corporation ("CMHC") average market rents. Rents at this level for a one bedroom are affordable for households with an annual income of approximately \$43,000.

WoodGreen will work in coordination with the City's Housing Stability Services unit in developing an access plan for future tenants.

Approving this request will contribute to greater affordability for residents. The City will monitor the development for the 25-year Contribution Agreement to ensure the obligations to operate the premises as affordable housing are met.

CONTACT

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SIGNATURE

Sean Gadon
Director, Affordable Housing Office

Attachment 1: Location Map and Street View - 1117 & 1119 Gerrard St. East

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