



City of  
**Peterborough**

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**To:** Members of the General Committee

**From:** Richard Freymond  
Commissioner of Corporate and Legislative Services

**Meeting Date:** September 9, 2019

**Subject:** Report CLSFM19-007b  
Supplemental Report on Creation of a Capital Project and  
Transfer of Funds for Two Affordable Houses at 808  
Sherbrooke Street and 953 Clonsilla Avenue

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## **Purpose**

To provide supplemental information for report CLSFM19-007 Creation of a Capital Project and Transfer of Funds for Two Affordable Houses at 808 Sherbrooke Street and 953 Clonsilla Avenue.

## **Recommendations**

That Council approve the recommendations outlined in Report CLSFM19-007b dated September 9, 2019, of the Commissioner of Corporate and Legislative Services, as follows:

- a) That a capital project be created for \$300,000 to renovate 808 Sherbrooke Street and 953 Clonsilla Avenue to be rented out as affordable transitional housing for individuals or families experiencing homelessness;
- b) That the amount required for the renovations, to a maximum of \$300,000, be transferred from the Social Services Homelessness Reserve, leaving whatever is not required in the reserve for other homelessness initiatives; and
- c) That the Chief Administrative Officer be delegated the authority to award a contract for the project through a Non-Standard Procurement process in order to expedite the renovation.

## **Budget and Financial Implications**

The estimated cost to renovate the two properties at 808 Sherbrooke Street and 953 Clonsilla Avenue is a maximum amount of \$300,000, which can be funded from the Social Services Homelessness reserve. The balance in the Social Services Homelessness reserve is \$642,600 after this expenditure. The annual net rental amount, estimated to be at least \$2,500, will be transferred back into this reserve to replenish it for other initiatives.

## **Background**

Report CLSFM19-007, attached as Appendix A, was referred back to staff on August 12, 2019 to prepare a supplemental report providing additional information on renovation costs, operating costs, and rents that will be charged if the Capital Project and transfer from reserves are approved for the renovation of two City-owned houses at 808 Sherbrooke Street and 953 Clonsilla Avenue.

### **Renovation Costs**

In report CLSFM19-007, dated August 12, 2019, it was estimated that the cost to renovate the two houses would be approximately \$300,000.

The renovation costs are not evenly split across the two houses: 808 Sherbrooke Street requires significantly more renovation than 953 Clonsilla Avenue but by creating one project for both renovations staff have the flexibility to utilize the funds where necessary between the two projects. Social Services Division and Facilities Management Division staff, along with Peterborough Housing Corporation CEO Darlene Cooke, evaluated the two properties to prepare a more detailed list of necessary repairs and renovations. The cost is estimated to be \$200,000.

808 Sherbrooke Street is currently configured as two apartments: a three-bedroom unit on the main floor and a two-bedroom unit on the second floor. Necessary renovations include roofing, window, flooring, kitchen and bathroom replacement, drywall repairs, upgrades to second floor balcony for egress, and repairs to the rear deck which provides a second entryway. Reconfiguring the second-floor apartment would be a relatively simple way to increase the unit to three bedrooms. Each unit would have its own entrance.

953 Clonsilla Avenue is currently configured as 8 bedrooms with two baths and one kitchen. With relatively minor reconfiguration, it could be converted into 2 two-bedroom units and one three-bedroom unit, with shared laundry facilities on the main floor. Renovations to this property include installation of new separate mechanical systems (furnace was removed by the previous owner), drywall repairs, the installation of two

kitchens and one bathroom, replacement of existing washroom fixtures in each of the existing two bathrooms. Work to increase fire separation between units and upgrades to fire alarm systems will also be required. The cost is estimated to be \$100,000.

In total, the renovation of both houses would add 5 affordable transitional housing units, 2-3 bedroom, 2- 2 bedroom and 1-1 bedroom to the city's current inventory.

