



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: June 20, 2016**

**Subject: Report PLHD16-004  
Municipal Incentives for Affordable Rental Housing,  
217 Murray Street Peterborough (Brock Street Mission)**

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## **Purpose**

A report to recommend municipal incentives and capital funding in response to the Central and Affordable Housing Community Improvement Area applications submitted by the Brock Street Mission Peterborough (Brock Mission), the owner of 217 Murray Street, Peterborough.

## **Recommendations**

That Council approve the recommendations outlined in Report PLHD16-004 dated June 20, 2016, of the Director of Planning and Development Services, as follows:

- a) That the Central Area and Affordable Housing Community Improvement Plan (CIP) applications be approved for the proposed Brock Mission project that includes thirty (30) shelter beds and fifteen (15) units of affordable rental housing at 217 Murray Street in accordance with Report PLHD16-004;
- b) That a By-law be adopted authorizing City Council to designate the property at 217 Murray Street as a Municipal Housing Facility (MHF) in accordance with By-law Number 12-094 in accordance with Report PLHD16-004;
- c) That the project be approved for \$1,500,000 in capital funding for fifteen (15) single room occupancy affordable rental units using the Investment in Affordable Housing 2014 Extension program funding, which was originally conditionally approved in 2015 through Report PLHD15-002;

- d) That staff be authorized to increase the IAH Funding from \$1,500,000 (\$100,000 per unit) to a maximum of \$2,250,000 (\$150,000 per unit), as permitted by the Investment in Affordable Housing 2014 Extension Program Provincial Guidelines, if necessary, should costs of construction, site remediation, and accessibility modifications exceed current estimates;
- e) That staff be authorized to negotiate the specific terms and conditions of legal agreements with Brock Mission, within the parameters set out in Report PLHD16-004; and
- f) That a By-law be passed to authorize the Mayor and Clerk to sign agreements and other documents to enable program incentives under the Central Area and Affordable Housing Community Improvement Plans, provision of funding from the Investment in Affordable Housing 2014 Extension Program and subsequent programs, and incentives as a Municipal Housing Facility for the property at 217 Murray 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 (PDFP) for 100% federal-provincial funding, as conditionally approved by City Council (Report PLHD15-002 dated March 30, 2015), in the amount of \$1,500,000. Additional funding, if required and negotiated by staff will be drawn from either the existing multi-year PDFP, or from new federal/provincial funding expected to be confirmed in the next few months.

\$250,000 of capital funding for the shelter portion has been set aside in the 2016 Budget for Social Services, to be drawn from the Social Services Reserve (Budget Reference #6-10.2). This amount comprises \$207,500 of City funding and \$42,500 from the County. \$100,000 in 2014 (2014 Budget Reference #6-10.02) and \$250,000 in 2015 (2015 Budget Reference #6-10.2) was previously approved for the shelter portion from the Social Services Reserve.

The Assessment Act provides for property tax exemption for 217 Murray Street as a House of Refuge. Property tax exemption has been in place since 2006, and no change to this arrangement is recommended.

Development Charges By-Law 14-134 states that development charges shall not be imposed with respect to the redevelopment of any building or structure, which is located within the Central Area Commercial Core. The applicable Development Charge for a project of this size, if it was subject to the charge, would be \$313,035.

The Central Area Community Improvement Plan incentives apply to the whole project. The Affordable Housing Community Improvement Plan incentives (Cash-in-Lieu of Parking) apply to the affordable housing portion, based on 15 units of affordable housing.

The value of the municipal incentives for the project is a best estimate as of the date of this report. The value is derived from forgone revenue from fees and charges that would normally be payable to the City. The following table summarizes the estimated values of the recommended incentives based on a Central Area, Commercial Core project with fifteen (15) affordable rental bachelor units.

