



City of
Peterborough

To: **Members of the General Committee**

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

Meeting Date: **November 2, 2020**

Subject: **Report CSSS20-020**
Affordable Housing Community Improvement Plan Incentives
for Habitat for Humanity – 33 Leahy's Lane

Purpose

A report to recommend municipal incentives to support the development of affordable homes, to be constructed by Habitat for Humanity Peterborough and Kawartha Region, at 33 Leahy's Lane Peterborough.

Recommendations

That Council approve the recommendations outlined in Report CSSS20-020 dated November 2, 2020, of the Commissioner of Community Services, as follows:

- a) That the Affordable Housing Community Improvement Plan program application be approved for the proposed 41-unit affordable homeownership project at 33 Leahy's Lane Peterborough (Phase 1), in accordance with Report CSSS20-020;
- b) That the municipal incentives refund in the amount of \$859,744 (\$707,783 in Development Charge fees and \$151,961 in Cash-in-lieu of parking fees) for the Phase 1 development be drawn from the Housing Services Partnership Reserve over two payments; and
- c) That the Mayor and Clerk be authorized to sign agreements and other documents in terms acceptable to the Commissioner of Community Services to provide municipal incentives for the Phase 1 development in accordance with Report CSSS20-020.

Budget and Financial Implications

The Affordable Housing Community Improvement Plan program incentives for Habitat for Humanity Peterborough and Kawartha Region's (Habitat) Phase 1 project at 33 Leahy's Lane are to be taken from the Affordable Housing Partnership Reserve. The estimated value of the Development Charge fee refund and Cash-in-lieu of Parking refund recommended are outlined in Table 1 below.

Table 1 Municipal Incentives for 41 affordable housing units at 33 Leahy's Lane

Affordable Housing Community Improvement Plan Program Incentive (refunds)	Estimated value
Development Charges*	\$707,783
Cash in lieu of Parking (for 22 spots/stalls)*	\$151,961
Total incentives for 41 units	\$859,744

*based on 2020 rates

Background

An application for Affordable Housing Community Improvement Plan (CIP) program incentives has been received from Habitat for Humanity Peterborough and Kawartha Region (Habitat) for construction of a 41-unit affordable condominium project at 33 Leahy's Lane.

The City has supported Habitat projects since 2010, taking a variety of forms including relief from Development Charges, land made available at low or no cost, and Homeownership Assistance Loans directly to Habitat home purchasers. Habitat has received remarkable results and has created a local success story that has attracted significant local support.

Habitat for Humanity Peterborough and Kawartha Region is a non-profit organization that serves the City and County of Peterborough by partnering with volunteers, donors, and Habitat homeowners to build affordable homes. Habitat works with communities to help lower income families achieve strength, stability and independence through mortgages that are geared to their household income.

33 Leahy's Lane

The Phase 1 project at 33 Leahy's Lane is an innovative model and the first project of this type for Habitat for Humanity Canada. Through Habitat Canada, the Federal government (Canada Mortgage and Housing Corporation) is supporting this 41-unit

condominium project with \$4.1M in funding. The community participation with this project has been significant. To date, Habitat has received commitments of \$1.2M in discounted materials and/or donations of materials and services.

33 Leahy's Lane is located on the first block immediately east of Armour Road and north of Parkhill Road. This multi-residential lot is suited to this type of development and the Site Plan Application has been approved by City Planning processes. The property will include a 3-storey building with trees and gardens. It is near green spaces, schools, playgrounds, public transit, and other amenities.

August 2020 marked the beginning of construction work onsite, and completion is planned for January 2022. There will be 6 one-bedroom, 29 two-bedroom, and 6 three-bedroom homes in this project.

Households

Habitat is currently processing applications for households interested in becoming "partner families" who will live in the new build. The planned mix of household types includes 9 singles, 10 seniors, 4 couples, and 18 families (single-parent, two-parent, and multi-generational). The income limits for partner families is between \$30,000 and \$82,000.

This new build uses Insulated Concrete Form (ICF) rather than wood construction. This will result in lower energy costs to cool and heat each home/unit. The project includes an elevator and meets universal design standards for accessibility. Bicycle racks will be onsite, with storage options available at a nominal cost.

Habitat's model for affordable homeownership involves no down payment. Mortgage payments are geared to income, and residents will be responsible for heating/cooling costs for their home and condo fees (which are estimated at \$250/month)

Municipal Incentive Program and the Housing and Homelessness Plan

The Housing and Homelessness Plan identifies unit targets to meet all housing needs in the City and County of Peterborough by the end of 2029. It includes targets for affordable rental, supportive Rent-Geared-to-Income rental, and affordable homeownership units. This 41-unit project would be the first homeownership units to count towards the target of 796 units.

This project is in the Affordable Housing Community Improvement Plan (CIP) program area and meets the requirements of the program as set out in By-law 11-115. The Affordable Housing CIP Review Committee, comprised of City staff, recommend that Development Charge and Cash-in-lieu of Parking fees are refunded as incentives.

The Development Charge fee refund is calculated based on 2020 rates for the 41-unit project. As an affordable housing project, developed by a non-profit agency, municipal

incentives are recommended for the Development Charge fees. Once paid by Habitat, Development Charge fees would be refunded over a budgeted timeframe from the City's Housing Partnership Reserve.

The approved Site Plan Application reflects 50 parking spots associated with this Phase 1 development. Zoning requirements include a minimum of 72 parking spaces for the 41-unit project. The recommended cash-in-lieu of parking fee refund is for 22 parking spots, the difference between the zoning requirements and the provided parking stalls.

Authority

Council has the authority to offer these incentives by approving applications to the Affordable Housing Community Improvement Plan program (By-law 11-115). Council approval through PLHD16-003 has enabled staff to enter into agreements with Habitat for single and duplex projects since 2016, but due to the scale and ownership model for this project, staff have prepared this report as background and are requesting approval of recommended incentives.

Affordable Homeownership Habitat's Sale Price

The Affordable Housing CIP defines affordable homeownership as housing for which the price is at least 10 percent below the average resale value (i.e. in 2016). In 2018, the average resale price according to the Provincial Policy Statement was \$430,095. Based on the 2018 numbers, an affordable home must have a purchase price of \$387,000 or lower. Current maximum house prices will be communicated to Habitat.

Habitat uses fair market value assessments to determine the sale price of a home. The fair market value is determined after the home construction is finished. The home is purchased by the household selected by Habitat and Habitat retains the first right of refusal should the home be sold. These homes must be retained as affordable housing for a period of 15 years. If Habitat does not fulfill the agreement then the municipal incentives will be fully or partially repaid by Habitat to the City, as outlined in a legal agreement. The City would ensure compliance for the 15-year term.

Summary

This project will provide homes for 41 households who have low incomes. An innovative model supported by the Habitat Canada, the Federal government, and the Peterborough community (including local businesses, organizations, individuals and the future Habitat Homeowners), approval of recommended incentives would add the City to the list of partners who are making this project possible.

Submitted by,

Sheldon Laidman
Commissioner of Community Services

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