



City of
Peterborough

To: **Members of the General Committee**

From: **Jeffrey Humble, Director, Planning and Development Services**

Meeting Date: **April 16, 2018**

Subject: **Report PLHD18-002**
“Shared Dreams” Affordable Rental Housing project at
The Mount Community Centre, 1545 Monaghan Road

Purpose

A report to update Council of an additional \$500,000 in funding that the City will receive from the Ministry of Housing for the “Shared Dreams” affordable rental housing project at The Mount Community Centre (The Mount), 1545 Monaghan Road Peterborough.

Recommendation

That Council approve the recommendation outlined in Report PLHD18-002 dated April 16, 2018, of the Director, Planning and Development Services, as follows:

That the report informing Council of the \$500,000 in additional funding for the Shared Dreams affordable housing project at the Mount Community Centre be received for information.

Budget and Financial Implications

The \$500,000 in funding from the Ministry of Housing is in addition to the \$4,835,600 in Federal and Provincial funding under the Social Infrastructure Fund. There are no budget and financial implications arising from this recommendation.

Background

Revised Notional Allocation of 2017/18 Social Infrastructure Fund Funding – Deadline March 29, 2018

The Ministry of Housing (Ministry) is responsible for delivering the Federal – Provincial Social Infrastructure Fund (SIF) in Ontario. The Ministry works with all of the 47 Service Managers to ensure that funds for the SIF program will be spent by the Province’s year-end, March 31. That means that early in the calendar year, Ministry staff begin to assess how much of the funding has been successfully committed across the Province. The Ministry has the authority to re-allocate unspent funds to Service Managers that have shovel-ready projects that can commit funding before March 29, 2018.

The City, as Service Manager for the City and County of Peterborough, advised the Ministry that if funds become available, that \$500,000 could be directed to The Mount project for the shovel-ready 5-unit phase of that project. That phase includes semi-independent living in accessible units for adults with physical and/or intellectual disabilities.

In response, on March 15, 2018 the Ministry provided the City with a “Revised Notional Funding Allocation” letter, included as Appendix A, stating they could provide funds if the contribution agreement was signed by March 29, 2018. Pre-existing Council approvals for the 65 units at the Mount (PLHD14-004) and delegated authority to the Director to re-allocate funds through the Program Delivery and Fiscal Plan (PLHD16-007) will enable the City to meet the deadline of March 29, 2018 to commit funds through an Affordable Housing Project Facility Agreement with the Mount.

Prior Approvals

Through By-law 14-044, established through report PLHD14-004, the Mayor and Clerk have the authority to enter into an agreement between the City and The Mount Community Centre, to designate the property as a Municipal Housing Facility and provide incentives for the 65 units of affordable housing.

Through Report PLHD16-007, included as Appendix B, Council approved the receipt and use of funding under the 2016 Social Infrastructure Fund (SIF). This funding is for the 2016-17 and 2017-18 fiscal years and the Mayor and Clerk are authorized to execute such agreements for additional project funding. The Director of Planning and Development Services Department was delegated the authority to make revisions to the multi-year spending plan, titled the Program Delivery and Fiscal Plan (PDFP), as necessary. The PDFP is modified when notional allocations change or when funds need to be shifted from one program stream to another.

The Mount Community Centre Affordable Housing

In 2014, the Mount Community Centre’s 65-unit affordable housing project received approval for Federal-Provincial capital under the Investment in Affordable Housing for 6 units and municipal incentives under the Affordable Housing Community Improvement Plan and the Municipal Housing Facilities By-law for all 65-units. Details are outlined in the Report PLHD14-004, attached as Appendix C.

This 65-unit project is being developed in multiple phases. At this time, forty-three (43) units are complete and occupied, with twenty-two (22) units remaining to be developed. Of the remaining 22 units, five will be dedicated to adults with physical and/or intellectual (developmental) disabilities who are supported through a new not-for-profit corporation called “Shared Dreams for Independent Living” (Shared Dreams).

Shared Dreams project at The Mount

The key objectives of Shared Dreams are to provide stable and secure accommodation that allows the individuals supported to maximize their independence, while also helping them to maintain and build connections in the community.

The innovative “Shared Dreams project” will be constructed within the Mount Community Centre’s Affordable Housing development. Five semi-independent suites with a common living and dining space have been designed to be fully accessible and include space for support staff.

Rent and Income Levels

Units funded by Federal-Provincial programs must have rents set at 80% of Average Market Rent (AMR). Due to the semi-independent suite layout of the project, the rents will be set at 80% of AMR for a bachelor unit. This means that, in 2018, rent charged to a tenant would be \$564 per month. The Canada Mortgage and Housing Corporation (CMHC) sets the AMR for Peterborough annually. The City annually reviews and publishes the information as the Annual Rent Setting Memo. As a requirement of the Municipal Housing Facilities By-law 12-094, the highest rent for any rental unit in the 65-unit affordable housing project cannot exceed 90% of AMR.

The maximum annual household income levels for tenants directly correlates with the rent level of the unit. For units with rents set at levels lower than 80% of AMR, the total annual household income maximum also decreases.

10-year Housing and Homelessness Plan and Targets for Priority Groups

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 intentional shift

from providing emergency responses to providing long-term, sustainable housing solutions.

