



City of
Peterborough

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

From: **Jeffrey Humble, Director, Planning & Development Services**

Meeting Date: **July 24, 2017**

Subject: **Report PLHD17-003
Peterborough Housing Corporation Acquisition of Property at
217 Murray Street (Brock Street Mission)**

Purpose

A report to seek the Shareholder's approval for Peterborough Housing Corporation's purchase of 217 Murray Street, currently owned by Brock Street Mission.

Recommendations

That Council approve the recommendations outlined in report PLHD17-003 dated July 24, 2017, of the Director of Planning and Development Services, as follows:

- a) That a by-law be passed to authorize the City to purchase the property at 217 Murray Street for \$2.00 and to convey the property to Peterborough Housing Corporation;
- b) That pursuant to Article 5.3 of the Shareholder Direction, the City of Peterborough as the sole shareholder of Peterborough Housing Corporation, consents to the acquisition of the property at 217 Murray Street from the Brock Street Mission Peterborough;
- c) That the City, as Service Manager, consents to the Brock Street Mission Peterborough's assignment of the two Affordable Housing Project Facility Agreements with The Corporation of the City of Peterborough: Social Infrastructure Fund – Investment in Affordable Housing and Investment in Affordable Housing – 2014 Extension, both dated February 17, 2017, for the construction of 15 housing units at 217 Murray Street, to Peterborough Housing Corporation;

- d) That Peterborough Housing Corporation assumes the \$8 million construction project for the Brock Street Mission property at 217 Murray Street, resulting in a \$3.8 million draw down on the City's non-tax supported debt capacity; and
- e) That \$325,000 be pre-committed from the 2018 Social Services Capital Budget for the Brock Street Mission redevelopment, with the City share being funded from the Social Services Reserve.

Budget and Financial Implications

The property has an assessed value of approximately \$500,000. The proposed transfer of assets is a transfer without consideration. The Brock Street Mission will transfer the property to the City for a nominal fee of \$2.00, and the City will transfer the property to Peterborough Housing Corporation (PHC). Land Transfer Tax is not payable on the City's purchase from Brock Street Mission.

The construction cost of the new shelter and 15 affordable rental units is estimated at \$8 million; after capital funding and municipal incentives, PHC will require approximately \$3.8 million in financing as shown in Chart 1.

Chart 1

Funding Sources for Brock Street Mission Renovation Project

Description	Amount
Social Services Capital Budget – Brock Street Mission Revitalization & Supportive Housing	
Approved to 2017 (2015: 6-10.02, 2016: 6-9.01, 2017: 6-10.01)	\$925,000
2018 Capital Budget - pre-commitment	\$325,000
Municipal Incentives	
Development Charges By-law 14-134	\$313,035
Central Area Community Improvement Plan	\$66,739
Affordable Housing Community Improvement Plan	\$23,386
Municipal Housing Facilities	\$49,850
Investment in Affordable Housing 2014 Extension and Social Infrastructure Fund – Investment in Affordable Housing	
IAH-E/SIF Capital (Housing portion only)	\$1,500,000
Fundraising	\$1,000,000
Financing	\$3,796,990
Total	\$8,000,000

The Social Services Capital Budget contribution of \$325,000 is comprised of \$286,800 City funding and \$38,300 County funding, with the City funding to be drawn from Social Services Reserve. The projected balance in the Social Services reserve at the end of 2017 is \$1,626,136.

PHC's financial statements are consolidated with the City's financial statements and therefore prudent fiscal management of PHC is a City interest. Once transferred, the \$3.8M debt burden will be a draw against the City's non-tax supported debt capacity.

There are three other reports being presented on July 24, 2017 that also commit non-tax supported debt capacity. The reports and draws on City's non-tax supported debt capacity are as follows:

- Report CPFS17-044 for Peterborough Housing Corporation – Financing for McRae Construction - \$24.433 million
- Report CPPS17-027 to award the Request for Tenders for the Peterborough Operations Centre - \$3.078 million
- Report PLHD17-001 for Peterborough Housing Corporation – Acquisition of Sunshine Homes Non-Profit Inc. - \$3.5 million.

After these four commitments the balance of available non-tax supported debt will be \$15.4 million.

The costs associated with the ongoing maintenance of the facility will be incorporated into the lease with Brock Street Mission.

Background

The redevelopment of the Brock Street Mission men's shelter at 217 Murray Street (Brock Mission) is a key commitment in Peterborough's 10-year Housing and Homelessness Plan. Given the investment in this project to date, transfer of the Brock Mission property to PHC will ensure the facility will remain available to the community in perpetuity.

