

Property Tax Relief for New Affordable Rental Homes Created Through the Regent Park Revitalization

Date: June 11, 2018
To: Affordable Housing Committee
From: Director, Affordable Housing Office
Wards: Ward 28 – Toronto Centre

SUMMARY

Toronto Community Housing Corporation (TCHC) is undertaking a multi-phase plan to redevelop Regent Park, the country's largest social housing community. TCHC is halfway through the revitalization that will ultimately replace 2,083 Rent-Geared-to-Income (RGI) units and develop approximately 5,417 market units within a 69-acre site.

In January 2004, Council approved a report on the financing plan for Regent Park that recommended property tax exemptions of 15 years for all new RGI homes in the Regent Park Revitalization Plan Area (shown in Attachment 1) effective from when the homes are developed and appropriate agreements signed. The business model for the revitalization was premised on developing market housing alongside social housing to help fund the development, as well as operating and capital maintenance savings, and City contributions including property tax exemptions.

In February 2009, City Council adopted a report granting authority to exempt municipal and school taxes from all units of affordable housing located in Regent Park Phase One Revitalization Plan area for a period of 25 years from the date of first occupancy of the buildings. TCHC has now completed Phases One and Two of the Regent Park revitalization, and Phase Three is well underway.

Consistent with City policy, this report recommends relief from property taxes for a period of 25 years for 1,065 new affordable rental homes (including rental replacement units) created in Phases Two and Three of the Regent Park revitalization project. Of the 1,065 new affordable homes, 267 will be rented at 80% of average market rents and the remaining 798 homes will be deeply affordable RGI homes.

The total property tax exemption recommended, estimated at a net present value of \$17,850,516, will increase the affordability of the homes over 25 years and assist Toronto Community Housing in funding some of the costs associated with building the replacement rental housing.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council exempt new affordable rental homes in the Regent Park revitalization as described in the chart in the Financial Impact section of this report, from taxation for municipal and school purposes for the term of 25 years, which tax exemption is to be effective from the date the tax exemption by-law is enacted.
2. City Council authorize the Director, Affordable Housing Office, to negotiate, enter into, and execute on behalf of the City, municipal housing facility agreements, the City's "Contribution Agreement", with Toronto Community Housing 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 located at 50 Regent Park Boulevard, 180 Sackville Street, 230 Sackville Street, 110 River Street, 150 River Street, 25 Wyatt Avenue and Block 16 North, on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form approved by the City Solicitor.
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 practice.
4. 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 to increase affordability, this report recommends that City Council exempt 1,065 affordable rental housing units, located in seven properties, from property taxes for a period of 25 years.

The total value of the annual property tax exemption is estimated at \$1,025,117 at 2018 rates and the total Net Present Value (NPV) over the 25-year term is estimated at \$17,850,516 as summarized below:

Address	No. of Affordable Units	City	Education	City Building	Annual Taxes (2018)	NPV - 25 Years
50 Regent Park Blvd	155	\$109,525	\$40,194	\$536	\$150,255	\$2,616,408
180 Sackville Street	118	\$89,304	\$32,773	\$437	\$122,514	\$2,133,357
230 Sackville Street	155	\$102,134	\$37,481	\$500	\$140,115	\$2,439,847
Block 16 North	181	\$127,833	\$46,912	\$626	\$175,371	\$3,053,768
150 River Street	158	\$108,489	\$39,813	\$531	\$148,833	\$2,591,654
110 River Street	276	\$188,689	\$69,246	\$924	\$258,859	\$4,507,548
25 Wyatt Avenue	22	\$21,262	\$7,803	\$104	\$29,170	\$507,934
Total	1,065	\$747,235	\$274,223	\$3,659	\$1,025,117	\$17,850,516

The estimated contribution of approximately \$17.85 million is not a direct capital payment as it represents the forgiveness of City levies and is thus foregone revenue to the City.

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

EQUITY IMPACT STATEMENT

Lack of access to safe, secure, affordable housing in complete communities is a barrier to lower-income Toronto residents. These new affordable rental homes realized through the redevelopment of Regent Park provide a mix of housing opportunities for low-and-moderate-income households including singles, couples, families and seniors as part of this mixed-income, mixed tenure, mixed-use, inclusive community.

This initiative will contribute toward achieving the City's Housing Opportunities Toronto 10-year targets for the provision of new affordable rental homes and supports the City's Poverty Reduction Strategy.

DECISION HISTORY

On March 20, 2014 City Council approved proceeding with Phase 3 of the Regent Park Redevelopment.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.TE30.10>

On August 25, 2010, City Council approved proceeding with Phase 2 of the Regent Park Redevelopment.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.TE36.18>

At its meeting of February 23, 24 and 25, 2009, City Council adopted a report granting authority to exempt municipal and school taxes from all units of affordable housing located in Regent Park Phase One Revitalization Plan area for a period of 25 years from the date of first occupancy of the buildings, replacing the former 15-year exemption.

<https://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-02-23-cc31-dd.htm>

At its meeting of January 27, 28, 29, 2004, Council approved exempting property tax for fifteen years on all new rent- geared-to-income homes in the Regent Park revitalization plan area.

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040127/pof1rpt/cl006.pdf>

City Council approved the revitalization of Regent Park at its meeting held July 22, 23, 24, 2003.

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030722/pof8rpt/cl002.pdf>

COMMENTS

In January 2003, City Council, acting as the sole shareholder of TCHC, approved the multi-phase revitalization of the Regent Park community. The Regent Park revitalization will replace 2,083 rent-geared-to-income units and develop approximately 5,417 market units including townhomes and condominium buildings within the 69-acre site.

As part of the revitalization, TCHC is replacing all demolished social housing units and creating net new affordable housing units. TCHC has successfully completed Phases One and Two of the revitalization to-date, and Phase Three is under construction. The revitalization is anticipated to be completed in five phases.

Consistent with City policy and in keeping with the original approved financing plan for the Regent Park revitalization, this report recommends an exemption from property taxes for the 1,065 affordable rental homes in seven properties in Phases Two and Three of the Regent Park revitalization.

TCHC has or will enter into a Contribution Agreement for each of the seven properties committing them to the provision of affordable rental housing for 25 years. The City will monitor each property to ensure that the obligations to operate the premises as affordable housing are met. In the event of a default, the Contribution Agreement will provide that the tax exemption by-law be rescinded.

Approving this request will contribute to increasing the supply of affordable homes and creating greater affordability for residents. The Regent Park revitalization plan also includes commercial space, community facilities, active parks and open space, creating a mixed-income, mixed-use, socially inclusive community.

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SIGNATURE

Sean Gadon
Director, Affordable Housing Office

ATTACHMENTS

Attachment 1 – Regent Park Revitalization Plan Area

ATTACHMENT 1 – REGENT PARK REVITALIZATION PLAN AREA

Figure 1-

