



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:** **March 7, 2016**

**Subject:** **Report PLHD16-002**  
**Municipal Incentives for Affordable Rental Housing,**  
**342 Downie 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 and Central Area Community Improvement Area applications submitted by the owners of 342 Downie Street, Peterborough.

## **Recommendations**

That Council approve the recommendations outlined in Report PLHD16-002 dated March 7, 2016, of the Director of Planning and Development Services, as follows:

- a) That the Affordable Housing and Central Area Community Improvement Plan (CIP) applications be approved for the proposed four (4) unit affordable rental housing project at 342 Downie Street in accordance Report PLHD16-002;
- b) That the project be approved for \$230,000 in capital funding for four (4) affordable rental units using the Investment in Affordable Housing 2014 Extension program funding;
- c) That a By-law be adopted authorizing City Council to designate the property at 342 Downie Street as a Municipal Housing Facility (MHF), in accordance with By-law Number 12-094, and authorizing the Mayor and Clerk to sign agreements and other documents to provide municipal incentives, in accordance with Report PLHD16-002; and

- d) That a By-law be adopted authorizing City Council to exempt the property at 342 Downie Street from property tax levied for municipal and school purposes for a period of ten years, as a Municipal Housing Facilities in accordance with By-law Number 12-094.

## Budget and Financial Implications

The capital funding from the Investment in Affordable Housing 2014 Extension is within the multi-year Program Delivery Fiscal Plan and is 100% federal-provincial funding, as approved by City Council (Report PLHD14-009 dated September 22, 2014).

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 four (4) 3-bedroom units.

Incentive		Estimated Value
<b>1. Development Charges Act and Municipal By-Law 14-134 (credit)</b>		<b>\$20,869</b>
<b>2. Affordable Housing Community Improvement Plan</b>		
	Planning Application Fee - Site Plan Application*	\$830
	Revitalization Program* (10-year tax increment estimate)	\$73,935
		<b>\$74,765</b>
<b>3. Central Area Community Improvement Plan</b>		
	Parks Levy	\$1,800
	Building Permit Refund*	\$6,581
		<b>\$8,381</b>
<b>4. Municipal Housing Facility</b>		
	Capital Funding (not recommended)	\$0
	10-year MHF Property Tax Exemption*	\$114,495
	Development Charge Exemption*	\$45,451
		<b>\$159,946</b>
<b>5. Investment in Affordable Housing - 2014 Extension Program</b>		
	IAH-E Capital (all units)	\$230,000
		<b>\$230,000</b>
<b>Total</b>		<b>\$493,962</b>
<b>Per Unit</b>		<b>\$123,490</b>

\*Based on 2016 rates

## Background

An application for Affordable Housing Community Improvement Plan (CIP) area incentives has been received from Glen Payne for a four (4) unit affordable housing rental project at 342 Downie Street. This report is recommending approval of various incentives as outlined in Report PLHD16-002.

The property is in the Community Improvement Area, as per Schedule H of the City of Peterborough's Official Plan. Redevelopment of this property enhances the neighbourhood by eliminating a vacant lot and adding a complementary infill building.

The project will increase the supply of affordable rental in the community. The owner has started discussions with a non-profit service agency in Peterborough, to determine how the two (2) accessible units might be supported.

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 Glen Payne and has reviewed the application. The review committee supports the incentives as described in this report.

Council has the authority to offer incentives under the Affordable Housing and Central Area CIP programs under By-law 11-114 and By-law 11-115 which were 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 for every affordable rental housing project receiving incentives.

The Affordable Housing Community Improvement Plan program 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 342 Downie 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 in the third year of the Plan to 203 new affordable rental units.

### 342 Downie Street, Peterborough

342 Downie Street is located in the Charlotte Street Business District, in the first block immediately north of Charlotte Street and east of Park Street North. Residential dwellings in this neighbourhood consist of single family homes and some homes that have been converted into multi-unit dwellings. Several nearby buildings have been converted to both residential and commercial/office uses. The neighbourhood is close to the many services and amenities that Downtown Peterborough offers and is also located adjacent to a major transit corridor.

The single family home that was originally on the lot was demolished for safety reasons (demolition permit dated October 12, 2012). A Minor Variance Application was approved by Committee of Adjustment on March 12, 2013.

The plan is to construct a building that is compatible with other buildings in the neighbourhood. Specifically, there is a nearby heritage-designated building. There will be a total of four (4) 3-bedroom apartments, two (2) of which will be accessible, barrier free units. The structure will be two (2) storeys, 380 square metres, with an exterior brick facade. The preliminary site plan application has been reviewed by staff in Planning, Building and Heritage office, with the owner. Details about the proposed project are set out in Appendix A.

### The Cumulative Impact of Financial Incentives

This project is located in the Central and Affordable Housing Community Improvement Plan areas 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. Table 1 below shows the estimated value associated with the credit.

**Table 1: Development Charges 342 Downie Street**

Incentive	Estimated Value
<b>1. Development Charges Act and Municipal By-law 14-134 (credit)*</b>	
<b>Total</b>	<b>\$20,869</b>

\*Based on 2016 rates

The Affordable Housing CIP 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 the incentives.