Incentive	Estimated Value
<b>Development Charges By-law 14-134 AS OF RIGHT</b>	
Exemption for redevelopment in Central Area Commercial Core	<b>\$313,035</b>
<b>Central Area Community Improvement Plan AS OF RIGHT</b>	
Building Permit fee* (maximum refund)	\$50,000
Parks Levy Fee*	\$12,600
Site Plan Planning Application Fee*	\$2,000
Zoning By-law Amendment Application Fee*	\$2,139
<b>Affordable Housing Community Improvement Plan</b>	
Cash-in-Lieu of Parking* (Housing portion only)	\$23,386
	<b>\$90,125</b>
<b>Municipal Housing Facilities</b>	
Building Permit fee* (Balance of the fee - Housing portion)	<b>\$49,850</b>
<b>Investment in Affordable Housing 2014 Extension</b>	
IAH-E Capital (Housing portion only)	<b>\$1,500,000</b>
<b>Total</b>	<b>\$1,953,010</b>

\*Based on 2016 rates

## Background

The Brock Mission redevelopment project was confirmed by City and County Councils as a commitment in the 10-year Housing and Homelessness Plan in late 2013. Specifically, the commitment was to enhance the facility and services by improving the physical space. The preferred model of service includes emergency short-term stay, and semi-independent living in a safe and supportive environment.

This report describes the Central Area Community Improvement Plan (CIP) and other incentives that are available as-of-right, and recommends Affordable Housing CIP incentives and funding that require Council approval.

In 2015, City Council conditionally approved \$1,500,000 in Investment in Affordable Housing funding. This funding must be secured in a Housing Facilities Agreement with Brock Mission and the City, by December 15, 2016 to comply with the provincial deadline. Payments of IAH funding will be made only after the development plan, planning approvals, construction permits and operating plans are in place.

Brock Mission has moved forward as a result of Council's original conditional approval. Land use and zoning were approved by Council on June 6, 2016, and therefore two key conditions of funding have been met. The construction and operating budgets are under development, primary financing is being secured, and discussions are underway with an experienced community partner for the development. A relocation plan for the current shelter services is being finalized.

Redevelopment of the property will improve the shelter services and enhance the neighbourhood by replacing an old deteriorated building with a new structure that is aesthetically pleasing and more functional. In addition, the project will increase the supply of affordable rental housing in the community for a specific population of vulnerable people. It will enable qualified shelter clients to obtain stable housing, with access to associated supports at any time from the shelter.

### **Committee Reviews**

A CIP Committee of City staff from Housing, Building, Planning, Heritage and Tax Divisions has received a presentation from Brock Mission, and has reviewed the CIP applications. The property is in the Central and Affordable Community Improvement Areas, as per Schedule H of the City of Peterborough's Official Plan. The proposed operation of the shelter and affordable housing (units will be rented for about \$533 per month or 80% of Average Market Rent for a bachelor unit inclusive of heat and hydro) meets the City's expectations and program guidelines. As a result of this review, the CIP Committee supports the incentives as described in this report, provided land-use and other planning approvals are confirmed.

The Affordable Housing Action Committee (AHAC) received a presentation about the Brock Mission project at its June meeting, and the AHAC Supply Sub-Committee members met with the Brock Mission staff to go over details of the planned development and service model. AHAC has endorsed the project, and supports the use of incentives and funding to improve shelter and housing services.

The City received a letter on May 13, 2016, from the Peterborough Architectural Conservation Advisory Committee recognizing the valuable work that Brock Mission does in the community. PACAC sets out some suggestions for massing, elevations, facade and community space which will be taken under consideration by the project architects.

### **Council Authority and Commitments**

Council has the authority to offer incentives under the Central Area and Affordable Housing CIP program under By-laws 11-114 and 11-116 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 on a project by project basis under these authorities.

Peterborough's Affordable Housing CIP 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. 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 217 Murray Street will provide a better range of services in an improved facility for the men who stay at Brock Mission. The addition of 15 affordable rental units to a men's shelter is an important step in modernizing Peterborough's approach to assisting men who experience homelessness.