Partnership with a housing developer for project management was contemplated early on in the planning process. Brock Mission's strength is in service delivery to vulnerable populations; the organization is not resourced to provide project management for construction of a state of the art, multi-purpose facility. Initially, PHC was contemplated as a partner to lead the project management.

As the project has evolved, Brock Mission, the City of Peterborough and PHC began to consider the potential of a new arrangement. The new building will be designed and built to serve the specific needs of the program, while PHC becomes the owner of the building with responsibility to maintain and manage the asset. Brock Mission will have a long term lease arrangement to occupy the building and provide programs at the site.

The lease arrangement will be on the basis of cost recovery only, and serves to ensure that Brock Mission can focus on providing high quality services to clients with complex needs in a sustainable way.

This plan will effectively leverage the strengths of each organization, and ensure the long-term sustainability of services for homeless men in the City and County of Peterborough. It will allow Brock Mission to focus on its core mission of delivering great programming. It will transfer the responsibility and risk of owning a real estate asset to PHC, who have the organization and systems in place to best manage the long term requirements of the asset.

Partnership Framework

The boards of directors of both Brock Mission and PHC have approved an agreement framework that sets out a plan for the transfer of responsibilities. The agreement framework establishes first steps to assigning long-term roles and responsibilities.

Brock Mission has led the project development so far, including retaining a full service architect and securing municipal incentives and funding under the Investment in Affordable Housing – 2014 Extension and Social Infrastructure Fund Investment in Affordable Housing (PLHD16-007). It is proposed that Brock Mission will transfer project management responsibility to PHC for project development activities up to and including site abatement and demolition, at which point the site will be transferred.

The City will facilitate the transfer of the property to ensure that requirements for the disposal of non-profit corporation assets are met. Brock Mission will sell 217 Murray Street at a nominal cost. Post-transfer, PHC will assume responsibility for project management leadership. The funding agreement and funds invested to date will follow the project.

When Brock was responsible for the building, construction and related mortgage, the City's role was limited to specific funds invested from the Social Services and Housing Capital budgets. With PHC being responsible, because the City is sole shareholder of PHC, the mortgage becomes a draw against the City's non-tax supported debt capacity.

Brock Mission has committed to raise \$1 million towards the capital costs of the shelter program, including durability upgrades, office equipment for the shelter, furnishings for the Single-Room Occupancy units, and security enhancements. These elements would exceed the available funding from the federal-provincial funds. As well, federal-provincial funding may not be used toward costs associated with the shelter component of the project.

Project Operation

PHC and Brock Mission will enter into a final lease agreement that sets out the roles and responsibilities of each party for the ongoing operation of the project. Brock Mission will be wholly responsible for the funding and management of the ongoing program and services offered at the site. PHC will be wholly responsible for the long term maintenance and management of the asset.

The current service agreement for both Brock Mission and Cameron House on Chemong Road expires on March 31, 2018. It is the intention of the Social Services Division to complete a sole source contract with Brock Mission to continue in their capacity as the shelter provider for both locations. The service agreement will continue to identify expected service standards and these standards will be monitored. Service standards will include the expectation to continue to partner with community housing and homeless service providers to provide wrap around services to individuals at the shelters and work toward housing solutions.

Over the next 10 years, the allocation of space for emergency shelter services for men or for supportive housing could change. The new facility will allow flexibility to adjust programs and services based on the need in the community, which may also require a change to service agreement provisions. The service agreement will include standard language related to termination or amendment.

A report specific to emergency shelter funding and service agreements for Brock Mission (including Cameron House), YES Shelter for Youth and Families, the Warming Room and the Homelessness Coordinated Response Team will be brought forward to Council later in 2017.

Asset Management

A state of the art new facility will relieve the need for immediate repairs, but the responsibility to maintain the asset over the long term will remain. Asset management is a key pillar of PHC's operations: they manage over 1,000 units of affordable and social housing in the City and County of Peterborough. PHC strives to maintain or improve the functional and physical condition of housing properties by managing repairs and improvements through a planned asset management program. This planned and thoughtful approach will ensure that the facility will continue to be a sustainable City resource.

The transfer of the Brock Mission facility to PHC means that the City, through the 10-year Housing and Homelessness Plan, will have the flexibility to meet the needs of vulnerable people today, and the changing needs of the community in the future.

Submitted by,

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