



City of  
**Peterborough**

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**TO: Members of Planning Committee**

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

**MEETING DATE: June 11, 2012**

**SUBJECT: Report PLHD12-004  
Municipal Housing Facilities By-Law, 2012**

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## **PURPOSE**

A report to propose the City's Municipal Housing Facilities By-Law, 2012 to allow the City to provide full or partial property tax exemptions for qualifying affordable housing projects for a period of up to 10 years.

## **RECOMMENDATION**

That Council approve the recommendation outlined in Report PLHD12-004 dated June 11, 2012 of the Director of Planning and Development Services, as follows:

That Exhibit A attached to PLHD12-004, being a draft by-law to provide for Municipal Housing Facilities, be approved in order to allow the City to provide full or partial property tax exemptions to certain housing providers as of June 25<sup>th</sup>, 2012.

## **BUDGET AND FINANCIAL IMPLICATIONS**

No budget or financial implications would result from the decision to approve this report. However, in addition to the financial incentives currently offered under the Municipal Housing Facilities By-Law, the City would forego full or partial property tax revenues on any affordable housing projects designated as 'municipal housing facilities' in the future. Facilities are designated on a case-by-case basis by by-law.

## EXECUTIVE SUMMARY

A new Municipal Housing Facilities (MHF) By-Law, 2012 is attached as Exhibit A and proposes amendments to the City's 2003 Municipal Housing Facilities (MHF) By-Law in order to allow the City to provide greater levels of financial incentives to support affordable housing projects. It also proposes technical amendments such as replacing references to 'median market rent' with 'average market rent' in order to harmonize the MHF By-Law with the practices currently applied to housing projects under the Canada-Ontario Affordable Housing Program (AHP). The original MHF By-Law 03-046 will not be revoked but remain in effect to govern agreements entered into prior to June 25<sup>th</sup>, 2012. The newly amended MHF By-Law will govern agreements entered into on or after June 25<sup>th</sup>, 2012.

## BACKGROUND

The City adopted its Affordable Housing Community Improvement Plan (CIP) in September of 2011, in order to stimulate the construction of affordable housing (PLPD11-062). Since that time, private developers and non-profit organizations have expressed concern that the financial incentives currently offered through the CIP alone may not support construction of a financially viable housing project that would provide truly affordable rents.

Therefore, to provide an opportunity for a case-by-case application of additional incentives, an amendment to the City's MHF By-law is proposed. Full or partial exemption of property tax for a period of up to 10 years would be added to the list of possible benefits. This tax exemption could be provided alone or in conjunction with the other benefits available in the Affordable Housing CIP. In exchange for this additional benefit, it is proposed that the rents be less than or equal to 90% of the average market rent for the unit type in Peterborough, instead of the average market rent that the CIP currently stipulates.

### Municipal Housing Facilities By-Law

The *Municipal Act, 2001* enables a municipality to extend financial assistance to a person, group, or body in specific circumstances in order to achieve municipal objectives. The *Municipal Act, 2001* and the City's current Municipal Housing Facilities (MHF) By-Law 03-046, adopted in 2003, are the legal instruments that give Council the ability to designate a specific affordable housing project as equivalent to a civic facility and thus qualify it for specific benefits from the City. Financial incentives currently provided to both private and non-profit organizations under the City's MHF By-Law include the waiver of development charges, building permit and planning application fees.

The MHF By-Law is consistent with Section 110 of the *Municipal Act, 2001* and sets out the general terms and conditions for the granting of financial and other benefits. The actual benefits that each affordable housing project designated as a municipal capital facility receives are determined on a project-by-project basis and set out in a Council-approved project-specific by-law.

Upon passing of a project-specific by-law that would provide a property tax exemption, MPAC and the school board(s) would be given written notice in accordance with the requirements of the *Municipal Act*.

#### Addressing the Local Need for Affordable Housing

The City's current MHF By-Law has been used to support 17 affordable housing projects participating in the Canada-Ontario Affordable Housing Program (AHP) since its adoption in 2003. This has resulted in the creation of 414 new affordable housing units within the City of Peterborough. However, this construction was largely achieved through significant levels of funding from the provincial and federal governments (through the Canada-Ontario Affordable Housing program), which will be very limited in the coming years.

Despite this new construction, there is still a considerable need for affordable housing in Peterborough, since the Peterborough Census Metropolitan Area (CMA) has the highest proportion of its renter households spending more than 30% of their incomes on rent in Canada. The number of people on the social housing wait list has also remained consistently high over the past several years with an average waiting time of approximately seven years.

To address this local need and to stimulate the construction of affordable housing in the absence of significant amounts of senior government funding, the City recently adopted an Affordable Housing Community Improvement Plan (CIP). Similar to the City's MHF By-Law, a CIP is the legal mechanism under the *Planning Act* through which the City can override the bonusing prohibition of the *Municipal Act* and provide financial incentives and grants for affordable housing projects.

#### Other Jurisdictions

Several other municipalities in Ontario such as the City of Ottawa and the City of London have adopted a Municipal Housing Facilities By-Law to provide full or partial property tax exemptions for affordable housing projects. Providing this financial benefit has proven to be an effective and essential tool as a part of their overall strategy to address each of their local affordable housing needs.

## **SUMMARY**

Approving the City's Municipal Housing Facilities By-Law, 2012 as outlined in this report would expand the level of financial incentives that the City's existing MHF By-Law currently offers and lend substantial support to the implementation of the City's recently adopted Affordable Housing Community Improvement Plan.

A separate agreement and by-law outlining the terms and total amount of benefits to be provided by the City will be prepared for any affordable housing project to be designated as a municipal capital facility and put forward to Council for consideration on a project-by-project basis.

Submitted by,

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Attachment:

Exhibit A – Municipal Housing Facilities By-Law, 2012