



City of
Peterborough

To: Members of the Committee of the Whole

From: Allan Seabrooke, Acting Director of Planning and Development Services

Meeting Date: December 5, 2016

Subject: Report PLHD16-010
Municipal Incentives for Affordable Rental Housing, 553-555
Bonaccord Street (McRae Campus)

Purpose

A report to recommend municipal incentives in response to the Affordable Housing Community Improvement Plan program application submitted by Peterborough Housing Corporation (PHC), the owner of 553-555 Bonaccord Street, Peterborough (McRae Building).

Recommendations

That Council approve the recommendations outlined in Report PLHD16-010 dated December 5, 2016, of the Acting Director of Planning and Development Services, as follows:

- a) That the Affordable Housing Community Improvement Plan (CIP) application be approved for the Peterborough Housing Corporation's proposed McRae Building project that includes twenty-eight (28) units of affordable rental housing on a portion of the property at 553-555 Bonaccord Street in accordance with Report PLHD16-010;
- b) That a By-law be adopted authorizing City Council to designate the affordable housing portion (28 affordable rental units) of the McRae Building at 553-555 Bonaccord Street as a Municipal Housing Facility (MHF), in accordance with By-law Number 12-094, and authorizing the Mayor and Clerk to sign legal agreements and other documents to provide municipal incentives.
- c) That a By-law be adopted authorizing the Affordable Housing Community Improvement Plan program and incentives as a Municipal Housing Facility, in accordance with Report PLHD16-010;

- d) That funding for the cost of the Building Permit related to the affordable housing development at 553-555 Bonaccord be paid from the Partnership Reserve, in accordance with Report PLHD16-010; and
- e) That staff be authorized to negotiate the specific terms and conditions of a legal agreement with Peterborough Housing Corporation to ensure affordable rents, within the parameters set out in Report PLHD16-010.

Budget and Financial Implications

\$1.5M in capital funding comes from the 100% federal-provincial 2016 Social Infrastructure Fund (SIF) “Investment in Affordable Housing” (IAH) program. This funding must be secured in an Affordable Housing Project Facilities Agreement with Peterborough Housing Corporation and the City, by December 31, 2016 to comply with the provincial deadline. Payments of SIF-IAH funding will be made only after the development plan, planning approvals, construction permits and operating plans are in place.

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.

Table 1 Summary of Recommended Incentives for Affordable Housing at 553-555 Bonaccord Street

Incentive	Estimated Value
Affordable Housing Community Improvement Plan	
AHCIP Municipal Incentives Program: SPA Fees*	\$3,480
AHCIP Municipal Incentives Program: Parks Levy*	\$40,000
AHCIP Municipal Incentives Program: Cash-in-lieu of Parking*	\$122,829
	\$166,309
Municipal Housing Facility	
MHF Development Charge Exemption*	\$340,088
MHF Property Tax Exemption*	\$67,436
MHF - Building Permit*	\$127,974
	\$535,498
2016 Social Infrastructure Fund - Investment in Affordable Housing	
2016 SIF-IAH Capital	\$1,500,000
	\$1,500,000
Total	\$2,201,807

*2016 rates

Note: The estimate value for MHF Property Tax Exemption represented in the table above reflects only one year, for illustrative purposes only.

Background

Peterborough Housing Corporation (PHC) submitted an application for Affordable Housing incentives for a twenty-eight (28) unit project at 553-555 Bonaccord Street Peterborough (“McRae Building”).

Council authorized Peterborough Housing Corporation (PHC) to complete the purchase of the former McRae Campus of Fleming College on Bonaccord Street through Report PLPD14-046 (July 28, 2014). This acquisition, complete as of September 16, 2016, has enabled PHC to complete the assembly of the original College campus. Council acknowledged through that same report that PHC, as an arm of the City that specializes in the development and management of social and affordable housing, will enjoy the same flexibility as the City under the Zoning By-law to carry out any lawful purpose of the City. PHC will develop the site for residential and support services notwithstanding that the University and College (UC) zoning on the site that reflects its most recent use. Two previous PHC developments have taken place under this same flexibility (River Ridge Townhomes on Dutton Road and Bradburn House on London Street).

Former Fleming College Trades Centre

The Fleming College Trades Centre was located at the 553-555 Bonaccord Street property (McRae Building) before it relocated to the Brealey Campus. The site is North of the main Peterborough Housing Corporation head office and their flagship affordable housing project, the “Woollen Mill”. The McRae Building is one block Northeast of the intersection of Monaghan Road and McDonnell Street.