**Table 2: Affordable Housing CIP area incentives for 342 Downie Street**

Incentive		Estimated Value	
2. Affordable Housing Community Improvement Plan			
	Site Plan Application Fee*		\$830
	Revitalization Program* (10-year tax increment estimate)		\$73,935
Total			\$74,765

\*Based on 2016 rates

The Central Area CIP program can offer a variety of incentives by providing refunds of fees/charges. Table 3 below shows the estimated values of these incentives.

**Table 3: Central Area CIP incentives for 342 Downie Street**

Incentive		Estimated Value	
3. Central Area Community Improvement Plan			
	Parks Levy		\$1,800
	Building Permit Refund*		\$6,581
Total			\$8,381

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. The ten (10) year property tax exemption is recommended for this project, and would be offered in addition to the ten (10) 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 4 below shows the estimated value of the Municipal Housing Facilities incentives for this project.

**Table 4: Municipal Housing Facility Incentives for 342 Downie Street**

Incentive		Estimated Value
<b>4. Municipal Housing Facility</b>		
	Capital (not recommended)	
	Property Tax Exemption*	
	Development Charge Exemption*	
<b>Total</b>		<b>\$159,946</b>

\*Based on 2016 rates

The Investment in Affordable Housing 2014 Extension (IAH-E) program enables the City to offer 100% federal and provincial funds to support the development of affordable housing and drive down rents. IAH-E capital is recommended at \$57,500/unit.

Table 5 below shows the estimated value of the Investment in Affordable Housing 2014 Extension program incentives for this project.

**Table 5: IAH-E Program Incentives for 342 Downie Street**

Incentive	Estimated Value
<b>5. Investment in Affordable Housing - Extension Program</b>	
IAH-E Capital (all units)	
<b>Total</b>	
<b>Per Unit</b>	<b>\$230,000</b>
	<b>\$57,500</b>

### About the Project Developer

Glen and Shanen Payne are local developers that work in a variety of capacities the community. They have been in the building business in Peterborough for most of their lives. They are strong believers in supporting the community by using local products and local trades whenever possible. They build quality residences that “they would live in”, can be proud of, and that will benefit the community for many years to come.

The project on Downie Street fits their business model. The building will be constructed using high standards for energy efficient and advanced products. Insulated concrete forms (ICF) will be used, starting at the footings and extending to the rafters. ICF has an insulating value of up to R52 – twice as much as a traditional approach. The building will also include the most up-to-date efficient building products, including wall boxes, LED (lighting, switches, plugs), windows, high efficiency heating and Energy Star appliances. The project will exceed energy efficiencies normally found in this type of project, while being environmentally conscious.

### Rent Levels

Rents at 342 Downie Street will be set at 80% of Average Market Rent (AMR), less a \$40/month/unit discount for hydro charges. The developer/landlord will install hydro meters in each apartment, and will pay for heat, water and sewer. Tenants will pay their own hydro costs.

AMR is \$1172 per month for a three-bedroom unit in 2016. The maximum rent at 342 Downie Street will be \$898 (80% AMR is \$938/month, less \$40).

## **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 three-bedroom unit is \$37,504 in 2016.

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 lower rents at this new project are suited to their needs.

## **Terms and Conditions of the City's Legal Agreement for 342 Downie 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**

Glen Payne is proposing a four (4) unit affordable rental project in downtown Peterborough. The Affordable Housing and Central Area Community Improvement Plan program applications have been reviewed by the committee of City staff. Various municipal incentives and capital funding have been recommended.

This project will help meet an identified community need. Families 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 (2016)



**Appendix A****City of Peterborough Affordable Housing Community Improvement Plan  
Proposed Project Description and Details (2016)****342 Downie Street Peterborough, Ontario**

<b>Owner and Developer</b>	Glen and Shanen Payne Private sector		
<b>Project Size</b>	590 sq m property 380 sq m building 4 rental housing units		
<b>Parking</b>	Surface parking 4 spaces		
<b>Construction Type</b>	New construction		
<b>Heritage</b>	Not applicable		
Development Schedule		Rental Details	
<b>Re-Zoning</b>	R3	<b>Rental Type</b>	4 3-bedroom units
<b>Official Plan Amendment</b>	Not required	<b>Accessibility</b>	<ul style="list-style-type: none"> <li>2 accessible, barrier free units at grade</li> </ul>
<b>Site Plan</b>	Submission Pending (March 2016)		
<b>Record of Site Condition</b>	n/a	<b>Energy Efficiency Considerations</b>	Up-to-date efficient building products (wall boxes), LED (lighting, switches, plugs), windows, ICF R-52 Efficient heating Energy Star appliances
<b>Building Permit</b>	Summer 2016	<b>Tenant Eligibility</b>	Low income seniors, families, people with disabilities
<b>Occupancy</b>	Fall 2016	<b>Rent Level</b>	<ul style="list-style-type: none"> <li>80% of AMR (\$938/month in 2016)</li> <li>\$40/month discount for hydro</li> </ul>