This project also helps the City make progress toward the ten year Housing and Homelessness Plan target of 500 new affordable rental homes by 2024. The addition of this project will bring the City's cumulative total since 2014 to 210 affordable rental units.

### **Brock Street Mission, Peterborough**

Brock Mission is a not for profit, registered charity founded in 1986. The men's shelter was originally known as Kingan House. The men's shelter opened with 12 beds. Because of the increased numbers of men requiring service, Kingan House became too small and Brock Mission purchased the current site at 217 Murray Street in 2006. It currently offers 40 beds to single men.

Brock Mission also operates Cameron House, an emergency shelter for women. In 2009 Cameron House, added 8 affordable rental units, which are available to women from the shelter who are able to live independently but need the support of the shelter from time to time. The redevelopment of 217 Murray Street will follow a similar path.

### **City Review of Shelter Operations and Funding**

The City of Peterborough Social Services Division undertook a comprehensive review of shelter services in 2009. On February 1, 2010, Council approved Report CSSS10-001. This report acknowledged the increased complexity of client service needs and the financial challenges associated with the per diem funding model. Approval was given to implement a combination of per diem and municipal base funding for shelters, in order to provide a level of stability for operations.

In 2013, provincial homelessness funding changed. The City of Peterborough reviewed the emergency shelter funding and then instituted full base funding for the emergency shelters, removing the per diem funding model. This new approach provides for predictability of the funding required in City budgets in future years. However, transitioning the shelter to a new building will bring about a requirement to review costs again. This may be implemented over two to three years after occupancy of the new building, as the utilities and other costs associated with the new building will not be 100% predictable until the building is in use.

## **Housing and Homelessness Plan**

The 10-year Housing and Homelessness Plan commits to enhancing “the Brock Mission by improving physical space and enhancing services”. In early 2014, a working group was formed with the mandate to complete a feasibility study for this work. This group determined the best option was to rebuild the shelter and add semi-independent living housing, similar to what was implemented at Cameron House for women in 2009.

According to the Housing and Homelessness Needs Assessment (2013), almost 900 people in the City and County of Peterborough utilize the emergency shelters over a 1-year period, with about 25% of those clients having a 6-week stay or longer, over multiple visits. Focusing on the longer term housing needs where clients’ needs warrant, by providing supported rental housing, is consistent with the City’s intention to shift from emergency responses to sustainable, stable housing solutions.

## **The Brock Street Mission Service Model**

Brock Mission operates a 365 day/year shelter program for adult men. The Resident Care Workers provide supports to clients daily including life skill development, meals, referrals to community agencies and the coordination of appointments and services. Social Services staff members are on-site twice a week to provide access to financial assistance, employment planning and coordinated crisis responses.

Brock Mission has become the “hub” of homelessness programs and services. Currently Brock Mission staff work with staff from Four Counties Addiction Services for clinical support to clients. The Federal Homelessness program outreach staff and the Housing First intensive case manager and housing support workers also provide services at Brock Mission. Space is at a premium at Brock Mission and the set-up is not ideal. The new building will be planned around the current use, and will provide for adequate office space for Brock staff and accommodate staff from other homelessness related programs and services.

The Homelessness Coordinated Response Team (HCRT) is a collaborative team model approach to homelessness that is comprised of ten community partners. For the last year, the HCRT group has been meeting at Brock Mission for the bi-weekly case conference meetings. This will continue and will be better accommodated in a new building.

## **The Cumulative Impact of Municipal Incentives**

Development Charges By-law 14-134 states that development charges shall not be imposed with respect to the redevelopment of any building or structure, which is located within the Central Area Commercial Core, as depicted on Schedule J of the Official Plan. The existing building is being demolished and replaced, and the housing portion is an addition. The approximate Development Charge for the housing portion, if it was subject to the charge, would be \$313,035, based on \$20,869.00 per unit.

The current property tax exemption is recommended to continue for this project, in accordance with Section 3 (11) of the Assessment Act, which provides an exemption for a House of Refuge.