Before the purchase from Fleming College, an in-depth Record of Site Condition (RSC) process was completed through the Ministry of the Environment.

The lands to the West are municipally owned, of which the North parking lot was previously leased by Fleming College. Through Report PLPH16-070 (September 26, 2016) Council approved that PHC can continue to use a portion of the Bonnerworth Park Parking Lot for access and parking purposes to support the McRae Building project. By-law 16-104 authorizes the Mayor and Clerk to execute a License Agreement between the Corporation of the City of Peterborough and Peterborough Housing Corporation for the above mentioned use. Parking and all other site concerns will be addressed through Site Plan approval.

About Peterborough Housing Corporation

Peterborough Housing Corporation (PHC) is the largest social housing provider within the City and County of Peterborough. PHC owns and operates 1044 housing units, administers approximately 250 rent supplement units in private rental accommodation, and operates Housing Access Peterborough on behalf of the Service Manager. The City of Peterborough is the sole shareholder of PHC and the assets of the Corporation were transferred from the Province to Peterborough approximately 16 years ago in accordance with the Province’s local service realignment program.

McRae Building

The affordable housing development project at 553-555 Bonaccord Street, the “McRae Building” project includes the development of twenty-eight (28) units of affordable housing for singles and small families, with some units reserved for Homeward Bound program participants and a child care centre. The child care centre is necessary in order to support the Homeward Bound program participants who will attend training, post-secondary school placement and employment. Redevelopment of the McRae building will improve and enhance the neighbourhood by redeveloping an old underutilized building into an aesthetically pleasing and more functional facility.

Design Considerations

The McRae Building was built in 1967 to the designs of Rom Thom, one of Canada’s most recognized architects of the 20th century. PHC is seeking to preserve Thom’s core structure and the Request for Proposal (RFP) included requirements that the project compliment Thom’s design in any new work. The selection process conducted by PHC recommended Gregg Gordon Architect as the firm to provide design and construction management service for the re-development.

Homeward Bound Program

WoodGreen Community Services in Toronto successfully pioneered the program and have selected PHC their local housing partner in Peterborough for a replication of Homeward Bound.

Homeward Bound has a proven track record of helping single mother-led families move from poverty and housing instability to economic self sufficiency through a four year program that provides holistic wrap-around supports for participating women and their families such as affordable housing, case management, educational upgrading, a college education and employment supports. The ultimate goal is for participants to become stably employed on a family-sustaining wage.

While enrolled in the Homeward Bound program, participants will have an affordable place to live with day care on site, post-secondary school education in a field supported by local labour market needs, and local employment opportunities after successful school and placement completion.

Living at the McRae Building with other program participants provides the opportunity for participants to connect, share resources, and build community. PHC will be developing literature to share with the public as the local program develops.

10-year Housing and Homelessness Plan

“Preventing Homelessness and Promoting Housing Stability” is one of the four themes of the 10-year Housing and Homelessness Plan. This project is aligned with that theme, as the affordable rents, program supports for Homeward Bound participants, and the overall development plan for the site facilitates stability for renter households.

The affordable rents will help facilitate housing stability for individuals and small families renting units in the McRae Building.

Peterborough's 10-year Housing and Homelessness Plan commits to achieving the following outcome "500 new affordable rental homes are created using new and existing resources including senior government funding, municipal incentives, non-profit and private equity and publicly-owned land." Providing incentives to enable the development of affordable rental housing is consistent with the City's intentional shift from providing emergency responses to providing long-term, sustainable housing solutions. The addition of this project will bring the City's cumulative total since 2014 to 240 affordable rental units.

Council Authority and Affordable Housing CIP Review Committee Recommendation

Council has the authority to offer incentives by designating projects as Municipal Housing Facilities (MHF) under By-law 12-094, adopted on June 25, 2012. Council also has the authority to offer incentives under the Affordable Housing Community Improvement Plan (CIP) program under By-law 11-114, adopted on September 12, 2011. The Affordable Housing CIP program uses provisions of the *Planning Act* to establish a comprehensive suite of financial incentives to stimulate the production of new affordable housing supply. Council approval is required on a project by project basis under both of these authorities.

