



City of
Peterborough

To: **Members of the General Committee**

From: **Allan Seabrooke, Commissioner of Community Services**

Meeting Date: **February 11, 2019**

Subject: **Report CSSS19-001
Conditional Funding Approval for Affordable Rental Housing:
461 Paterson Street Peterborough (ECE Living Ltd.)**

Purpose

A report to recommend conditional approval of specific municipal incentives and capital funding for affordable rental housing in response to the Affordable Housing Community Improvement Plan program application submitted by ECE Living Ltd. regarding 461 Paterson Street, Peterborough.

Recommendations

That Council approve the recommendations outlined in Report CSSS19-001 dated February 11, 2019, of the Commissioner of Community Services, as follows:

- a) That the Affordable Housing Community Improvement Plan program application be approved for ECE Living Ltd's 8 unit affordable rental project at 461 Paterson Street, Peterborough, including municipal incentives and conditional approval of a maximum of \$1,080,000 in federal-provincial capital funding, pending confirmation from the Ministry of a revised notional allocation amount;
- b) That a By-law be adopted authorizing City Council to designate the property at 461 Paterson Street, Peterborough as a Municipal Housing Facility, in accordance with By-law Number 12-094, and authorizing the Mayor and Clerk to sign agreements and other documents as necessary to provide municipal incentives, and capital funding pending confirmation from the Ministry of a revised notional allocation amount;

- c) That a By-law be adopted authorizing Council to exempt the property at 461 Paterson Street, Peterborough from property tax levied for municipal and school purposes for a period of 10 years, as a Municipal Housing Facility in accordance with By-law Number 12-094;
- d) That staff be authorized to negotiate the specific terms and conditions of a legal agreement with ECE Living Ltd. pending confirmation from the Ministry of a revised notional allocation.

Budget and Financial Implications

The Investment in Affordable Housing – Extension (IAH-E)/ 2016 Social Infrastructure Fund (2016 SIF) programs are 100% federal and provincial funding. For the 2018/19 year, the City of Peterborough’s notional allocation for IAH-E was \$1,629,900, and \$801,800 from 2016 SIF. Through Reports PLHD15-002, and PLHD17-005, authority was delegated to the Director of Planning and Development Services to prepare a multi-year plan for program expenditures called a Program Delivery and Fiscal Plan (PDFP).

Funding is subject to “use-it-or-lose-it” restrictions, meaning that any funds that have not been committed as per the PDFP at the end of each calendar year are redistributed by the Ministry of Municipal Affairs and Housing. The \$1,080,000 in 2018/19 IAH-E/2016 SIF funding outlined in this report is a result of efforts by the Ministry to redistribute funding to the City of Peterborough from other Service Managers that were underspent. This change will not reduce any allocations under the PDFP for IAH-E/2016 SIF funding recommended in Report PLHD15-002.

The value of Municipal Incentives recommended for the affordable housing at 461 Paterson Street, Peterborough are largely derived from forgone revenue from fees, charges and property tax that would normally be charged by the City. Table 2 below summarizes the estimated values of incentives for the 8 unit project on Paterson Street.

Table 2 Incentives for Affordable Units at 461 Paterson Street, Peterborough

Incentive	Estimated Value
1. Affordable Housing Community Improvement Plan	
Site Plan Approval Application Fee	\$1,100
Parks Levy Fee	\$4,800
Cash in lieu of Parking	\$36,000
Revitalization Program (10-year tax increment estimate)	\$172,000
	\$213,900
2. Municipal Housing Facility	
Building Permit	\$8,600
Development Charge Exemption	\$141,000
Property Tax Exemption (10-year)	\$115,000
	\$264,600
3. Federal-Provincial Capital Funding (Additional Funding Opportunity)	
8 units at \$135,000 per unit	\$1,080,000
Total	\$1,558,500

Note: All values in #1 and #2 are estimates based on 2018 rates and best projections at values. Actuals will be calculated when fees are generated.

Background

Additional Federal-Provincial Funding

The City must act quickly in order to take advantage of this additional Federal-Provincial funding. The Ministry of Municipal Affairs and Housing works with all of the 47 Service Managers to ensure that the funding allocations for the IAH-E/2016 SIF program are spent by the Province's year-end, March 31. If the Ministry projects underspending across the province, they begin a process to re-allocate unspent funds.

In December 2018, the Ministry approached the City of Peterborough to put forward shovel-ready projects whose proponents could sign funding agreements on or before March 29, 2019. Given a short timeline to respond, City staff put forward a project that had submitted an application for the Community Improvement Plan for Affordable Housing.

The new project at 461 Paterson Street Peterborough will provide one-bedroom units, one of the most in-demand unit sizes. It meets provincial program requirements for intensifying on transit corridors. If Council approves the recommendations in this report, staff will work with the Ministry to commit funds through a Revised Funding Allocation letter and a legal agreement with the proponent.