Central Area Improvement Area By-law provides as-of-right incentives for the whole project for refund of Planning application fees, Parkland Levy fee, Building Permit Fee (up to \$50,000) as it is located in the Central Area.

Affordable Housing CIP by-law provides for incentives for the housing portion only for refund of Cash-in-lieu of Parking, contingent upon Council approval. The shelter portion is not included as an eligible portion of the project under this program. Table 1 below shows the estimated value of the Central Area and Affordable Housing Community Improvement Plan incentives for this project.

**Table 1: Central Area and Affordable Housing CIP Incentives for 217 Murray Street**

Incentive	Estimated Value
<b>Central Area Community Improvement Plan AS OF RIGHT</b>	
Building Permit fee* (maximum refund)	\$50,000
Parks Levy Fee*	\$12,600
Site Plan Planning Application Fee*	\$2,000
Zoning By-law Amendment Application Fee*	\$2,139
<b>Affordable Housing Community Improvement Plan</b>	
Cash-in-Lieu of Parking* (Housing portion only)	\$23,386
	<b>\$90,125</b>

\* Based on 2016 rates

The Municipal Housing Facility By-law provides for an additional incentive related to the housing portion of the project for capital funding, contingent upon Council approval. Table 2 below shows the estimated value of the Municipal Housing Facilities incentives for this project.

**Table 2: Municipal Housing Facilities Incentive for 217 Murray Street**

Incentive	Estimated Value
<b>Municipal Housing Facilities</b>	
Building Permit fee* (Balance of the fee - Housing portion only)	<b>\$49,850</b>

\*Based on 2016 rates

The Investment in Affordable Housing 2014 Extension (IAH-E) program, which consists of federal and provincial funds, enables the municipality to support the development of affordable housing and further drive down rent levels. IAH-E capital of \$1,500,000 was previously conditionally approved (Report PLHD15-002). Table 3 below shows the estimated value of the IAH-E incentive for this project.

**Table 3: IAH-E Program Incentive for 217 Murray Street**

Incentive	Estimated Value
<b>Investment in Affordable Housing (2014 Extension)</b>	<b>\$1,500,000</b>
IAH-E Capital (Housing portion only)	
<b>Total</b>	

This report seeks authority for City staff to negotiate with Brock Mission a higher funding level, up to \$2,250,000, within the allowable amounts under IAH-E. Construction costs, site condition, accessibility modifications and other design considerations are not yet finalized, and the proportionate cost of the housing and shelter portions will be based on use as set out in the final design. IAH-E funding can not exceed \$150,000 per unit or 75% of construction costs for the housing portion, which ever is less.

### Development and Construction

Brock Mission has engaged an architectural consultant, Levitt Goodman Architects (LGA), a Toronto firm that is experienced at leading and overseeing this type of project. LGA worked with Brock Mission on Cameron House, a previous, successful redevelopment project for homeless women in Peterborough. In addition, the firm has other local experience as the architectural firm responsible for the Bridgenorth Public Library.

The consulting team began the project by performing a Feasibility Study to assist Brock Mission in determining the most cost effective method of construction. It was determined that the existing structure(s) were not suitable to accommodate the development, and rehabilitation would not be cost-effective. It was decided to proceed with demolition and new construction, as a complete new build would be the most appropriate and cost effective method of development, as outlined in Report CSSSJSSC15-006. Discussions are underway with a local development partner.

The architect has led the land use planning process for Brock Mission. The City's Planning Committee considered an application to amend the Zoning By-law for the subject property at its meeting on May 24, 2016. Council considered the recommendations of Planning Committee and passed the amending By-law on June 6, 2016. The Site Plan Approval process is currently underway.

Brock Mission is located on property that has been identified as historically significant. Archeological requirements are not yet known, and costs associated with preservation or remediation of the site yet to be determined. In addition, considerations such as the selection of suitable construction materials and appropriate accessibility features may potentially impact the preliminary construction cost estimates. These factors, unknown at this time, are examples of costs which staff will consider in any decision to increase the IAH-E funding to the maximum upset limit permitted by the Investment in Affordable Housing 2014 Extension Program Provincial Guidelines.



