

FINANCIAL IMPACT

This report recommends the provision of an estimated \$2,346,514 in Open Door Program incentives to support the development of the 26 affordable homes at 2 Tecumseth Street and 125-133 Niagara Street.

The financial incentives recommended for Council approval include relief from development charges, planning and building permit fees, and property taxes for 40 years, as outlined in Table 1 below. As this project is in the final planning approval stages, the applicable planning application fees have already been paid by the developer and will not be waived.

The provision of the affordable homes is proposed to be supported by both an in-kind contribution under Section 37 of the Planning Act, and the City's Open Door Program. The overall provision reflects the value of an appropriate community benefit secured through Section 37 of the Planning Act plus the incentives provided through the Open Door program.

Table 1 - City Financial Incentives

| Affordable Rental Homes | Affordability Period | Estimated Development Charges* | Estimated Planning Fees and Charges** | Estimated Net Present Value of Property Taxes | Estimated Total Value of Incentives |
|-------------------------|----------------------|--------------------------------|---------------------------------------|---|-------------------------------------|
| 26 | 40 | \$1,086,476 | \$670,683 | \$589,355 | \$2,346,514 |

*calculated using current, November 2021, development charge rates and reflecting estimated development charges applicable for 26 units

**includes estimated 2022 building permit fees of \$260,470

The City's financial incentives include relief from development charges and building permit fees as anticipated to support the development process. The incentives also include relief from property taxes for municipal and school purposes for the 40 year affordability period.

The value of the annual property tax exemption is estimated at \$25,497 at current rates. The net present value over the 40 year-term is estimated at \$589,355 as summarized in Table 2 below:

Table 2 - Property Tax Exemption

| Property Tax | *Annual | Net Present Value (NPV): 40 Years |
|---------------|-----------|--------------------------------------|
| City | \$ 18,832 | \$ 435,295 |
| Education | \$ 6,385 | \$ 147,577 |
| City Building | \$ 281 | \$ 6,484 |
| Total: | \$ 25,497 | \$ 589,355 |

*calculated using 2021 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 default, the Contribution Agreement will provide that the by-law providing the property tax exemption be repealed.

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