This project will facilitate the development of purpose-built units for people with disabilities. The SIF program requires that funding be provided to units for specific target populations; adults with developmental disabilities are specifically targeted.

Summary

The Mount Community Centre is an evolving case study showcasing adaptive redevelopment in Peterborough. With support from the City, County, Provincial and Federal governments, this community-led initiative is a high-profile project that requires leveraging of opportunities and incentives. This project is aligned with the objectives of the 10-year Housing and Homelessness Plan for Peterborough and will meet a significant community need.

Submitted by,

Jeffrey Humble, MCIP, RPP
Director, Planning and Development Services

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Attachments:

- Appendix A – Ministry of Housing Letter dated March 15, 2018 – Revised Notional Funding Allocation
- Appendix B – Report PLHD16-007 2016 Social Infrastructure Funding (2016 SIF)
- Appendix C – Report PLHD14-004 Incentives for Affordable Rental Housing, 1545 Monaghan Road (The Mount Community Centre) Peterborough

APPENDIX A - Report PLHD18-002

Ministry of Housing

Ministère du Logement

Assistant Deputy Minister's Office

Bureau du sous-ministre adjoint

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March 15, 2018

Ms. Rebecca Morgan Quinn
Manager, Housing Division
City of Peterborough
City Hall, 500 George Street North
Peterborough ON K9H 3R9

Dear Ms. *Rebecca* Morgan Quinn:

**RE: 2016 Social Infrastructure Funding (SIF) Program
Revised Notional Funding Allocation**

In order to maximize 2016 Social Infrastructure Funding Year-2 commitment, the Ministry is facilitating the re-allocation of Service Manager's notional allocations for the current fiscal year.

As per the interest expressed by the City of Peterborough, the Ministry is pleased to provide an additional notional funding allocation of \$500,000 under the 2016 Social Infrastructure Funding (SIF) program Year-2 to the City of Peterborough for the Mount Community Centre project. Please submit the Project Information Form for the Mount Community Centre project in the Grants Ontario System at your earliest for the additional funding allocation.

In order to commit the additional funding, a Contribution Agreement between the City of Peterborough and the proponent for the project must be signed no later than 29th March, 2018.

Please note, the requirements and conditions as per the Administration Agreement between the City of Peterborough and the Ministry dated 10 August 2016 remain in effect with respect to the revised notional funding allocation.

Thank you for your interest and efforts to provide affordable housing in your community.

Sincerely,


Janet Hope
Additional Deputy Minister

cc: Mila Kolokolnikova, Team Lead, Regional Housing Services, MSO – East



City of
Peterborough

To: **Members of the Committee of the Whole**

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

Meeting Date: **July 25, 2016**

Subject: **Report PLHD16-007**
2016 Social Infrastructure Funding (2016 SIF)

Purpose

A report seeking the approval of City Council for receipt and use of funding under the 2016 Social Infrastructure Fund as offered by the Minister of Housing.

Recommendations

That City Council approve the recommendations outlined in Report PLHD16-007 dated July 25, 2016, of the Director of Planning and Development Services, as follows:

- a) That a multi-year spending plan (i.e. Program Delivery and Fiscal Plan) for a notional \$4.84M in 2017 and 2018, which follows the broad direction in this report, be developed by the Director of Planning and Development Services, in consultation with stakeholders, and submitted to the Ministry of Housing prior to the deadline of September 1, 2016;
- b) That the Director of Planning and Development Services be delegated the authority to report to the Ministry of Housing on quarterly financial commitments and revisions to the multi-year spending plan as necessary;
- c) That the Mayor and Clerk be authorized to enter into an Administration Agreement for 2016 Social Infrastructure Fund with the Ministry of Housing, and agreements for project funding with proponents and applicants, program delivery and other associated agreements;

- d) That the Director of Planning and Development Services be authorized to extend program delivery agreements with the existing local, non-profit delivery agents for Rent Supplement and Peterborough Renovates program components; and
- e) That Report PLHD16-007 be forwarded to Joint Services Steering Committee, for information.

Budget and Financial Implications

The Social Infrastructure Fund (SIF) is 100% federal and provincial funding. Peterborough received a notional allocation of 2016 SIF funds of \$3,477,100 for 2016-2017 and \$1,358,500 for 2017-2018 for a total of \$4,835,600 over approximately twenty (20) months.

Funding is available to the City only after funding agreements are secured with proponents and applicants, under five program streams. These agreements must be in place by December 31, in 2016, for the first year, and December 31, 2017 for the second year.

Background

2016 Social Infrastructure Fund (SIF)

The 2016 federal budget announced the federal government's Social Infrastructure Fund (2016 SIF) that include the following investments in housing delivered through Service Managers, such as the City of Peterborough:

1. An increase to the funding commitment under the current Investment in Affordable Housing (IAH) program (totalling \$235.5 million province-wide over two years);
2. Funding for the construction and renovation of affordable housing for seniors (\$67.2 million province-wide over two years); and
3. Funding for the renovation and retrofit of social housing (\$209.3 million province-wide in 2016).

Peterborough has received a notional allocation of **\$4.84M** over twenty (20) months. The Minister of Housing's letter dated June 21, 2016 is attached as Appendix A. The allocation is further broken down into 2 streams - \$3.238M as an increase in the IAH program and seniors housing; and \$1.6M for Social Housing Improvements.

