



City of  
**Peterborough**

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**To:** Members of the General Committee

**From:** Sheldon Laidman, Commissioner of Community Services

**Meeting Date:** December 2, 2019

**Subject:** Report CSSS19-017  
Affordable Housing, 342 Downie Street

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## **Purpose**

A report seeking approval for capital funding and municipal incentives to create affordable rental units.

## **Recommendations**

That Council approve the recommendations outlined in Report CSSS19-017 dated December 2, 2019, of the Commissioner of Community Services as follows:

- a) That up to \$100,000 in capital funding be approved for two (2) additional affordable rental units at 342 Downie Street (2511514 ONTARIO INC.), within the revised total of 6 units, using Investment in Affordable Housing 2014 Extension program funding, and the provision of Municipal Housing Facility and Community Improvement Plan program for municipal fees, Development Charges and property tax incentives; and
- b) That staff be authorized to negotiate the specific terms and conditions of legal agreements with 2511514 ONTARIO INC. for the provision of funding and to ensure affordable rents and selection of eligible tenants from the By-Name Priority List, in a form satisfactory to the City's Solicitor and the Commissioner of Community Services.

## Budget and Financial Implications

Through Report PLHD16-002 Council approved municipal incentives for 4 affordable rental units at 342 Downie Street, which is within the Central Area. 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 Investment in Affordable Housing funding is 100% federal-provincial funding. The refund of the Building Permit Fee is drawn from the Planning Division's Central Area Community Improvement Plan budget. The financial impacts of extending the Municipal Housing Facility property tax exemption and the Property Tax Increment-Based Grant incentives for the entire project are outlined in Table 1 below, along with the incentives previously approved by Council for the initial 4 affordable units.

**Table 1 Affordable Housing Incentives for 342 Downie Street**

<b>Municipal Incentive for Affordable Housing</b>	<b>Council Approved for 4-units (PLHD16-002)</b>	<b>Pending Council Approval for 2-Additional Units (CSSH19-017)</b>
Development Charges Act and Municipal By-Law 14-134 (credit)	\$20,869	Exempt – see below -
Municipal Housing Facility - Development Charge Exemption	\$45,451	\$37,082**
Affordable Housing Community Improvement Plan - Site Plan Application Fee Refund	\$830*	\$800**
Affordable Housing Community Improvement Plan - Municipal property tax increment	\$73,935*	\$12,747**
Affordable Housing Community Improvement Plan - Cash in lieu of parking	n/a	\$6,500**
Central Area Community Improvement Plan - Parkland Levy Refund	\$1,800*	\$1,600**
Central Area Community Improvement Plan - Building Permit Fee Refund	\$6,581*	\$4,216**
Municipal Housing Facility - 10-year MHF property tax exemption	\$114,495*	\$19,186** (additional 2 units)
Investment in Affordable Housing -Federal-Provincial capital funding	\$230,000 (4 units)	\$100,000 (additional 2 units)
<b>Totals</b>	<b>\$493,961</b>	<b>\$182,131</b>

\*Estimated values based on 2016 rates

\*\*Estimated based on 2019 values

## **Background**

The capital funding from the Investment in Affordable Housing - Extension (IAH-E) program is in the multi-year Program Delivery Fiscal Plan and is 100% federal-provincial funding, as approved by City Council (Report PLHD15-002). 2019-20 is the final year of the IAH-E. Funds provided under this program must be committed by December 31, 2019 to comply with the provincial deadline.

Through Report PLHD16-002 Council approved municipal incentives and capital to build a fourplex with 4 units of affordable rental housing at 342 Downie Street. As of May 2017, the units were permitted to be occupied and now provide affordable housing for four single-parent families. The proponent, 2511514 ONTARIO INC., has pursued Planning approvals to add 2 additional units in the lower level of the building.

### **Rent 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.

### **Tenant Selection**

Tenants in these 2 units will be selected with the guidance of City staff, ensuring people on the By-Name Priority List for people experiencing homelessness are offered opportunities to be housed. Tenants will be selected from the By-Name Priority List on the basis that appropriate supports and rent supplements are available to ensure they can be stably housed.

### **Investment in Affordable Housing – Extension**

The Investment in Affordable Housing – Extension (IAH-E) program is 100% federal and provincial funding. Across Ontario, the IAH-E has provided \$801 million over six years to improve access to affordable housing that is suitable and sustainable for households in need across the province. The IAH-E program is made up of four components: Rental Housing (which provides capital funding for new affordable rental projects); Homeownership; Ontario Renovates; and Rent Supplement. Service Managers can provide funds through any or all the streams and can allocate and prioritize their expenditures based on targets included in their Housing and Homelessness Plans. Funding from senior levels of government for this type of program has steadily declined since 2010, reduced from \$4M annually to the current annual average of \$950,000 under the IAH-E replacement program called the Ontario Priorities Housing Initiative.

### **Terms and Conditions of the City's Legal Agreement for 342 Downie Street**

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 the title of the property.

The legal agreement will contain the following terms and conditions:

- A 20 year Affordability Period – period that rents must remain at or below 80% of AMR, calculated annually by Canada Mortgage and Housing Corporation;
- Process for Income Screening for new tenants – the method and criteria for selecting incoming 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**

One of the two Strategic Directions in the Housing and Homelessness Plan is to Build more Housing. With limited funding available and restrictions on how federal and provincial funding can be allocated, staff are recommending investment in current affordable housing projects to increase the number of available rental units. The 2 additional affordable rental units will help Peterborough achieve the 10-year Housing and Homelessness Plan target of supporting almost 2,000 affordable units to be built by 2029.

Submitted by,

Sheldon Laidman  
Commissioner of Community Services

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