The Affordable Housing CIP Review Committee considers all applications for affordable housing within the program area, as outlined in Schedule H of the City of Peterborough's Official Plan. The McRae Building at 553-555 Bonaccord Street is within the program area. The Review Committee, consisting of City staff from Housing, Building, Planning, Heritage and Tax Divisions, received a project presentation from PHC staff on October 28, 2016. Committee members considered the project details and ensured that the application meets the City's expectations and the requirements of the Social Infrastructure Fund program guidelines. The Review Committee supports the recommendation to provide municipal incentives for affordable housing in accordance with Report PLHD16-010.

Estimated Value of Municipal Incentives

Through the Affordable Housing Community Improvement Plan (CIP) program, it is recommended that municipal incentives such as the refund of planning application fees, Parks Levy fee, and Cash-in-lieu of Parking are provided for this affordable housing project. Table 2 below shows the estimated value of the Affordable Housing CIP incentives for this project, based on 2016 rates. These fees are each charged one-time and refunded as per the terms in the legal agreement.

Table 2: Affordable Housing CIP Incentives for 553-555 Bonaccord Street

Incentive		Estimated Value
AHCIP Municipal Incentives Program: SPA Fees*	\$3,480	
AHCIP Municipal Incentives Program: Parks Levy*	\$40,000	
AHCIP Municipal Incentives Program: Cash-in-lieu of Parking*	\$122,829	
Total		\$166,309

*2016 rates

This project is recommended to be designated as a Municipal Housing Facility, thus making it eligible to be considered for additional incentives. The Development Charges incentive is provided by a one-time exemption and the Building Permit incentive is a refund of the one-time fees, once the project achieves occupancy.

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

Table 3: Municipal Housing Facilities Incentives for 553-555 Bonaccord Street

Incentive		Estimated Value
MHF Development Charge Exemption*	\$340,088	
MHF Property Tax Exemption*	\$67,436	
MHF - Building Permit*	\$127,974	
Total		\$535,498

*2016 rates

The 2016 Social Infrastructure Fund's "Investment in Affordable Housing Program", which consists of federal and provincial funds, enables the municipality to support the development of affordable housing and further drive down rent levels. SIF-IAH capital of \$1,000,000 conditionally approved through Report PLPD16-045 (May 30, 2016), with an additional \$500,000 recommended in Report PLHD16-007 (July 28, 2016) and the authority for staff to select projects. These funds are issued incrementally as project milestones are achieved, as outlined in the funding schedule within the legal agreement. Table 4 below shows the value of the 2016 SIF-IAH incentive proposed for this project.

Table 4: SIF-IAH Program Incentives for 553-555 Bonaccord Street

Incentive	Value
2016 Social Infrastructure Fund-Investment in Affordable Housing (SIF-IAH) Capital	
Total	\$1,500,000

Heritage Considerations

The City's Official Plan identifies the need to protect adjacent heritage properties from incompatible development. The potential heritage impacts of the development at 553-555 Bonaccord Street will be considered regarding the adjacent protected heritage properties at 526 and 544 McDonnell Street. As a way to implement the intent of the Official Plan, 2.4.9.2, the Peterborough Architectural Conservation Advisory Committee (PACAC) adopted motions at the November 3, 2016 meeting regarding conditions of provisional approval by the Committee of Adjustment. Through the Site Plan Agreement (SPA) approval process, a Heritage Impact Assessment will be completed and the SPA must be approved by the Planner, Urban Design and the Heritage Resources Coordinator. This will ensure that any concerns related to adjacent heritage properties will be addressed in an appropriate manner.

Rent and Income Levels

Average Market Rent (AMR) in Peterborough is set annually by the Canada Mortgage and Housing Corporation (CMHC). The AMR levels are reviewed and published by the City annually as the Annual Rent Setting Memo. Table 5 below is an excerpt from the 2016 Annual Rent Setting Memo, and outlines various rent levels in affordable housing buildings and the associated maximum annual household income level. Each project is unique and subject to rent requirements as specified in their Legal Agreement.

Table 5: Modified from 2016 Annual Rent Setting Memo – Rent and Income Levels

Unit Size	100% AMR	Maximum Annual Household Income	90% of AMR	Maximum Annual Household Income	80% of AMR	Maximum Annual Household Income	60% of AMR	Maximum Annual Household Income
1 Bdrm	\$816	\$32,640	\$734	\$29,376	\$653	\$26,112	\$490	\$19,584
2 Bdrm	\$959	\$38,360	\$863	\$34,524	\$767	\$30,688	\$575	\$23,016

As a requirement of the 2016 SIF-IAH program funding, the average rent in the twenty-eight (28) unit building can be no higher than 80% of Average Market Rent (AMR), inclusive of hydro charges. As a requirement of the Municipal Housing Facilities By-law 12-094, the highest rent for any unit in the building can not exceed 90% of AMR. In effect, this means that some units will have rents at lower than 80% of AMR.