The deadline for confirming participation in the program is September 1, 2016. Approval of the recommendations in this report will enable the City to participate in the 2016 SIF and use funding for specific projects. The timing of the allocation announcement, the summer schedule of Council, and the shortened time frame for

confirmation of participation means that Committee of the Whole will have to deal with the matter at its meeting on July 25 with Council ratification on August 2, 2016. As a consequence the Joint Services Steering Committee will be informed at its next scheduled meeting of the decision made by City Council.

Use of 2016 Social Infrastructure Fund

The 2016 SIF offers a funding enhancement of the current Investment in Affordable Housing (IAH) program for:

1. Rental Housing – for construction of new affordable rental housing;
2. Homeownership Assistance Loan – for renters purchasing houses;
3. Peterborough (Ontario) Renovates – for low income households repairing homes; and
4. Rent Supplement/Housing Allowance for low-income renter households.

The 2016 SIF also promotes investment in 3 new program areas:

1. Social Housing Improvement Fund – for repairs, and energy and water-efficiency retrofits in social housing;
2. Construction and renovation of affordable housing for seniors; and
3. Construction and renovation of shelters and transitional housing for survivors of domestic violence.

The Province is requiring Service Managers to use the **\$3.238M enhanced IAH/Seniors** funding stream to meet key provincial priorities as follows:

- (i) Supporting affordability for tenants in social housing with expiring operating agreements
- (ii) Seniors
- (iii) Persons with disabilities
- (iv) Indigenous peoples
- (v) The chronically homeless
- (vi) Youth
- (vii) Preventing homelessness as individuals transition from provincially-funded institutions such as hospitals
- (viii) Projects that support transit corridor intensification and/or community hubs

Developing a National Housing Strategy

The 2016 SIF provides a significant additional federal/provincial allocation to support affordable housing in Ontario over the next two years. During this time the federal government proposes to work with the provinces, territories and housing stakeholders to develop a National Housing Strategy, which is expected to inform federal investments in future years. Until the National Housing Strategy is in place, Service Managers have been asked to prioritize funding according to the priorities above.

Program Delivery and Fiscal Plan (PDFP) and Allocations

Under the IAH program the City, as Service Manager, was required to prepare and submit for approval 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 fiscal year will be redistributed by the Ministry of Housing. It is expected that once program guidelines are released for SIF, a Service Manager will be obliged to find a place for the funding within the existing PDFP and therefore that plan and the funding commitments already made becomes a starting point for the new investments.

The PDFP for SIF 2016 will be developed with input from City, County and Township staff and community stakeholders, including the Affordable Housing Action Committee, Homelessness Support Services Coordinating Committee and the Accessibility Advisory Committee. Consideration will be given to Peterborough’s 10-year Housing and Homelessness Plan and its associated targets. Synergies will also be explored with the City’s Community Improvement Plan for Affordable Housing to leverage even greater results. The PDFP should also build on the successes of the original IAH program streams developed in Peterborough for Peterborough. The Peterborough Renovates and Home Ownership programs have been well-received and serve the needs of City and County residents effectively.

Potential Capital Projects

Two important capital projects are currently in development based on the previous funding commitments under the IAH program: Peterborough Housing Corporation’s McRae campus and the transitional housing units at the Brock Mission Men’s Shelter rebuild.

Council has already approved \$1.5M funding to provide 15 affordable transitional housing units for men who have been chronically homeless in the redeveloped Brock Mission Men’s Shelter (PLHD16-004). The Brock project aligns perfectly with a stated provincial SIF priority. Shifting a greater portion of the council-approved funding to the SIF program will allow the Service Manager to redirect funding to local priorities. No enhanced funding for Brock Mission is envisioned at this time.

Council approved the acquisition of the former McRae Campus by Peterborough Housing Corporation (PHC) in 2014 for redevelopment as affordable housing (PLHD14-046) and recently approved an allocation of \$1.0M to support the development of 28 units of affordable rental housing (PLPD16-045). The SIF program would allow the project timing to be accelerated to 2016-17 and an increase in the capital grant amount from \$1.0M to \$1.5M would enhance project success.

Peterborough Housing Corporation has been developing an innovative partnership with the Peterborough Regional Health Centre, the Central East LHIN and the Community Care Access Centre to provide a supportive housing community for seniors. The initial vision is for 80 units – 30 at market rents and 50 at affordable rents of which 20 units will be dedicated to discharge planning for PRHC. This community is envisioned as the 3rd and final phase of the former McRae Campus transformation. The SIF program has specifically targeted housing for seniors as a Provincial priority making this capital project an ideal candidate for funding support.

Social Housing Repairs (\$1.6M for immediate expenditure)

For Peterborough, the SIF allocation includes \$1.6M dedicated to the repair and upgrades of the social housing stock under the Service manager's administrative oversight. Provincial priorities for use of 2016 SIF for social housing repairs include increased water and energy efficiencies and reduced carbon footprint. There is some expectation of further provincial initiatives that could provide funding for similar purposes in social housing related to Cap and Trade but these have yet to be announced.

