



City of
Peterborough

To: Members of the Committee of the Whole

From: Malcolm Hunt, Director of Planning and Development Services

Meeting Date: April 18, 2016

Subject: Report PLHD16-003
Municipal Incentives for Habitat for Humanity – 678 St. Mary’s Street, Peterborough

Purpose

A report to recommend municipal incentives to support the development of an affordable single family home, to be constructed by Habitat for Humanity Peterborough & Kawartha Region at 678 St. Mary’s Street, Peterborough.

Recommendations

That Council approve the recommendations outlined in Report PLHD16-003 dated April 18, 2016 of the Director of Planning and Development Services, as follows:

- a) That Council provide municipal incentives to Habitat for Humanity Peterborough & Kawartha Region, to offset the cost of the Development Charges at 678 St. Mary’s Street, under the Affordable Housing Community Improvement Plan in accordance with By-law Number 11-116.
- b) That the Director of Planning and Development Services be authorized to approve municipal incentives within approved budgets and sign agreements under the City’s Affordable Housing Community Improvement Plan for affordable homeownership projects constructed by Habitat for Humanity of Peterborough & Kawartha Region, including 678 St. Mary’s Street.

Budget and Financial Implications

The City would reimburse Habitat for Humanity of Peterborough & Kawartha Region, with funds drawn from the Housing Partnership Reserve Fund, in the amount of the applicable Development Charges (\$20,869).

Background

An application for Affordable Housing Community Improvement Plan (CIP) area incentives has been received from Habitat for Humanity of Peterborough & Kawartha Region (Habitat) for construction of a single family home at 678 St. Mary's Street.

The City of Peterborough has supported ten Habitat projects in the City and County in the past, since 2010. This support has taken a variety of forms including relief from Development Charges, land made available at no or low cost, and Homeownership Assistance Loans (from Investment in Affordable Housing funding) directly to Habitat home purchasers. Habitat has achieved remarkable results, and has created a local success story, that has attracted Royal Patrons, and significant local support.

This report recommends that the Director of Planning and Development Services be authorized to approve municipal incentives and sign agreements for specific Affordable Housing Community Improvement Plan Incentives for Habitat projects. This will help streamline approvals for Habitat projects in the City of Peterborough, where one or two new projects are anticipated in each of the next few years. It is also consistent with authority delegated to staff for the incentives under the Central Area Community Improvement Plan.

Specifically, this report also recommends the use of Affordable Housing Community Improvement Plan area incentives to support the Habitat project at 678 St. Mary's Street. This project provides an example of the type of project and incentives, decisions about which are recommended to be delegated to the Director of Planning and Development Services in the future.

678 St. Mary's Street, Peterborough

678 St. Mary's Street is located in the first block immediately east of High Street and south of Romaine Street. The residential lot is suited to a small infill home. Residential dwellings in this neighbourhood consist of modest single unit homes. The neighbourhood is close to shopping and transit on Lansdowne Street. Nearby buildings are used for light industry, the Evinrude Centre, the Canadian Canoe Museum, and commercial/retail.

Details about the proposed project are set out in Appendix A.

The Financial Incentives

This project is located in the Affordable Housing Community Improvement Plan area of the City of Peterborough. While affordable rental housing is the priority, the AH-CIP embraces homeownership models where affordable housing benefits can be applied.

New construction on a vacant lot in this location would normally attract Development Charges of \$20,869.00 (estimate value based on 2016 rate). However, as an affordable housing project, developed by a non-profit agency, municipal incentives are recommended with a value of the Development Charges. This incentive will take the form of reimbursement to Habitat for fees paid.

About the Project Developer

Habitat for Humanity Peterborough & Kawartha Region is a non-profit, non-denominational housing organization, established in 2002. Habitat uses an internationally acclaimed model to build simple, decent and affordable homes for low-income families. Habitat raises funds through donations and is a registered charity. 100 per cent of all administration costs are paid for with revenue from the local ReStore which sells quality new and used donated building and renovation materials.

Habitat offers low-income families a hand-up, giving them the ability to build wealth and hope through home ownership, though favourable mortgage arrangements, use of volunteer time and donated material. Families are selected that:

- Can demonstrate a need for affordable homeownership housing;
- Are willing to volunteer 500 hours of “sweat equity”; and
- Have the ability to repay Habitat’s interest-free mortgage over an average of 30 years.

Habitat provides mortgages directly to the home purchaser and uses the mortgage revenues from the homeowners to replenish a revolving capital fund. This enables Habitat to have access to capital to continue building more homes.

Affordable Homeownership and Habitat’s Sale Price

The Affordable Housing Community Improvement Plan defines affordable homeownership as housing for which the price is at least 10 percent below the average resale value (i.e. \$307,076 in 2016). Therefore in 2016, an affordable home must have a purchase price of \$276,369 or lower, in order to access municipal incentives.

Habitat uses fair market value assessment to determine the sale price of a home. The fair market value is determined after the home construction is finished. The home is purchased, by the household selected by Habitat, with an interest free mortgage from Habitat. Monthly payments on the Habitat mortgage are set according to the home purchaser’s means (for instance, the monthly payment may be 30% of household income). Under this mortgage, Habitat retains first right of refusal should the home be sold.

In the case of 678 St. Mary’s Street, the sale price of the home will be \$276,369 or lower. The home must be retained as affordable housing (i.e. either through continuous ownership, ownership by Habitat, or sale to another Habitat selected household) or the municipal incentives will be fully or partially repaid by Habitat to the City. An agreement with a term of 15 years between Habitat and the City would ensure program compliance. In the event of a sale to another Habitat household, the sale price will be set at least 10 per cent below the average resale price in the year that it is sold.

Summary

Habitat for Humanity Peterborough & Kawartha Region is making a significant and beneficial contribution to the supply of affordable ownership housing in the City and County of Peterborough. The City has successfully supported ten of Habitat's previous projects. This report seeks to continue to build on this successful partnership, and provide ease of administration for municipal incentives for affordable homeownership projects sponsored by Habitat in the future.

Submitted by,

Malcolm Hunt
Director, Planning and Development Services

Susan Bacque
Manager, Housing Division

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)**

**Habitat for Humanity Peterborough & Kawartha Region
678 St. Mary’s Street, Peterborough ON K9H 6K4**

<p>Owner and Developer</p>	<p>Habitat for Humanity Peterborough & Kawartha Region Non-Profit sector</p>		
<p>Construction Type</p>	<p>Raised bungalow, detached New construction</p>		
<p>Parking</p>	<p>Surface parking</p>		
<p>Zoning</p>	<p>R.1, R.2</p>	<p>Amenities</p> <p>Close to public transportation and schools Fridge, stove, laundry facilities</p>	
<p>Project Size</p>	<p>single lot (30.48mx9.14m)</p>		
<p>Legal Description</p>	<p>Plan 50q lot 54 reg 0.07ac 30.00fr 100.00d</p>	<p>Dwelling Unit</p>	<p>One three bedroom single family home</p>
<p>Roll Number</p>	<p>020030136000000</p>	<p>Accessibility</p>	<p>Ground related units</p>
<p>Assessment</p>	<p>\$ 32,125 (MPAC 2015)</p>	<p>Owner Eligibility</p>	<p>As per Habitat qualifying criteria</p>
<p>Financing</p>	<p>Mortgage as per Habitat for Humanity terms and conditions</p>	<p>Home purchase price</p>	<p>Less than \$276,369</p>