



City of
Peterborough

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

From: **Malcolm Hunt, Director of Planning and Development Services**

Meeting Date: **June 22, 2015**

Subject: **Report PLHD15-006
Municipal Incentives for Affordable Rental Housing,
135 Rubidge Street Peterborough, CB Rubidge Inc. (Canada
Builds)**

Purpose

A report to recommend approval of specific municipal incentives and capital funding for affordable housing in response to the Affordable Housing Community Improvement Area application submitted by CB Rubidge Inc. (Canada Builds), the owner of 135 Rubidge Street Peterborough.

Recommendations

That Council approve the recommendations outlined in Report PLHD15-006 dated June 22, 2015, of the Director of Planning and Development Services, as follows:

- a) That a By-law be adopted authorizing City Council to designate the property at 135 Rubidge Street as a Municipal Housing Facility (MHF) in accordance with By-law Number 12-094, and that the portion of the property that meets the definition of "affordable rental" be exempt from property taxes levied for municipal and school purposes for a period of ten years, in accordance with Report PLHD15-006;
- b) That the redevelopment project at 135 Rubidge Street be exempt from Development Charges as authorized in By-law 14-134 S.22, notwithstanding that a Building Permit will be issued more than five years after the Demolition Permit as normally required under S.22 (b);
- c) That up to \$300,000 in capital funding be approved for four affordable rental units, within the total of twelve units, using the Investment in Affordable Housing 2014 Extension program;

- d) That staff be authorized to negotiate the specific terms and conditions of a legal agreement with CB Rubidge Inc. to ensure affordable rents for a minimum of twenty years, within the parameters set out in Report PLHD15-006;
- e) That staff be authorized to consider and, as appropriate, approve a proposal from CB Rubidge Inc. regarding the sale of up to six units to low-income households as selected and supported by Habitat for Humanity Peterborough & Kawartha Region; and
- f) That a By-law be passed to authorize the Mayor and Clerk to sign agreements and other documents to enable Investment in Affordable Housing 2014 Extension Program capital funding and Municipal Housing Facility incentives for the property at 135 Rubidge Street.

Budget and Financial Implications

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 incentives proposed for this project will be funded as follows:

- Development Charges for the entire property are not applicable as it is a redevelopment project as per By-law 14-134, as proposed to be amended.
- Refunds may be provided for Building Permit fee, Planning Application Fee, Parkland Levy, and Property Tax Increment as Central Area Project, with payment for the Building Permit coming from the Planning Division budget, as per report PLPD12-044.
- Four (4) rental units may receive property tax exemption due to rent levels being at or below 90% of average market rent, and is forgone City revenue. These units may receive capital funding through the Investment in Affordable Housing 2014 Extension program (100% provincial and federal funds), as rents will be set at or below 80% of average market rent.

The values of the incentives presented in this report are estimates. The value of all incentives is included in the legal agreement for every project. The following table summarizes the recommended incentives and provides an estimate of the value based on a project with twelve (12) units, with four (4) units receiving capital funding.

Incentive		Estimated Value	
Development Charges Act and Municipal By-Law 14-134		\$195,432	
	Exemption for a redevelopment project		
Central Area Community Improvement Plan (all units)		\$179,466	
	Planning Application Fee Waiver		\$1,030
	Cash in lieu of Parking Waiver (n/a)		\$0
	Parkland Levy		\$7,200
	Building Permit Refund		\$16,681
	Revitalization Program* (10-year tax increment estimate)		\$154,555
Municipal Housing Facility (affordable housing units only)			\$94,415
	Municipal Capital (not recommended)	\$0	
	10-year MHF Property Tax Exemption* (4 units)	\$94,415	
Investment in Affordable Housing 2014 Extension Program		\$300,000	
	IAH-E Capital (4 units only)		\$300,000
Total		\$769,313	
Per Unit		\$64,109	

*Based on 2015 rates

Background

An application for Affordable Housing Community Improvement Plan area incentives has been received from Canada Builds for a residential redevelopment project at 135 Rubidge Street. This property is in the Central Area, as per Schedule J of the City of Peterborough's Official Plan. Central Area Community Improvement Plan incentives have been considered by staff, and will be provided under delegated authority as per report PLPD12-044 dated July 16, 2012.