In an effort to maximize provincial funding, from 2016 SIF and future sources, the Housing Division has commenced a comprehensive review of the Social Housing Asset Planner database. Repair, upgrade and renovations projects have been identified and prioritized through the building assessments carried out by third parties in 2015.

Social housing providers have been working with the Housing Division to set their own priorities for upcoming repairs, and are maintaining an up-to-date, shared asset management database. The Housing Division will consider the building assessments, priorities as reflected in the database and the adequacy of capital reserves in selecting projects for funding. Repairs and upgrades to buildings where there are vulnerable tenants will be high priority.

Rent Supplement Programs

There are currently 4 rent supplement programs administered by the City of Peterborough. The majority of these supplements are provincially-funded and time-limited and for some programs the funding begins to expire in 2018. Time limited rent supplement programs are very precarious for the tenant and funder. The tenant lives with the inevitability of funding expiring and the potential need to relocate. The funder (Service Manager) must manage the expectations, the disruption to personal circumstances and is often under pressure to replace the funding from some other

municipal source. While the original IAH program and the new SIF allocation would allow the direction of funding to rent supplements, IAH and SIF funding is not a guaranteed funding stream. The current program guidelines only allow rent supplements to 2024, should the City elect to allocate SIF funds for supplements. The current PDFP already allocates \$720,000 in funding to replace expiring rent supplements starting in 2018 but not the creation of new rent supplements.

The precarious nature of time limited rent supplements was recognized when the City and County developed its own Municipal Rent Supplement Program known as Housing Choice Rent Supplement. It is a very flexible program but its funding is supported by stable sources and incremental growth in the base funding from year to year is promoting tenant stability and more households to be served each year. Accordingly, the Housing Division does not recommend the use of SIF funding for rent supplements. This will be reviewed through the consultation phase.

Summary

In 2015 Council approved several recommendations related to the Investment in Affordable Housing (IAH) program (PLHD15-002). This included the authorization for staff, following consultation with stakeholders, to prepare a multi-year Program Delivery and Fiscal Plan (PDFP), including its submission to the Ministry of Housing. The Director of Planning and Development Services was also authorized to make subsequent revisions to the PDFP to account for ever-changing priorities and the level of uptake on funded programs. The recommendations of this report replicate an approach that has simplified the administrative requirements of program delivery. The annual status reports on the 10-Year Housing and Homelessness Plan provides a forum for staff to report out on the impact financial investments, such as the SIF program, are making in the lives of Peterborough citizens.

Submitted by,

Malcolm Hunt, MCIP RPP
Director, Planning & Development Services

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Attachments:

Appendix A – Letter from the Minister of Housing (dated June 21, 2016)

Ministry of Housing

Minister Responsible for the
Poverty Reduction Strategy

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Ministère du Logement

Ministre responsable de la Stratégie
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June 21, 2016

Your Worship
Mayor Daryl Bennett
Mayor, City of Peterborough
500 George Street North
Peterborough, ON K9H 3R9

Dear Mayor Bennett:

I am pleased to advise you that the Social Infrastructure Fund (SIF) Agreement for affordable and social housing was announced today. The SIF, to be delivered under the Investment in Affordable Housing (IAH) program, is a joint initiative between our government and the federal government that will provide over \$640 million for housing over three years.

The SIF housing investments complement our own recently announced Long-Term Affordable Housing Strategy, including funding commitments such as the Survivors of Domestic Violence Portable Housing Benefit Pilot program, and the Green Investment Fund investments in social housing.

The SIF offers four separate programs designed to address needs across the housing system, and is comprised of the following investments:

- An increase to the funding commitment under the current IAH program fully cost-matched by the province over three years;
- Funding for the construction and renovation of affordable housing for seniors;
- Funding for the renovation and retrofit of social housing; and
- Funding for the construction and renovation of shelters and transitional housing for survivors of domestic violence.

The additional IAH funding and the seniors funding are being allocated and administered to Service Managers as one program. The renovation and retrofit of social housing funding is being allocated to Service Managers, and will be known as the Social Housing Improvement Program (SHIP). The funding for survivors of domestic violence is being delivered by the Ministry of Community and Social Services.

I am pleased to provide you with your notional funding allocations for the additional IAH, seniors, and SHIP:

Program	Fiscal Year	
	2016-17	2017-18
Increase to IAH / Seniors	\$1,879,400	\$1,358,500
SHIP	\$1,597,700	\$0

Please note that funding allocations cannot be reallocated across fiscal years, or across SIF programs. Also note that a portion of the provincial matching funds are committed for 2018-19, and decisions regarding the allocation of these funds are expected to be communicated in early 2017-18.

The SIF funding provides us with an opportunity to make strategic investments to address some key priorities we have identified through the Long-Term Affordable Housing Strategy Update. As a result, we are requiring Service Managers, through their additional IAH funding, to meet the housing needs of the following:

- Supporting affordability for tenants in social housing buildings with expiring operating agreements and/or federal subsidies
- Seniors
- Persons with disabilities including adults with developmental disabilities
- Indigenous peoples
- The chronically homeless
- Youth
- Preventing homelessness as individuals transition from provincially-funded institutions such as hospitals, correctional facilities and the child welfare system
- Projects that support transit corridor intensification and/or community hubs

Under the SHIP program, Service Managers are being strongly encouraged to address water and energy conservation, including a reduction in greenhouse gas emissions, when considering social housing repair projects for funding.

