



City of  
**Peterborough**

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**To:** Members of the Committee of the Whole

**From:** Malcolm Hunt, Director of Planning and Development Services

**Meeting Date:** July 27, 2015

**Subject:** Report PLHD15-008  
Municipal Incentives for Affordable Rental Housing,  
188-198 Edinburgh Street Peterborough

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## **Purpose**

A report to recommend approval of specific municipal incentives and capital funding for affordable rental housing in response to the Affordable Housing Community Improvement Area application submitted by Moloney Project Development Corporation, the owner of 188-198 Edinburgh Street, Peterborough.

## **Recommendations**

That Council conditionally approve the recommendations outlined in Report PLHD15-008 dated July 27, 2015, of the Director of Planning and Development Services, as follows, pending the conclusion of the planning approval process:

- a) That the Affordable Housing Community Improvement Plan (CIP) application for the Municipal Incentive Program be approved for the proposed twenty-eight (28) unit affordable housing rental project at 188-198 Edinburgh Street in accordance Report PLHD15-008;
- b) That a By-law be adopted authorizing City Council to designate the property at 188-198 Edinburgh Street as a Municipal Housing Facility (MHF) in accordance with By-law Number 12-094, to exempt the property from property taxes levied for municipal and school purposes for a period of ten years and provide other municipal incentives in accordance with Report PLHD15-008;
- c) That the project be approved for \$925,000 in capital funding for twenty-eight (28) affordable rental units using the Investment in Affordable Housing 2014 Extension program funding and including up to \$75,000 capital funding from other sources;

- d) That staff be authorized to negotiate the specific terms and conditions of a legal agreement with Moloney Project Development Corporation, within the parameters set out in Report PLHD15-008; and
- e) That a By-law be passed to authorize the Mayor and Clerk to sign agreements and other documents to enable Affordable Housing Community Improvement Plan program incentives, Investment in Affordable Housing 2014 Extension Program capital funding and Municipal Housing Facility incentives for the property at 188-198 Edinburgh Street.

## Budget and Financial Implications

The value of capital funding from the Investment in Affordable Housing 2014 Extension is within the multi-year Program Delivery Fiscal Plan for 100% federal-provincial funding, as approved by City Council (Report PLHD14-009 dated September 22, 2014). The proposed other capital funding of up to \$75,000 would be drawn from the Housing Division's DOOR Reserve.

The value of the municipal incentives for affordable housing is largely derived from forgone revenue from fees, charges and property tax that would normally be charged by the City.

The following table summarizes the estimated values of the recommended incentives based on a project with twenty-eight (28) one-bedroom units.

Incentive	Estimated Value
<b>Development Charges Act and Municipal By-Law 14-134 (credit)</b>	<b>\$41,000</b>
<b>Affordable Housing Community Improvement Plan</b>	
Planning Application Fees	\$5,803
Cash in lieu of Parking	\$126,500
Parkland Levy	\$15,600
Revitalization Program* (10-year tax increment estimate)	\$247,875
	<b>\$395,777</b>
<b>Municipal Housing Facility</b>	
Capital Funding	\$75,000
10-year MHF Property Tax Exemption*	\$449,394
Development Charge Exemption	\$293,068
	<b>\$817,462</b>
<b>Investment in Affordable Housing 2014 Extension Program</b>	
IAH-E Capital (all units)	\$850,000
	<b>\$850,000</b>
<b>Total</b>	<b>\$2,063,239</b>
<b>Per Unit</b>	<b>\$73,687</b>

\*Based on 2015 rates

## Background

An application for Affordable Housing Community Improvement Plan (CIP) area incentives has been received from Moloney Project Development Corporation for a twenty-eight (28) unit affordable housing rental project at 188-198 Edinburgh Street. This report is recommending conditional approval of various incentives as outlined in Report PLHD15-008, pending the conclusion of the planning approval process.

These properties are in the Community Improvement Area, as per Schedule H of the City of Peterborough's Official Plan. The rent is proposed to be \$642 per month (80% of Average Market Rent (AMR) in 2015), less \$30 for hydro charges which will be borne by the tenant. Redevelopment of the properties enhances the neighbourhood by eliminating vacant lots and adding a complementary infill building, and the project will increase the supply of affordable rental in the community.

The City's Planning Committee considered and approved Official Plan and Zoning By-law amendment applications for the properties on July 20, 2015. In accordance with the *Planning Act*, a 20 day appeal period will conclude early in September.

A review committee for applications under the Affordable Housing CIP consists of City staff from Housing, Building, Planning, Heritage and Tax Divisions. This committee has received a presentation from Glenn Moloney and has reviewed the Moloney Project Development Corporation application. The committee supports the incentives as described in this report, provided planning approvals are in place.

Council has the authority to offer incentives under the Affordable Housing CIP program under By-law 11-114 which was adopted on September 12, 2011. Also, Council has the authority to offer other incentives by designating the project as a Municipal Housing Facility (MHF) under By-law 12-094 which was adopted on June 25, 2012. Council approval is required on a project by project basis.