The proposal is to build twelve units that will be registered as condominiums. A staff review committee received a presentation from Canada Builds and reviewed the Canada Builds proposal in depth. Planning and Development Services Department staff and Canada Builds representatives have been working over the last several months to refine the project proposal.

Council has the authority to offer incentives to this project under the Affordable Housing Community Improvement Plan (CIP). 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 for these incentives is required on a project by project basis.

Peterborough's Community Improvement Plan (CIP) 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 135 Rubidge Street will help the City make progress toward the target of 500 new affordable rental homes, as per Peterborough's 10-year Housing and Homelessness Plan ("Plan").

135 Rubidge Street, Peterborough

Canada Builds purchased the property at 135 Rubidge Street in 2013 with a plan to re-build on the vacant residential lot, and create a demonstration project for their unique approach to pre-fabricated construction. A rental building on that site was destroyed by fire on April 20, 2008, and was subsequently demolished with a demolition permit dated October 23, 2008.

The property has already been considered and approved by City Council for capital funding as an affordable rental project (Report PLHD09-006, dated June 29, 2009) but funding was not forthcoming from the province. At that time there was a different owner.

The property is located in an older part of the City surrounded by dwellings constructed in the early 1900s, many of which have been converted to multi-unit use. This property is located on an arterial road, with similar multi-unit buildings on all sides. This neighbourhood is close to amenities, churches, schools, and other services. The impact of this infill project on neighbouring properties should be complementary, as per the Committee of Adjustment report on July 28, 2009.

Parking will remain at the rear of the property, with access to the laneway from Townsend Street. The facade of the new building will respect the existing streetscape by incorporating appropriate windows, front porches and landscaping into its design.

Canada Builds' proposal is for four three-bedroom and eight two-bedroom apartments. The building will be registered as a condominium. The property is zoned for the proposed purpose and the Site Plan Application is anticipated in summer 2015. Details about the proposed project are set out in Appendix A.

Non-Profit Partnerships

Canada Builds is negotiating with two non-profit agencies to create partnership opportunities for the benefit of people involved in the agencies' programs. Habitat for Humanity Peterborough & Kawartha Region may facilitate the purchase of up to six condominiums for low-income families through their homeownership program. Canada Builds will retain the remaining rental units and may partner with Community Living Peterborough for their Supportive Housing Program. The partnership could involve referral agreements and support services provided by Community Living Peterborough for some of the people living in the rental units.

The Cumulative Impact of Financial Incentives

This project is in both the Central and the Affordable Housing Community Improvement Plan areas of the City of Peterborough. There are a range of incentives that can be considered for all components of the project including market and affordable rental, and any future homeownership.

Development Charges are not applicable to this redevelopment project, provided the time restriction between Demolition Permit and construction in By-law 14-134 is amended by Council for this site, from five years to eight years. The site was destroyed by fire in 2008 and for safety reasons the structure was removed. The applicable Development Charge for a project of this size, if it was subject to the charge, would be \$195,432.

Table 1: Development Charges not applicable for 135 Rubidge Street

Incentive	Estimated Value
Development Charges Act and Municipal By-law 14-134 (DCs not applicable for a redevelopment project)	\$195,432

Central Area incentives include Municipal (i.e. Planning Act and Building Permit fees) and Central Area Revitalization incentives (i.e. Property Tax Increment), which apply to both the rental component of the project, and any units sold as condominiums. These programs are provided through refunds of fees and property taxes paid.

Table 2 below shows the estimated values of the recommended Central Area CIP incentives for this project.

Table 2: Central Area CIP Incentives for 135 Rubidge Street

Incentive	Estimated Value
Central Area Community Improvement Plan Program	
Planning Application Fees	\$1,030
Cash-in-lieu of Parking Waiver (n/a)	\$0
Parkland Levy	\$7,200
Building Permit Refund	\$16,681
Revitalization Program*(10-year tax increment estimate)	\$154,555
	\$179,466

*Based on 2015 rates

This project will have an affordable housing component and as such is recommended to be designated by Council as a Municipal Housing Facility, to be eligible for additional incentives. A municipal capital contribution is not recommended for this project due to the proposed provincial-federal capital funding. The property tax exemption is recommended for four affordable rental units, only. The property tax exemption is in addition to the ten year property tax increment that will also apply to these units. No property tax exemption will apply to units sold as condominiums or to rental units that do not meet the definition of “affordable”.