You will soon be provided with the Administration Agreement for the IAH and SHIP that will include the Program Guidelines and additional program details and requirements.

Our government recognizes the need for more affordable housing in Ontario and we welcome these new federal investments in housing and homelessness prevention. By fully cost-matching the IAH and delivering the federal investments we can significantly impact the lives of those who are most vulnerable in Ontario and meet our vision of everyone having an affordable, suitable and adequate home.

Sincerely,



Chris Ballard
Minister of Housing

C: Allan Seabrooke, Chief Administrative Officer, City of Peterborough



City of
Peterborough

To: Members of the Committee of the Whole

From: Malcolm Hunt, Director of Planning and Development Services

Meeting Date: March 31, 2014

Subject: Report PLHD14-004
Incentives for Affordable Rental Housing,
1545 Monaghan Road (The Mount Community Centre)
Peterborough

Purpose

A report to recommend municipal incentives and capital funding to develop affordable rental housing at 1545 Monaghan Road, in response to the request from The Mount Community Centre (TMCC) at Budget Committee, November 26, 2013, and their subsequent detailed application.

Recommendations

That Council approve the recommendations outlined in Report PLHD14-004 dated March 31, 2014, of the Director of Planning and Development Services, as follows:

- a) That the Affordable Housing Community Improvement Plan (CIP) Municipal Incentive Program be approved for the affordable housing portion (sixty-five (65) affordable rental units) at 1545 Monaghan Road, as detailed in Table 2.
- b) That the designation as a Municipal Housing Facility (MHF) in accordance with By-law 12-094 be approved for the affordable housing portion (sixty-five (65) affordable rental units) at 1545 Monaghan Road, Peterborough so that municipal incentives may be provided, proportionate to the use of the property for affordable housing.

- c) That a By-law be adopted authorizing Council to exempt from all or part of the taxes levied for municipal and school purposes land at 1545 Monaghan Road or a portion of it, for a period of ten years, on which municipal housing facilities are or will be located.
- d) That capital funding of \$1M be approved in principle, to be paid over three years, using provincial/federal capital funding from Investment in Affordable Housing Program that is confirmed for 2014, and anticipated provincial/federal capital and municipal capital funding from allocations that are pending approval in future years (2015 and 2016).
- e) That funding of up to \$120,000 be approved to replace a loan for project development from Canada Mortgage and Housing Corporation and that the cost of the Building Permit be paid, drawing from provincial DOOR funding in 2014.
- f) That staff be authorized to negotiate the specific terms and conditions of a legal agreement to be registered on title for a thirty year affordability period within the parameters set out in Report PLHD14-004.
- g) That a By-law be adopted authorizing the Mayor and Clerk to sign legal agreements between the City of Peterborough and The Mount Community Centre for the affordable housing portion at 1545 Monaghan Road.

Budget and Financial Implications

The municipal incentives recommended for this project are in the form of foregone municipal revenue (property taxes, charges and fees), capital funding and direct financial participation in the construction and management process. Capital funding of \$1M over 3 years is proposed to be sourced as follows: \$600,000 in provincial/federal capital funding from Investment in Affordable Housing (\$350,000 confirmed in 2014, and \$250,000 pending new allocations anticipated for 2014-2018) and \$400,000 in municipal capital funding (pending budget approval of \$200,000 in each of 2015 and 2016). Other opportunities for municipal involvement are outlined in this report.

Only the affordable housing portion of the development at 1545 Monaghan Road is eligible for municipal incentives. Furthermore, staff have conveyed to The Mount Community Centre (TMCC) representative that while the City is supportive of all facets of the project only the affordable housing portion is a municipal interest and therefore worthy of municipal financial participation.

In addition, the scope of this financial participation captures all of the project's affordable housing that is presently known and therefore it is assumed that this participation represents a cap on municipal investment.

The following table summarizes the recommended incentives related to affordable rental housing:

Incentive		Estimated value
1. Development Charge Credit		\$520,630
2. Affordable Housing Community Improvement Plan (AMR)		
	Planning Application Fee Waiver	\$2,560
	Parkland Waiver	\$23,400
	Cash-in-Lieu of Parking	\$TBD
	Tax Increment Based Grant*	\$235,200
		\$261,160
3. Municipal Housing Facility (90% of AMR)		
	10-year MHF Tax Exemption* (Municipal \$550,990, School Board \$99,100)	\$650,000
	Development Charges Exemption (full charge less credit)	\$240,000
		\$890,000
4. Building Permit Fee Refund		\$47,000
5. Capital (80% of AMR)		
	Investment in Affordable Housing (IAH)	\$600,000
	Municipal Capital Grant (pending budget approval)	\$400,000
		\$1,000,000
6. Project Development Grant Refund		\$120,000
7. Project Management		\$75,000
8. Property/Tenant Management (over 5 years)		\$100,000
Total (over 20 years)		\$3,013,790
Per Unit (over 20 years)		\$46,365

*Based on 2013 tax rates

Background

Response to Council's Request

The Mount Community Centre (TMCC) proposes to redevelop 1545 Monaghan Road to meet community needs for affordable housing, other residential, and to provide space for other community programs, such as a food hub or community kitchen.