Peterborough's Affordable Housing CIP is unique in the Province. It uses provisions of the *Planning Act* to establish a comprehensive suite of financial incentives to stimulate the production of new affordable housing supply. In developing the City's CIP programs, it has always been contemplated that the incentives are cumulative so that the unique attributes of site location, building characteristics and land use can be fully recognized.

The goal is to tilt the playing field in favour of new supply of affordable rental housing within the fiscal constraints of the municipality. It represents Peterborough's best efforts to try to make a difference, and use the diminishing supply of provincial-federal funding to stimulate production of affordable rental housing.

The project at 188-198 Edinburgh Street will help the City make progress toward the ten year target of 500 new affordable rental homes, as per Peterborough's 10-year Housing and Homelessness Plan ("Plan"). The addition of this project will bring the City's cumulative total by the end of the second year of the Plan to 171 rental units.

### 188-198 Edinburgh Street, Peterborough

Moloney Project Development Corporation purchased the properties at 188-198 Edinburgh Street in order to construct new rental housing on the lots. Previously, each lot contained a single family home, most recently used as boarding houses. One home was destroyed by fire on April 27, 2012, and for safety reasons the structure was removed via a demolition permit dated June 13, 2012. A fire had also occurred in the second home which is now empty and derelict, and slated for demolition.

The properties are located on the north side of a downtown arterial street, in an older part of the City, south of Parkhill Road. Most of the surrounding dwellings were constructed in the early 1900s, many of which have been converted to multi-unit use. The neighbourhood is close to amenities, churches, schools, and other services.

The planning application demonstrates the ability of the site to maintain the character of the area with the introduction of a new building, sympathetic to the character of the buildings in the neighbourhood, together with improvements to the landscape features and parking layout. The planning application has been considered by the Planning Committee, and approved. The appeal period will end in early September.

Moloney Project Development Corporation will build twenty-eight (28) one-bedroom apartments. The second and thirds floors will be accessible by elevator. All units will be barrier free. Details about the proposed project are set out in Appendix A.

### The Cumulative Impact of Financial Incentives

This project is in the Affordable Housing Community Improvement Plan area of the City of Peterborough. There is a range of incentives that can be considered for this project.

Development Charges By-Law 14-134 requires that a credit for the previous residential use be applied before new Development Charges are calculated. This is due to the demolition of one "Category A" residence in 2012, and a pending demolition of a "Category A" residence (credit applied once demolition permit has been issued).

**Table 1: Development Charges 188-198 Edinburgh Street**

Incentive	Estimated Value
<b>Development Charges Act and Municipal By-Law 14-134</b> (credit for two Category A residences)	<b>\$41,000</b>

Affordable Housing CIP area incentives include Municipal Incentives (i.e. *Planning Act* fees) and "Revitalization" incentives (i.e. Property Tax Increment). These programs are provided through refunds of fees and property taxes paid. Table 2 below shows the estimated values of these incentives.

**Table 2: Affordable Housing CIP area incentives for 188-198 Edinburgh Street**

Incentive		Estimated Value
<b>Affordable Housing Community Improvement Plan</b>		
	Planning Application Fees	\$5,803
	Cash in lieu of Parking	\$126,500
	Parkland Levy	\$15,600
	Revitalization Program* (10-year tax increment estimate)	\$247,875
		<b>\$395,777</b>

\*Based on 2015 rates

This project will provide affordable rental housing and as such is recommended to be designated as a Municipal Housing Facility, to be eligible for additional incentives. A capital funding contribution of up to \$75,000 is recommended, as this amount has historically been provided to affordable rental projects that incorporate elevators to improve accessibility. The property tax exemption is recommended for this project, and would be offered in addition to the ten year property tax increment ("Revitalization Program" listed above). The Development Charge exemption is recommended for this project, and is in addition to the Development Charge credit, which is applied first.

Table 3 below shows the estimated value of the Municipal Housing Facilities incentives for this project.

**Table 3: Municipal Housing Facility Incentives for 188-198 Edinburgh Street**

Incentive		Estimated Value
<b>Municipal Housing Facility</b>		
	Capital Funding	\$75,000
	10-year MHF Property Tax Exemption*	\$449,394
	Development Charge Exemption	\$293,068
		<b>\$817,462</b>

\*Based on 2015 rates

The Investment in Affordable Housing 2014 Extension program, federal and provincial funds, enables the municipality to support the development of affordable housing and further drive down rent levels. IAH-E capital is recommended at \$30,357/unit, as all twenty-eight (28) units will have rent at 80% of average market rent (AMR).

Table 4 below shows the estimated value of the Investment in Affordable Housing 2014 Extension program incentives for this project.

**Table 4: IAH-E Program Incentives for 188-198 Edinburgh Street**

Incentive		Estimated Value
<b>Investment in Affordable Housing 2014 Extension Program</b>		
	IAH-E Capital (all units)	\$850,000
		<b>\$850,000</b>

## **About the Project Developer**

Moloney Project Development Corporation (“Company”) is a local company that has participated in two previous rounds of the Canada Ontario Affordable Housing Program (AHP), and has successfully completed the City’s first Affordable Housing CIP project on Barnardo Avenue.

