



REPORT FOR ACTION

Providing Property Tax Relief for New Affordable Rental Homes at 203 College Street

Date: April 12, 2019
To: Planning and Housing Committee
From: Director, Affordable Housing Office
Wards: Ward 11 – University - Rosedale

SUMMARY

As a result of a Section 37 Agreement between the City and Parallax (203 College) Development Inc., four barrier-free one-bedroom units within the new condominium development at 203 College Street will be conveyed at a nominal cost to the neighbouring Cawthra Mansions Cooperative Inc. ("Cawthra Co-operative"). The units will be used by Cawthra Co-operative to provide affordable rental homes at or below 80% of average market rents.

Consistent with City policy, this report recommends that City Council exempt the four new affordable rental homes at 203 College Street, Ward 11-University-Rosedale from property taxes for 30 years beginning at occupancy which is expected to be in the summer of 2020.

The property tax exemption represents a net present value of \$61,809 over the 30-year term and will assist Cawthra Co-operative in providing rents at deeper levels of affordability to lower-income households.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council exempt the four new affordable rental homes to be developed at 203 College Street (being units 503, 601, 603 and 701) from taxation for municipal and school purposes for the term of 30 years.
2. City Council authorize the Director, Affordable Housing Office to negotiate, enter into, and execute on behalf of the City, a municipal housing facility agreement (the City's "Contribution Agreement"), with Cawthra Mansions Co-operative Inc., 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.

3. City Council authorize severally each of the Director, Affordable Housing Office and the General Manager, Shelter, Support and Housing Administration to execute, on behalf of the City, any City security documents including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the municipal housing facility agreement, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by Council.

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, this report recommends that City Council exempt four affordable rental homes within the condominium building at 203 College Street, Ward 11-University-Rosedale, to be operated by Cawthra Co-operative, from property taxes for a period of 30 years, being the minimum term that the units must remain at or below 80% of average market rents.

The value of the annual property tax exemption is estimated at \$3,153 at 2018 rates. The net present value over the 30 year-term is estimated at \$61,809 as summarized below:

Property Tax	*Annual	*Net Present Value (NPV): 30 Years
City	\$2,299	\$ 45,055
Education	\$844	\$ 16,534
City Building	\$11	\$ 221
Total:	\$3,153	\$ 61,809

*calculated using 2018 Rates

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 will provide that the by-law providing the property tax exemption will be repealed.

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

EQUITY IMPACT

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.

The new affordable rental housing created through this initiative will increase the opportunity for lower-income individuals and families to access safe, healthy and adequate homes. In addition, providing tax relief for the four new affordable rental homes will help to deepen affordability.

DECISION HISTORY

At its meeting on November 10, 2015, Toronto and East York Community Council adopted the recommendations of Staff contained in the preliminary report for 203 College Street, and expanded the notice requirements for the Community Consultation Meeting. A link to the Community Council direction is below:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.TE12.35>

At its meeting on July 12, 13, 14, and 15, 2016, City Council adopted TE17.15 "Request for Directions Report – 203-205 College Street - Zoning Amendment Application" which directed staff to continue negotiations with the applicant to secure appropriate public benefits pursuant to Section 37 of the Planning Act.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.TE17.15>

COMMENTS

On June 28, 2017, a proposed condominium development at 203 College Street was approved at the Ontario Municipal Board ("OMB") as a 29-storey mixed-use building. The OMB decision required that a Section 37 Agreement be reached by the developer and the City to secure public benefits. The City and Parallax (203 College) Development Inc. ("Parallax") concluded negotiations and entered into a Section 37 Agreement on March 16, 2018.

As part of the community benefits agreed to, prior to the issuance of the first above-grade building permit, Parallax was required to enter into an agreement of purchase and sale to convey four units to Cawthra Co-operative and/or the City. The Section 37 Agreement also stipulated that the four units were to be units 503, 601, 603 and 701 - all one-bedroom barrier-free units, measuring between 520 and 560 square feet and designed in accordance with the City's Accessible Design Guidelines.

The City entered into the agreement of purchase and sale with Parallax with the understanding that the agreement would later be assigned to Cawthra Co-operative prior to occupancy, subject to the City and Cawthra Co-operative entering into an agreement to secure the units as affordable rental housing.

Subject to approval of this report, the City will enter into a Contribution Agreement with the Cawthra Co-operative. The Contribution Agreement will outline the terms and conditions of resident selection, reporting requirements and obligate the proponent to provide at or below 80% average market rents ("AMR") for the 30-year 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 addition, prior to transfer of the units to Cawthra Co-operative, Parallax will register a restriction under Section 118 of the *Land Titles Act* to prevent the transfer or mortgaging of the units without the consent of the Chief Planner or designate.

Based on current levels, rents at 80% AMR would be \$1,016 per month for a one-bedroom unit. Rent at this level is affordable for households with an annual income of approximately \$40,640 and paying 30% of their income on housing.