TMCC is seeking \$1M in capital funding (See Report CAO13-016) to assist in the portion of the redevelopment dedicated to affordable rental housing. Budget Committee considered a presentation from TMCC on November 25, 2013 and requested a report

from staff on the proposal and whether funding should be provided and from where the funds would come.

Redevelopment of the site for residential use is permitted under current zoning, and will take place over the next several years. Additional residential and other uses are proposed in the longer term, as described in a preliminary site plan.

A re-zoning and Official Plan amendment process to permit a limited range of non-residential use and greater flexibility in the form of residential development has been initiated by TMCC. A neighbourhood meeting was held in February 2014, and the formal Public Meeting will be held within the next month or so. The planning applications have been deemed by staff to be appropriate for the development of the site and therefore this report has been prepared assuming the applications will be approved by Council. Should the applications not be approved, the affordable housing proposed in the first phase of redevelopment is already envisioned by the existing zoning. Adjustments can be made to the recommendations of this report if the outcome of the planning process necessitates modifications.

The affordable housing portion will proceed first to obtain Site Plan approval, authority to lift the holding provision for the zoning, Heritage Conservation agreement, and issuing the building permit. Longer-term redevelopment is not the subject of this report, although the outcome of the re-zoning process may influence the configuration of the affordable housing portion (to include only self contained vs. some suite-type units).

The Director of Planning and Development Services and a staff review committee have met with representatives from TMCC, reviewed the proposal and various other documents, including an application for the Affordable Housing Community Improvement Plan incentives.

The proposal is to create sixty-five (65) rental units in “A” and “B” wings that meet the requirements for municipal incentives, specifically designed to encourage affordable housing in the City of Peterborough. It is recommended that municipal incentives and capital funding for the affordable rental portion of the overall development be provided over approximately three years, as the development plan proceeds, as set out in the following sections of this report.

The Cumulative Impact of Available Financial Incentives

As the project involves the renovation of an existing building, the **Development Charges By-law** provides for the calculation of a credit that recognizes the size of the development and the existing use of the building.

Council adopted an **Affordable Housing Community Improvement Plan (CIP)** on September 12, 2011 (By-law 11-114). Council approved the range of incentives and the conditions under which incentives could be considered, and established an application and staff committee review process for specific projects.

Council adopted a **Municipal Housing Facility (MHF) for Affordable Housing** on June 25, 2012 (By-law 12-094). Council approved the range of incentives and the conditions under which incentives could be considered, and confirmed its authority to designate an affordable housing project as a Municipal Housing Facility (MHF). This designation enables Council to consider and approve municipal and school board property tax exemption, on the condition that rents achieve an enhanced level of affordability that Council deems appropriate. Under a MHF designation Council may provide property tax reductions **in addition to** incremental property tax increases provided by the Affordable Housing CIP program. Also, under a MHF designation Council may provide capital grants or loans in return for achieving a level of affordability that Council deems appropriate. MHF designation is a required pre-condition for affordable housing projects to receive provincial/federal capital funding.

In developing these municipal incentive programs it has always been contemplated that the incentives are cumulative so that the unique attributes of site location, building characteristics and land use can be fully recognized.

The Affordable Housing Community Improvement Plan (CIP)

Peterborough's Affordable Housing CIP is unique in the Province. It uses provisions of the *Planning Act* to establish a comprehensive suite of financial incentives to stimulate the production of new affordable housing. The goal is to tilt the playing field in favour of new development of affordable rental housing within the fiscal constraints of the municipality. It represents Peterborough's best efforts to try to make a difference, as the Federal and Provincial governments steadily withdraw the funding support needed to stimulate production of affordable rental housing.

In 2012, the first Affordable Housing CIP was approved by City Council under the Affordable Housing CIP program at 21 Barnardo Avenue, and it is occupied. In February of 2014, a second affordable rental project was approved by City Council at 165 Rubidge/400 Wolfe Street (former Knox United Church), and it is proceeding to construction.

These developments created affordable housing under the Affordable Housing CIP, where Council also designated the projects as a Municipal Housing Facility (MHF). This designation enabled an additional property tax reduction and capital funding. The use of CIP and MHF authorities to produce a suite of complementary municipal incentives and capital funding is proposed for the affordable housing portion of 1545 Monaghan Road.

The 10 year Housing and Homelessness Plan for the City and County of Peterborough commits to maximizing the use of government and private sector resources for new affordable rental housing. The target is to create 500 new rental homes by 2024, through CIP incentives, capital funding from senior governments, innovations and efficiencies in building code and engineering approvals, and creative approaches to using publicly-owned land. Annual reporting to Council will demonstrate progress on Peterborough's efforts to increase the affordable rental housing stock. The project at 1545 Monaghan Road will contribute 65 units towards the target.

1545 Monaghan Road, Peterborough

1545 Monaghan Road is a ten acre property owned by TMCC, and is the proposed site for a range of mixed residential and non-residential uses. The former Mount St. Joseph convent is the main building on the site, and is currently vacant. The rest of the property is comprised of open green space, several out-buildings, and one single family home. There is a winding drive lined by trees leading to the entrance of the main building.

