

Providing Property Tax Relief for the New Affordable Rental Homes at 25 Thunder Grove

Date: February 15, 2018
To: Affordable Housing Committee
From: Director, Affordable Housing Office
Wards: Ward 41 - Scarborough-Rouge River

SUMMARY

The Ridgford Charitable Foundation is in the final stages of proceeding with an innovative intensification initiative to develop 188 new affordable rental homes as an addition to their existing non-profit rental housing community at 25 Thunder Grove.

Consistent with City policy, this report recommends that City Council exempt the anticipated 188 new affordable rental homes at 25 Thunder Grove in Ward 41 – Scarborough-Rouge River, owned by the Ridgford Charitable Foundation, from property taxes for 25 years.

The property tax exemption requested is estimated to provide a net present value of \$2,836,373 over the 25 year term which will assist in providing affordable rents to future residents.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council authorize the Director, Affordable Housing Office, to:
 - a) Negotiate, enter into, and execute on behalf of the City, a municipal housing facility agreement, the City's "Contribution Agreement", with Ridgford Charitable Foundation or a related corporation, to secure the financial assistance, being provided and to set out the terms of the development and operation of the new affordable rental housing, on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form satisfactory to the City Solicitor;
 - b) execute, on behalf of the City, any security or financing documents or any other documents required to facilitate the funding process, including any documents required

by Ridgeford Charitable Foundation, or a related corporation or its mortgagee(s) to complete construction and conventional financing and subsequent refinancing, where and when required during the term of the municipal housing facility agreement.

- 2. City Council exempt the 188 new affordable homes to be developed at 25 Thunder Grove from taxation for municipal and school purposes for the term of 25 years.
- 3. 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.
- 4. City Council authorize City staff to cancel or refund any taxes paid from the by-law exempting the property from taxation.

FINANCIAL IMPACT

The 188 new homes to be developed at 25 Thunder Grove form part of the 2016 Open Door Affordable Rental Housing targets, aimed at approving 1,000 new affordable rental homes annually. In keeping with City policy, this report recommends City Council exempt the 188 affordable rental homes from property taxes for 25 years.

Consistent with existing City policy, the new rents are to remain at or below 100% of average market rents.

The value of the annual property tax exemption is estimated at \$162,887 at 2017 rates. The net present value over the 25 year-term is estimated at \$2,836,374 as summarized below:

Property Tax	Annual	NPV: 25 Years
City	\$ 118,240	\$ 2,058,937
Education	\$ 44,067	\$ 767,344
City Building	\$ 580	\$ 10,093
Total:	\$ 162,887	\$ 2,836,374

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 Open Door incentives is provided below:

Approved Incentives - 25 Thunder Grove		
Affordable Rental Homes	Value of Contribution Per Unit	Total Support (188 units)
Open Door Incentives (Development Charges, Planning and Building Fees)	\$21,574	\$4,055,912
Total	\$21,574	\$4,055,912

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 Housing Opportunities Toronto Action Plan 2010-2020 and the Housing Stability Service Planning Framework. Providing new affordable housing is also a goal of the City's Poverty Reduction Strategy.

Providing tax relief for the new 188 new affordable rental homes at 25 Thunder Grove through intensification will help to increase the stock of affordable housing in Toronto.

DECISION HISTORY

At its meeting on December 9 and 10, 2015, City Council adopted EX10.18 "Affordable Housing Open Door Program" to approve the overall direction of the Open Door Program to assist the City in achieving its approved affordable rental and ownership housing targets.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

At its meeting on July 12, 13, 14 and 15, 2016, City Council adopted EX16.26 "Implementing the Open Door Affordable Housing Program" to provide City financial incentives, the new Open Door Planning Service provided that it only be made available to developments approved through the Open Door Affordable Housing Program, and activate surplus public land for affordable housing.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.26>

At its meeting on July 4, 5, 6 and 7, 2017, City Council adopted SC23.9 "25 Thunder Grove - Zoning By-law Amendment - Final Report ", to amend City of Toronto Zoning By-law 569-2013 for the lands at 25 Thunder Grove.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.SC23.9>

COMMENTS

In 2016, the Ridgford Charitable Foundation (Ridgford) started an intensification initiative for the development and continuing operation of 25 Thunder Grove to utilize existing infrastructure, retain the existing affordable housing stock and provide a range of affordable rental housing for low and moderate income people in a new residential building.

The intensification of the existing site is proposed to include a variety of homes which will become part of an affordable community complex, incorporating new and expanded amenity spaces and contributing to the well-being of new and existing residents from a broad demographic.

Ridgford is now in the last stages of the Planning approvals process for the 25 Thunder Grove intensification project. The development is anticipated to start construction late 2018 or early 2019.

This report recommends an exemption from property taxes, consistent with non-profit housing for the new 188 affordable homes at 25 Thunder Grove, for the term of the Contribution Agreement. The obligations under the Contribution Agreement are to be secured by Ridgford registering a section 118 restriction under the *Land Titles Act, R.S.O. 1990, c. L.5.* requiring the prior written consent of the City to transfer or mortgage 25 Thunder Grove.

The rents of these 188 one-bedroom, two-bedroom and three-bedroom units will be set at no more than 100% of the average market rent and remain affordable for a period of 25 years.

Based on current 2018 levels, rents set at 100% would be between \$1,202 and \$1,610 for 25 years and adjusted annually by the City based on Canada Mortgage and Housing Corporation average market rents. Rents at these levels are affordable for households with an annual income of approximately \$48,000.

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

Approving this request will add increased 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 - 25 Thunder Grove

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