The City of Peterborough has successfully committed similar additional funding allocations in previous years. In March 2018, the Ministry approached the City to put forward a shovel-ready project; as a result, an additional \$500,000 was secured for The Mount Community Centre for the “Shared Dreams” supportive housing project for men with developmental disabilities.

Authority

Council has the authority to offer incentives by designating the project as a Municipal Housing Facility (MHF) under By-law 12-094 which was 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 for every affordable rental housing project receiving incentives.

ECE Living Ltd. - 461 Paterson Street (8 affordable rental units)

An application for Affordable Housing Community Improvement Plan (CIP) area incentives was received from ECE Living Ltd. for an 8 unit affordable housing rental project at 461 Paterson Street. The property at 461 Paterson Street is in the Affordable Housing Community Improvement Plan program area, as per Schedule H of the City of Peterborough’s Official Plan. Residential dwellings in this neighbourhood include a variety of single detached, semi-detached, townhouse, and apartment dwellings. The neighbourhood has a higher proportion of low-income households, and a higher proportion of renter households, than the rest of the City.

This project will be required to keep rents for all units at 80% of Average Market Rent. Rents may be further reduced through rent supplement agreements. As such, it is recommended to be designated as a Municipal Housing Facility and to receive Affordable Housing Community Improvement Plan and Federal-Provincial capital funding.

The Affordable Housing Community Improvement Plan Review Committee considers applications received by Housing Services staff. This review committee consists of City staff from Housing, Building, Planning, Heritage, Social Services, and Tax. This committee has received a presentation from ECE Living Ltd. and understands the details of the proposed project. The Review Committee supports the recommendation to provide municipal incentives as described in this report.

ECE Living Ltd. has developed one other affordable housing project in the City of Peterborough that provides 6 units for seniors. ECE Living Ltd. has demonstrated development experience and a solid track record with tenants; their previous project has had very low turnover since it achieved occupancy in 2010.

Terms and Conditions of the City's Agreement for 461 Paterson Street, Peterborough

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 title.

The legal agreement will contain the following terms and conditions:

- A 20 year Affordability Period – period that the rents must remain at or below 80% of Average Market Rent, calculated annually by the 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;
- Option to require that 25% of units be subject to a rent supplement agreement;
- Adherence to Property Standards By-law;
- 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 Report – 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.

Rents and Income Levels

Rents for units funded by federal-provincial affordable housing programs must be set at 80% of Average Market Rent (AMR). This means that rents for the 1-bedroom units in this project would be \$680 per month. The Canada Mortgage and Housing Corporation (CMHC) publishes the AMR for Peterborough annually. The City reviews and publishes income thresholds and rents for affordable housing program units in an annual Rent Setting Memo. Actual rents charged will be determined in the year the units are occupied.

10-year Housing and Homelessness Plan

Peterborough's 10-year Housing and Homelessness Plan commits to achieving the outcome that "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 focus on providing long-term, sustainable housing solutions. Table 3 shows the number of units approved by City Council since 2014.

Table 3 Affordable rental housing units created since 2014

Project Name	Number of units	Address	Council Approval
Hazelbrae Place	42	21 Barnardo Ave.	PLHD12-007 and PLHD14-005
Knox Residences	42	400 Wolfe St.	PLHD14-003 and PLHD16-009
The Mount Community Centre, including Shared Dreams	65	1545 Monaghan Rd.	PLHD14-004 and PLHD18-002
Ontario Aboriginal Housing Services	11	721 Monaghan Rd.	PLHD15-001
CB Rubidge	4	135 Rubidge St.	PLHD15-006
Brock Mission	15	217 Murray St.	PLHD16-004
Peterborough Housing Corporation's McRae Phase 1	34	553-555 Bonaccord St.	PLHD16-010 and PLHD17-007
Payne-Downie	4	342 Downie St.	PLHD16-002
The Loyola	28	188-198 Edinburgh St.	PLHD15-008
Havelock Affordable Housing and Assisted Living	12	17 Smith Drive, Havelock	PLHD17-005
DeafBlind Ontario Services	2	86 Earlwood Drive	IPSHD18-004
Total affordable units	259		

Note: All projects in Table 3 are located in Peterborough unless otherwise stated.

The ECE Living Ltd. project will house single households with low incomes as specified in the IAH-E/2016 SIF program guidelines as priorities and aligns with the 10-year Housing and Homelessness Plan Needs Assessment, which identified significant unmet demand for affordable one-bedroom apartments in Peterborough City and County.

Summary

This project will provide affordable rental housing for 8 people with low incomes in the City. ECE Living Ltd. will begin construction of the 8 units in accordance with appropriate site plan approvals early in 2019.

Approval of the recommendations in this report will enable the City to participate in an additional funding opportunity of the federal-provincial IAH-E/2016 SIF program. If the recommendations are adopted by City Council, the City can commit funds and meet Ministry deadlines.

Submitted by,

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Commissioner of Community Services

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