Redevelopment of the existing buildings, and development of the overall site will take many years to complete, and is being approached incrementally. First the focus will be on building affordable rental housing in the newest parts of the existing building (i.e. A Wing built in c 1969 with addition in 1982, and B Wing built in c 1934, with addition in 1952). Later, the redevelopment of the Inglewood home (i.e. C Wing), is proposed, as well as new construction on other parts of the site.

A Wing will contain 47 units and B Wing will contain 18 units. The balance of square footage in these Wings will be dedicated to complementary uses (e.g. food centre). Details about the proposed affordable housing portion of the project are set out in Appendix A.

Rent Levels

Rents will meet affordability requirements of municipal incentive and capital funding programs, and will support the social goals of the developer. The various sizes and configuration of units will result in a range of rents. Affordability requirements are such that:

- All rents will be inclusive of heat and hydro
- Sixty units will have an average rent of 90% AMR or less, depending on unit size
- Five units will have an average rent of 80% AMR or less
- Some units may have rent-geared-to-income depending on the availability of rent supplement funding at the time of occupancy

Affordability requirements are set according to the CMHC annual market rent survey which provides Average Market Rent (AMR) by bedroom size for Peterborough CMA.

- AMR is \$622 for a bachelor, \$778 for a one bedroom, and \$915 for a two bedroom, in 2014.
- 90% AMR is \$560 for a bachelor, \$700 for a one bedroom, and \$832 for a two bedroom, in 2014.
- 80% AMR is \$497 for a bachelor, \$622 for a one bedroom, and \$732 for a two bedroom, in 2014.

Rent revenue from residential units plus revenue from the non-residential users will need to support the financial viability of the project. Therefore, in later phases of development, more residential units may be built and may include a mix of affordable and market rents. The Mount Community Centre intends to provide even deeper levels of affordability consistent with the vision of the organization. The identified maximum

rents do not preclude the organization offering lower rents in accordance with the financial abilities of the project.

Municipal Incentives

Municipal Incentives - Entitlement Due to Renovation of an Existing Building

As this is a renovation of an existing building the City's Development Charge By-law allows a credit to be established for the existing space based on the former use. Where the new use requires the payment of a development charge, the amount of the charge is reduced by the amount of the charge represented by the existing or former use. The calculated Development Charge (2014) for 65 apartment units in a new building is \$760,630. The credit under the current DC By-law is estimated to be \$520,630. Staff have calculated the credit available based on the former use being institutional rather than residential. The value of this incentive is outline on Table 1.

Table 1: Development Charge By-law Entitlements

Incentive		Estimated value
1. Development Charge Credit		\$520,630
	Total	\$520,630
	Per Unit	\$8,010

Municipal Incentives – Affordable Housing CIP Entitlements

To realize the City's interest in creating affordable rents, additional incentives may be offered to the developer, provided rents are Average Market Rent (AMR) or less. Table 2 below illustrates the type and estimated value of municipal incentives for the project including Planning Application Fee Waiver, Parkland Waiver, Cash-in-Lieu of Parking, and a Tax Increment Based Grant. Maximum rent would be Average Market Rent (AMR), if these were the only incentives offered to the project.

The calculation of the tax increment savings is based on a number of assumptions and is not intended to be a precise calculation but rather an estimate. The current tax burden on the entire Mount site is \$41,645 per year (municipal and education). Staff have assumed that the proposed affordable housing portion of the overall development represents 50% of the existing floor area of the entire Mount site and therefore approximately 50% of the existing tax burden or \$21,000. Using comparable developments within the City developed as affordable housing, it has been estimated that the post-development tax burden for 65 units of affordable housing would be \$65,000 in the first year. The tax increment program forgives the municipal portion of

the tax **increase** due to development for the first 5 years and then increases the tax over the next 5 year period to achieve the full burden by year 10.

Table 2: Affordable Housing CIP Incentives for 1545 Monaghan Road

Incentive		Estimated value
1. Affordable Housing Community Improvement Plan (AMR)		
	Planning Application Fee Waiver	\$2,560
	Parkland Waiver	\$23,400
	Cash-in-Lieu of Parking	\$N/A
	Tax Increment Based Grant*	\$235,200
	Total	\$261,160
	Per Unit	\$4,020

*Based on 2013 tax rates

Municipal Incentives - Municipal Housing Facility

Council has the authority to designate the project as a Municipal Housing Facility to enrich the suite of financial incentives available to create deeper affordability. If approved, the MHF would provide property tax **exemption** for ten years prior to the 10-year tax increment program available under the Affordable Housing CIP. The full tax exemption is significant. If the assumed tax burden post-development would normally be \$65,000 in the first year, the exemption waives that annual burden for the first 10 years. The tax increment program would then apply for years 11 to 20.

In addition to the Development Charge credit, which applies regardless of whether affordable housing is included in the development, the property at 1545 Monaghan Road, if designated as a designated Municipal Housing Facility, is eligible for a full Development Charge exemption for the affordable housing portion of the development. The value of the DC forgiveness attributed to the Municipal Housing Facility designation is the difference between the as-of-right credit and the full charge.

Table 3 below illustrates the type and value of incentives available for the project. Maximum average rent for 65 units would be 90% of AMR to receive these financial incentives.