PHC has satisfied the City that rents will meet the requirements outlined above and will include hydro and utility costs. The legal agreement will describe the requirements in greater depth in order to ensure clarity. In addition, PHC will complete and submit to the City an Initial Occupancy Report on the project which captures the rents charged for all of the units. The City will continue to monitor the rent up through the Annual Occupancy Reporting obligation.

As captured in Table 5 above, the maximum annual household income levels for tenants directly correlates with the rent level of the unit. For units with rents set at levels lower than 80% of AMR, the total annual household income maximum also decreases.

This means that households with very low incomes can be offered units with corresponding low monthly rent.

Tenant Target Populations

The 2016 SIF-IAH program stipulates populations that must be served at projects that received capital funding (referred to as “Rental Component”). This includes seniors, Indigenous peoples, youth, persons with disabilities, chronically homeless, and people who experienced homelessness following transitions from provincially-funded institutions. The 2016 SIF-IAH program also outlines targets for projects that support provincial priorities of transit corridor intensification and/or community hubs.

Tenants for 553-555 Bonaccord Street will be selected by PHC. In addition to the maximum annual household income limits and the populations outlined in the 2016 SIF-IAH program, PHC will work with Housing Division staff to make a plan for tenant selection that meets all of the requirements. For the Homeward Bound units in particular, PHC agrees to work with community partners to connect possible candidates to the program application process. All tenants must be on, or eligible to be on, the social housing wait list.

Affordable Housing Action Committee

Housing Division staff described the McRae Building project to members of the Affordable Housing Action Committee (AHAC) at its October and November meetings. The Supply Sub-Committee of AHAC will be encouraged to engage with PHC staff as the development is further planned, providing their suggestions for things to consider that relate to tenant needs.

Terms and Conditions of the City’s Legal Agreement

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 25 year Affordability Period – period that average rent for the building must remain at or below 80% of AMR, calculated annually by Canada Mortgage and Housing Corporation. No rent for any unit may be greater than 90% of AMR.
- 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.
- Consequences of Sale or Default – the steps to be followed should the property be sold or should default occur.

Summary

Peterborough Housing Corporation has made plans for future growth and renewal of their portfolio in the hopes that the City of Peterborough will continue to support their work. The McRae Building project proposal is an example of how PHC has assessed its holdings and leveraged the asset value to renew and develop new opportunities. The City of Peterborough is the sole shareholder of Peterborough Housing Corporation, whose core business is providing affordable rental housing for people with low incomes. This project will enhance Peterborough's affordable housing stock and will provide more options for low-income renters in our community.

Submitted by,

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Attachments:

Appendix A – Proposed Project Description and Details (2016)

Appendix A

Proposed Project Description and Details (2016)

Peterborough Housing Corporation's McRae Building 553-555 Bonaccord Peterborough, Ontario			
Owner and Developer	Peterborough Housing Corporation Not for profit		
Project Size	4,800 sq m property 28 rental housing units		
Parking	Surface parking 28 spaces (includes accessible spaces)		
Construction Type	Conversion from non-residential		
Heritage	Adjacent properties at 526 and 544 McDonnell Street		
Development Schedule		Rental Details	
Re-Zoning	N/A	Rental Type	16 1-bedroom units 12 2-bedroom units (6 are for the Homeward Bound program)
Official Plan Amendment	N/A	Accessibility	<ul style="list-style-type: none"> • Accessible building • 5 barrier-free units
Site Plan	Spring 2017 (pending)	Energy Efficiency Considerations	Energy Star appliances, Smart meters
Record of Site Condition	July 26, 2016	Tenant Eligibility	Low-income households (set annually via Canada Mortgage Housing Corporation income maximums)
Demolition / Building Permit	February 2017 (pending)	Rent Level	Average rent of all units will be no greater than 80% of average market rent (AMR) <ul style="list-style-type: none"> • 1-bedroom \$653/month in 2016 • 2-bedroom \$767/month in 2016
Occupancy	Spring/Summer 2018		