



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner, Community Services

Meeting Date: October 28, 2024

Report: 555 Bonaccord Street Tax Exemption, Report CSSS24-023

Subject

A report to recommend the approval of a new by-law to provide a property tax exemption for the affordable housing portion (65 units) at Hunt Terraces at 555 Bonaccord Street, Peterborough.

Recommendations

That Council approve the recommendations outlined in Report CSSS24-023, dated October 28, 2024 of the Commissioner of Community Services as follows:

- a) That Council approve the proposed By-law attached as Appendix A authorizing City Council to grant the affordable housing portion (65 units) at 555 Bonaccord Street a property tax exemption for a period of 10 years, commencing on the date on which the by-law is passed. The exemption will apply solely for the first 10 years followed by a 10-year tax increment-based grant;
- b) That City staff be directed to notify Municipal Property Assessment Corporation (MPAC) of the approved by-law to adjust the supplementary tax assessment, thereby applying the property tax exemption to the newly assessed portion of Hunt Terraces;
- c) That the City supports the appeal filed by Peterborough Housing Corporation (PHC) with MPAC regarding the current tax classification of the new building, ensuring that the affordable housing portions are assessed under the correct exemptions; and

- d) That the Mayor and Clerk be authorized to sign agreements and other related documents in terms acceptable to the Commissioner of Community Services and in a form acceptable to the City Solicitor to provide property tax exemptions for 555 Bonaccord Street in accordance with Report CSSS24-023.

Background

In 2014, Peterborough Housing Corporation (PHC) acquired the former Fleming College trades building at 553-555 Bonaccord Street for redevelopment into affordable housing. The project was delivered in two phases:

- Phase 1 (Malcolm Court) 553 Bonaccord St. was completed in October 2020 and
- Phase 2 (Hunt Terraces) 555 Bonaccord St. was completed in July 2023.

On June 27, 2022, Council approved By-law 22-043, which designated 65 affordable housing units in Hunt Terraces as a Municipal Housing Facility (MHF). This designation enabled the City to provide municipal incentives and exemptions, under the Municipal Housing Facilities By-law 12-094.

Despite this designation, 555 Bonaccord Street was reassessed by MPAC at \$5,540,000 under the New-Multi Residential tax class, effective November 1, 2023. MPAC has indicated that an official by-law regarding the property tax exemptions for the 65 affordable units at Hunt Terraces is required to extend the exemption to the building.

This exemption is proposed to align with the Municipal Housing Facility (MHF) provisions under By-law 12-094 and to address the recent assessments issued by the Municipal Property Assessment Corporation (MPAC) that have classified the building under the New-Multi Residential tax class.

Strategic Plan

Strategic Pillar: Community & Well-being

Strategic Initiative: Enhance and protect the health, safety, and well-being of all in our City. Provide robust, affordable and accessible sport, recreation, wellness, arts and social programs for people of all ages and abilities.

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Accountable, transparent, ethical, and responsible corporate governance and financial management that supports the needs of the community into the future. Proactively advocating for Peterborough's interests by working with other levels of

government and optimizing strategic opportunities as they arise for the benefit of our City.

Budget and Financial Implications

The proposed property tax exemption will result in forgone revenue. By applying the proposed 10-year exemption, the City will not collect property taxes on this value for the duration of the exemption period. The total cost of the tax exemptions over the 10 years would be approximately \$1,185,864 based on 2024 tax amounts with a projected annual 3% incremental increase. However, this revenue loss is mitigated by the long-term affordability and financial sustainability of the housing project, in alignment with the City's Affordable Housing goals.

In addition, the tax increment-based grant for municipal taxes cost approximately \$1,006,811, based on 2024 actuals with a 3% annual incremental increase. This 10-year tax increment grant will be funded from the Affordable Housing capital project HOS/0001. The total value of the exemption and grant is approximately \$2,192,675 over the 20-year period.

The financial impact of the exemption is anticipated to contribute to the overall stability and viability of the Hunt Terraces project, allowing it to continue providing affordable housing and supportive living services for seniors and individuals experiencing homelessness.

Conclusion

In keeping with the City's commitment to supporting affordable housing, the proposed by-law will ensure that 555 Bonaccord Street (Hunt Terraces) receives a property tax exemption and tax increment-based grant for its 65 affordable units. This will maintain the financial sustainability of the project while continuing to provide much-needed affordable housing and supportive services for the Peterborough community.

Attachments

Appendix A: Proposed By-Law for 555 Bonaccord Street

Submitted by,

Sheldon Laidman
Commissioner of Community Services

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