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

Table 3: Municipal Housing Facility Incentives for 135 Rubidge Street

Incentive		Estimated Value
Municipal Housing Facility (requirement for rents to be set at 90% of AMR or lower)		\$94,415
	Municipal Capital (not recommended)	
	10-year MHF Property Tax Exemption* (4 units)	
		\$0
		\$94,415

*Based on 2015 rates

The affordable housing component of this project involves funding for four units. The Investment in Affordable Housing 2014 Extension program, federal and provincial funds, enables the municipality to support the development of affordable housing and further drive down rent levels. IAH-E capital is not recommended for the units sold as condominiums.

Table 4 below shows the estimated value of the Investment in Affordable Housing 2014 Extension program incentives for this project.

Table 4: IAH-E Program Incentives for 135 Rubidge Street

Incentive		Estimated Value
Investment in Affordable Housing 2014 Extension Program		\$300,000
	IAH-E Capital (4 units only)	

About the Project Developer

Canada Builds is a family owned and operated custom, modular home builder, based in the Kawarthas. Canada Builds is a Canadian Standards Association and Tarion approved builder of homes, cottages and multifamily dwellings. Canada Builds employs 30 plus full time trades workers and administrative staff and also supports local contractors and suppliers.

Canada Builds has been recognized as the Builder of the 2014 National Home Show, “DREAM HOME”, Model Home Builder for the Cottage Life franchise and featured builder on designer’s Colin and Justin’s Cabin Pressure TV series.

Prefabricated units are built inside a warehouse in Lindsay, Ontario, and are assembled on site. Employees can work throughout the year, as indoor construction can continue in winter. Modular construction is cost effective, is faster and produces less waste than other construction methods. Impact of construction on neighbours is minimized as the length of time a construction crew is on site is shorter than in traditional construction.

Rent Levels

Rents for four units will be 80% of Average Market Rent (AMR). In Peterborough, the Average Market Rent (AMR) is \$1149 per month for a three-bedroom; therefore the rent for three-bedroom units will be \$919, inclusive of utilities. Rents for up to eight remaining two-bedroom units will be \$1,200.

Homeownership Prices

The building will be a registered condominium, and it is possible that up to six of the units will be made available to low-income households, as selected by Habitat for Humanity. Purchase price remains to be negotiated and will depend of the amount of finishing work undertaken by Habitat volunteers and future owners. Purchase price must be below the 'affordable homeownership' maximum value of \$254,000, and will likely be substantially lower.

Tenant Selection for Affordable Units

The City of Peterborough sets household income levels for incoming tenants, based on unit size, and updates this annually. Tenants will be selected by the landlord on the basis of income eligibility, and a referral agreement may be negotiated with Community Living Peterborough, for people served by that organization.

Terms and Conditions of the City's Legal Agreement for 135 Rubidge Street

A legal agreement which contains an accountability framework will be structured as a charge for the value of foregone fees and charges, and registered on the title of the property.

The legal agreement will contain the following terms and conditions:

- A 20 year Affordability Period – the minimum period that rents must remain at or below the prescribed rent, calculated annually using rental market reports from 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

Canada Builds is proposing an innovative twelve unit residential condominium, redevelopment project in downtown Peterborough. Four of the units would be secured as affordable rental, up to six units may be sold to low-income households. The balance of units would be retained by Canada Builds for market rental. This proposal has been reviewed by City staff and is recommended for various municipal incentives and capital funding.

This project will help meet an identified community need. It will add residential units to a vacant downtown property. It will enhance Peterborough's affordable housing stock, including the possibilities of new condominiums that could be purchased by low to moderate income households from Habitat for Humanity, and a partnership Community Living Peterborough for tenant referrals and support services. It is a mixed use, public-private partnership project that integrates well into the neighbourhood, and maximizes the use of Investment in Affordable Housing funding.

Submitted by,

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Attachments:

Appendix A – Proposed Project Description and Details (2015)