The current schedule estimates that the demolition of the existing structure and affected site features will commence in August with excavation work and preliminary structural site work taking place in the fall months of 2016. Completion of construction and occupancy is scheduled for late 2017.

### **Continuity of Shelter Services During Construction**

Brock Mission has developed a thoughtful and well planned temporary services model that will operate during the redevelopment of the Murray Street site. It is anticipated that the shelter services will be relocated to the alternative location in the downtown core sometime during July and early August, and remain in use for 12 to 18 months. The alternative location will require some retrofitting, upgrades and will meet fire and safety standards. It will be appropriately zoned for use as a shelter. Negotiations and final arrangements are still underway, and Brock Mission will be responsible for a public communication plan and for ensuring service referrals will continue, once the details of this arrangement can be announced.

The shelter services will continue to be in full operation at the alternative location for the duration of the demolition and new construction. There are no anticipated impacts to the shelter service and only minor disruption and adjustment for the individuals served.

### **Rent Levels**

Rents in the fifteen semi-independent living units will be set at 80% of Average Market Rent (AMR), inclusive of hydro charges. AMR is \$666 per month for bachelor units in 2016, so the maximum rent will be \$533/month. Rents include hydro and utility costs.

### **Tenant Selection**

Tenants will be selected by Brock Mission in consultation with or recommendations by the Homelessness Coordinated Response Team. First priority is to men using the shelter for long term stays.

Maximum income for tenants in a bachelor unit is \$21,312 in 2016, as set by the City. It is unlikely that any of the men would have incomes approaching this level.

The rent-up of the apartments shall be managed by Brock Mission.

### **Terms and Conditions of the City's Legal Agreement for 217 Murray 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 35 year Affordability Period – period that rents must remain at or below 80% of AMR, calculated annually by Canada Mortgage and Housing Corporation;

- A 35 year Operational Service Agreement with the City – Brock Mission continues to operate as a shelter provider; with consequences of any changes that impact shelter services;
- 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

Brock Mission is redeveloping the men's shelter and adding fifteen (15) unit affordable rental units at 217 Murray Street in downtown Peterborough. The Brock Mission applications for Central and Affordable Housing Community Improvement Plan incentives have been reviewed by committee of City staff and various municipal incentives and capital funding are recommended.

This project will help meet an identified community need. Longer term shelter clients will benefit from having more options for a safe, stable and affordable home. Residential units will increase Peterborough's affordable supportive housing stock. The City's incentives will 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

### Proposed Project Description and Details (2016)

Brock Mission, 217 Murray Street Peterborough, Ontario			
<b>Owner and Developer</b>	The Brock Street Mission Peterborough Private Non-Profit Registered Charity		
<b>Project Size</b>	2,070 sq m property 30 shelter beds and 15 rental housing units		
<b>Parking</b>	Surface parking 11 spaces		
<b>Construction Type</b>	New construction		
<b>Heritage</b>	Archeological study complete		
Development Schedule		Rental Details	
<b>Re-Zoning</b>	Pending conclusion of approval process July 2016	<b>Rental Type</b>	15 bachelor units with support
<b>Official Plan Amendment</b>	Pending conclusion of approval process July 2016	<b>Accessibility</b>	<ul style="list-style-type: none"> <li>• Accessible building</li> <li>• Accessible rental units</li> <li>• Elevator to all floors</li> </ul>
<b>Site Plan</b>	Submission Pending (June 2016)		
<b>Record of Site Condition</b>	n/a	<b>Energy Efficiency Considerations</b>	Energy Star appliances, Smart meters
<b>Demolition/ Building Permit</b>	Summer 2016	<b>Tenant Eligibility</b>	Longer term shelter clients
<b>Occupancy</b>	October 2017	<b>Rent Level</b>	<ul style="list-style-type: none"> <li>• 80% of AMR (\$533/month in 2016)</li> </ul>