City staff would work with a Construction Management firm and engage the public and local business to pursue opportunities for donations, work in kind, and all other possible options to reduce the cost of construction, while providing materials and equipment with low- maintenance and durability criteria.

### **Operating Costs**

The City has an advantage in using these two houses for affordable transitional housing in that it owns the houses outright as they were purchased for other purposes. There is no mortgage or debenture cost for the original purchase price. The cost to operate these units is estimated at \$38,000 per year, including property management fees, taxes, utilities, insurance, maintenance and potential vacancy loss.

The projected revenue for all units, if rented out at to Ontario Works (OW) clients is \$40,500 (assuming the current shelter allowance rates). In this case, the net annual revenue that would be returned to the Homelessness Reserve is approximately \$2,500. If tenants were other clients with higher incomes from another source such as Ontario Disability Support Program (ODSP), or employment, net revenues after expenses would be higher.

In comparison, a Rent-Geared-to-Income (RGI) rent supplement provided to five households in private market units rented at Average Market Rent (AMR) would be a minimum of \$29,000-\$33,000 annually.

### **Rents that will be charged**

It is recommended that rent in these units be charged at an individual household's OW or ODSP Shelter Allowance rate. This will make these units affordable to people on the By-Name Priority List for Homelessness. Rent for an individual or family receiving OW would be between \$390-\$756 and \$497-\$918 for a family receiving ODSP. Rent charged would be based on the actual Shelter Allowance the individual or family is eligible to receive and based on the number of people in the unit.

OW and ODSP maximum Shelter Allowance does not affect affordability for the client. It reduces or eliminates the amount of rent supplement needed by the funder and dollars can stretch further.

Under the recommended scenario, households who are not receiving OW or ODSP would have their rent calculated at 30% of income.

### **Lack of rental stock**

A few statistical points emphasize that the lack of available rental units as the biggest barrier to finding a place to live.

- The vacancy rate in Peterborough is 1.5% which is about half of what is considered a healthy rental market. This makes it extremely difficult to find an apartment, even if a rent supplement were available.
- In 2018, rental demand in Peterborough increased by 2.2%.
- As more pressure is put on the current rental stock, there is a greater shortage of units and rents increase due to supply and demand.
- Between 2017 and 2018, average rents in Peterborough CMA increased by 7.1% which is the fastest rate of growth since Canada Mortgage and Housing Corporation (CMHC) started collecting rental data.

### **Transitional Housing**

Both 808 Sherbrooke Street and 953 Clonsilla Avenue were purchased by the City in preparation for the potential Parkway extension, which is on hold due to an order placed on the project by the Minister of the Environment and Climate Change (now Minister of Environment, Conservation and Parks), requiring the City to comply with Part II of the **Environmental Assessment Act**. It is recommended that the units be rented as Transitional Housing to divert individuals and families from the emergency shelters. Transitional Housing would allow tenants to live in the units for up to four years, during which time they would be required to participate in programs dedicated to helping them to stabilize and find permanent housing.

While Transitional Housing is not the recommended model for adults who have been chronically homeless, it can be effective as a measure to divert individuals and families from entering homelessness. Statistically, the only real predictor of future homelessness is current or past homelessness. Preventing individuals and families – particularly children and youth – from entering homelessness is an upstream measure that can prevent them from ever becoming homeless in the future.

### **Summary**

As requested by Council, this report outlines how renovation work at both 808 Sherbrooke Street and 953 Clonsilla Avenue can be afforded within the requested

\$300,000, or less, from the Social Services reserve and how the annual operating costs/rental income will work.

The Transitional Housing model diverts people from emergency shelter by providing appropriate housing. It also requires tenants to participate in programs that help them stabilize and find permanent housing.

Homelessness is currently a critical issue in our community and creative solutions are required to meet the needs of individuals and families in our community. By using these two city owned houses for transitional housing, the land can be available if and when the City requires it for a longer term use.

Submitted by,

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Commissioner of Corporate and Legislative Services

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Attachment:  
Appendix A - Report CLSFM19-007