Cawthra Co-operative as owner will manage the units. Tenants will pay rent directly to Cawthra and in turn, the Co-operative will be responsible for payment of condominium fees, utilities, insurance and other operating costs directly to the condominium property management.

In addition, Cawthra Co-operative is currently working with the City's Shelter, Support and Housing Administration Division to develop a tenant access plan for tenants needing accessible housing, and which may include housing benefits to make the rents more affordable for lower incomes households.

CONTACT

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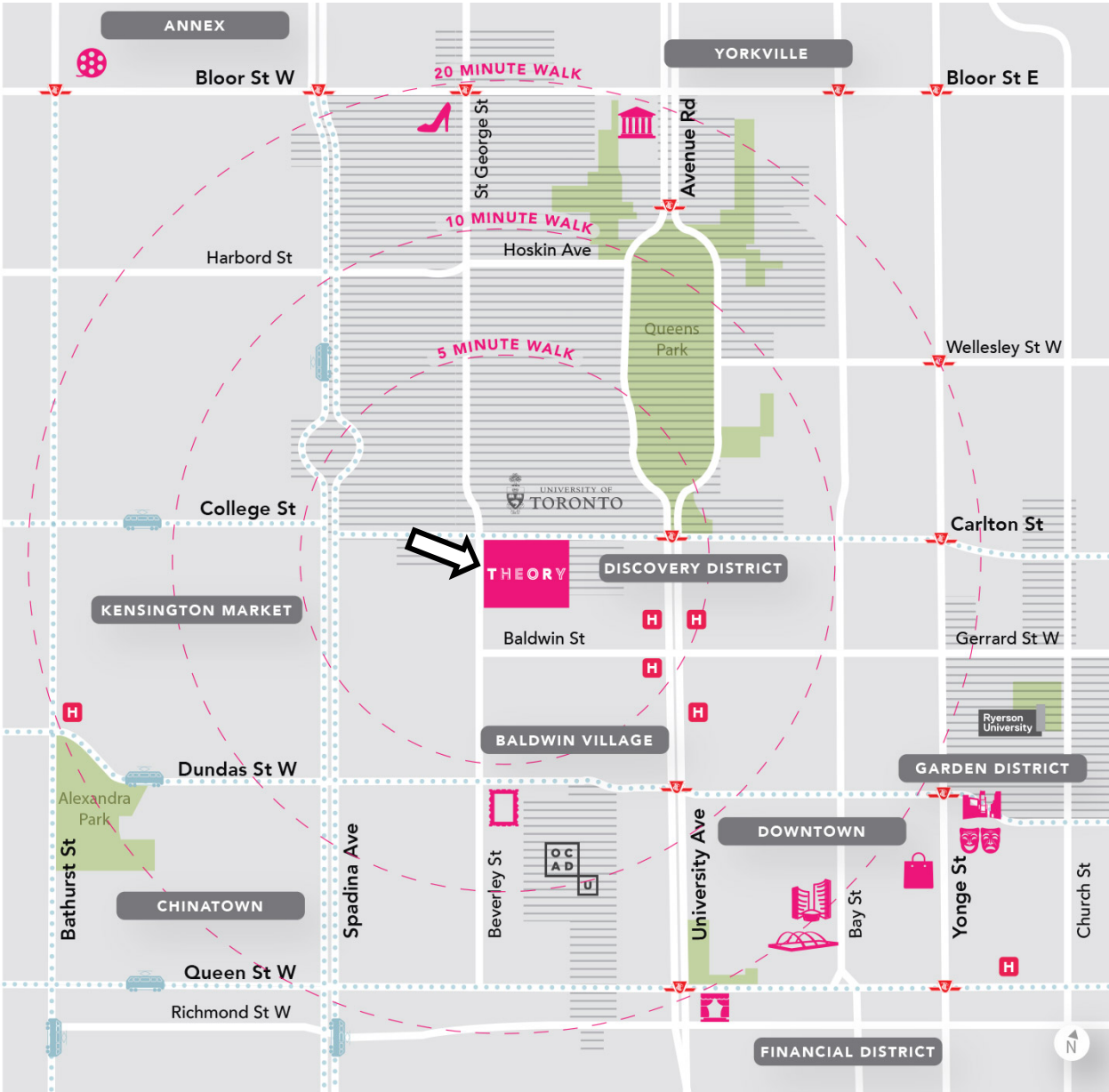
SIGNATURE

Sean Gadon
Director, Affordable Housing Office

ATTACHMENTS

Appendix 1: Location Map - 203 College Street
Appendix 2: Proposed Street View – 203 College Street

Appendix 1: Location Map 203 College Street - Theory Condominiums



Appendix 2: Proposed North West View of 203 College at Beverley Street