In 2006, under the AHP Pilot Project funding (\$21,000/unit), the Company redeveloped the property at 90 Murray Street previously known as Central School. No tax incentives were provided for this project. The building is known as “Victoria Park Apartments” and contains fifty (50) affordable homes, with rents set at Average Market Rent (AMR).

In 2009, under the Wave 1 Project funding (\$70,000/unit), the Company constructed a new building at 49 Argyle Street. No tax incentives were provided for this project. The building is known as the “Argyle Street Apartments”, and consists of sixteen (16) affordable homes for seniors, with rents set at 80% of AMR.

In 2012, under the City’s new Affordable Housing CIP, the company constructed a new building at 21 Barnardo Avenue. Capital funding (\$10,476/unit) and various municipal incentives, including tax incentives, under the CIP were sufficient for the builder to proceed with a viable project. The building is known as “Hazelbrae Place”, and consists of forty-two (42) affordable homes for seniors, with rents set at 90% of AMR.

## **Rent Levels**

Rents at 188-198 Edinburgh Street will be set at 80% of Average Market Rent (AMR), less a discount for hydro charges. AMR is \$803 per month for a one-bedroom in 2015, so the maximum rent will be \$642/month. The developer/landlord is choosing to install hydro meters in each apartment, and will reduce rents by \$30/month to \$612/month. Tenants will be responsible for their own hydro costs, and the landlord will pay for heat, water and sewer.

## **Tenant Selection**

The City of Peterborough sets household income levels for incoming tenants, based on unit size, and updates the income levels annually. Tenants will be selected by the landlord on the basis of income eligibility. Maximum income per household in a one-bedroom unit is \$25,696 in 2015.

For the initial rent-up of the apartments, Housing Access Peterborough (HAP) will be notified by the landlord once the apartments are ready for occupancy. HAP will send notices to applicants on the social housing waiting list. This will enable people waiting for rent-geared-to income housing to decide whether the location and rents at this new project are suited to their needs.

## **Terms and Conditions of the City's Legal Agreement for 188-198 Edinburgh Street**

A legal agreement which contains an accountability framework will be structured as a charge for the value of capital funding, foregone municipal fees and charges, and will be registered on the title of the property.

The legal agreement will contain the following terms and conditions:

- A 20 year Affordability Period – period that rents must remain at or below 80% of AMR, calculated annually by Canada Mortgage and Housing Corporation;
- Process for Income Screening for new tenants – the method and criteria for selecting in-coming tenants and the maximum income for those tenants;
- Adherence to Property Standards By-law and Site Plan Agreement;
- Insurance – City approval of insurers and the insurance policies carried by the owner/landlord, including the limits of coverage and the provisions thereof;
- Initial and Annual Occupancy Reporting – the information required from the owner/landlord to ensure compliance with programs; and
- Consequences of Sale or Default – the steps to be followed should the property be sold or should default occur.

## **Summary**

Moloney Project Development Corporation is proposing a twenty-eight (28) unit affordable rental project in downtown Peterborough. The Affordable Housing Community Improvement Plan program application has been reviewed by committee of City staff and is recommended for various municipal incentives and capital funding.

This project will help meet an identified community need. Low-income seniors will benefit from more options for a safe and affordable home. Residential units will be added to a vacant downtown property and increase Peterborough's affordable housing stock. The City's incentives stimulate new affordable rental production, while stretching a limited amount of Investment in Affordable Housing capital funding.

Submitted by,

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### **Attachments:**

Appendix A – Proposed Project Description and Details (2015)

**Appendix A****City of Peterborough Affordable Housing Community Improvement Plan  
Proposed Project Description and Details (2015)**

<b>188-198 Edinburgh Street Peterborough, Ontario</b>			
<b>Owner and Developer</b>	Moloney Project Development Corporation Private sector		
<b>Project Size</b>	2,600 sq m property 28 rental housing units		
<b>Parking</b>	Surface parking 19 spaces (pending planning approval)		
<b>Construction Type</b>	New construction		
<b>Heritage</b>	Not applicable		
<b>Development Schedule</b>		<b>Rental Details</b>	
<b>Re-Zoning</b>	Pending conclusion of approval process	<b>Rental Type</b>	28 one-bedroom units
<b>Official Plan Amendment</b>	Pending conclusion of approval process	<b>Accessibility</b>	<ul style="list-style-type: none"> <li>• Accessible building</li> <li>• Elevator for access to second floor</li> <li>• All units will be barrier-free</li> </ul>
<b>Site Plan</b>	Submission Pending (2015)		
<b>Record of Site Condition</b>	n/a	<b>Energy Efficiency Considerations</b>	Energy Star appliances, Smart meters
<b>Building Permit</b>	Fall 2015	<b>Tenant Eligibility</b>	Low income seniors
<b>Occupancy</b>	October 2016	<b>Rent Level</b>	<ul style="list-style-type: none"> <li>• 80% of AMR (\$642/month in 2015)</li> <li>• \$30/month discount for hydro</li> </ul>