Unlike the Central Area CIP where the Planning Division secures a capital budget allocation for the payment of building permit fees for qualified developments, there is no comparable fund for affordable housing if it is not located within the Central Area. Given the importance of the Mount project and the broad involvement of non-profit partners it is recommended that the City pay the building permit fee for the affordable housing component. Payment for the fee will be drawn from provincial DOOR funding.

Table 3: Municipal Housing Facility Incentives for 1545 Monaghan Road

Incentive		Estimated Value
1. Municipal Housing Facility (90% of AMR)		
	10-year MHF Tax Exemption* (Municipal \$550,900, School Board \$99,100)	\$650,000
	Development Charges Exemption (full charge less credit)	\$240,000
		\$890,000
2. Building Permit Fee Refund (A and B Wing estimate)		\$47,000
	Total	\$937,000
	Per Unit	\$14,415

*Based on 2013 tax rates

Municipal Incentives – Capital - IAH and Municipal Capital Grant

Council has the authority to approve capital funding for a designated MHF project. A limited amount of provincial/federal capital funding is available to be deployed for new rental housing under the Investment in Affordable Housing (IAH) Program in 2014.

Due to challenges in delivering Peterborough Renovates in its final year (unexpected withdrawal of the delivery agent), up to \$350,000 in funding will be moved from one funding stream to another. This leaves over \$100,000 in Peterborough Renovates funding, for staff to deliver from April to December, 2014. An extension to IAH funding for a further five years (2014 to 2018) is pending an agreement between the federal and provincial governments. Continuing Peterborough Renovates, with a new delivery agent would be proposed once IAH extension allocations are confirmed.

Staff is recommending that \$1M in capital funding be provided from provincial/federal and municipal sources, as follows: \$600,000 in provincial/federal capital funding from Investment in Affordable Housing (\$350,000 confirmed in 2014, and \$250,000 pending new IAH extension allocations anticipated for 2014-2018) and \$400,000 in municipal capital funding (pending budget approval of \$200,000 in each of 2015 and 2016). The capital funding recommended is outlined in Table 4.

The original request of TMCC was for a capital grant of \$1.0 million flowed in 5 instalments over 5 years. The recommended capital grant advances the funding stream over 3 years with \$800,000 in the first 2 years, provided the IAH program is renewed.

Maximum average rent for 5 units would be 80% AMR.

TMCC has secured a loan of \$120,000 from Canada Mortgage and Housing Corporation (CMHC) for the pre-development phase of this project through CMHC's Project Development Fund (PDF) program. TMCC will be required to repay this loan if provincial/federal capital funding is made available to the project, as drawing from two

federal sources is not permitted. To ensure the receipt of a capital grant does not have a punitive consequence on the project, the Housing Division will provide a replacement grant drawing from provincial DOOR funding.

Table 4: Capital - IAH and Municipal Capital Grant

Incentive		Estimated Value
1. Capital (80% of AMR)		
	Investment in Affordable Housing (IAH)	\$600,000
	Municipal Capital Grant (pending budget approval)	\$400,000
		\$1,000,000
2. Project Development Grant Refund		\$120,000
	Total	\$1,120,000
	Per Unit	\$17,230

Municipal Incentives - Construction and Property Management

Staff have encouraged Peterborough Housing Corporation (PHC), the City's arms length provider of social and affordable housing to offer its construction management experience to TMCC. In addition, as an experienced operator of affordable housing PHC is well positioned to provide property and tenant management services after construction is complete. At staff's request, PHC has developed a comprehensive fee-for-service proposal that is substantially below the fee value PHC would normally expect for the proposed scope of work. TMCC is under no obligation to engage PHC for project, property and tenant management services however as the City-owned housing provider the proposal represents a bona fide municipal incentive to TMCC.

PHC has offered to provide project management services for the "A" wing affordable housing component for \$30,000 as opposed to a market value of \$90,000-\$120,000 for the same service. The project management discount is offered on the basis of also providing PHC with a 5 year property/tenant management agreement, also at a discounted rate. The annual property/tenant management fee would be \$24,000 per year as opposed to a market expectation of \$40,000-\$50,000 per year. The incentive opportunity is summarized in Table 5.

Table 5: Construction and Property Management

Incentive		Estimated Value
1. Project Management		\$75,000
2. Property/Tenant Management (over 5 years)		\$100,000
	Total	\$175,000
	Per Unit	\$2,690

TMCC will ensure effective, cost efficient oversight of the construction phase of the development. TMCC has volunteers who are experienced builders and a retired building inspector is engaged in the project.

The City will expect to receive monthly construction reports from the developer as a standard requirement of capital funding. Variances of more than 10% from the original project financing may trigger a report from a Quantity Surveyor, at the City's request.

General Information

Project Construction Financing

TMCC is eligible for primary financing from Infrastructure Ontario, and other traditional lenders (e.g. Kawartha Credit Union). Should mortgage insurance be required, CMHC may consider waiving some or all of the mortgage insurance premium as an affordable housing project.

TMCC is raising funds (e.g. social capital) by offering an investment opportunity to community partners and private individuals.

About the Project Developer

The Mount Community Centre (TMCC) is a recently incorporated Not-for-profit organization which is community based, and is linked to several well established social services in Peterborough. The ten member Board of Directors consists of representatives from private business, the community, the United Way and the Peterborough County-City Public Health Unit. The corporation is a registered charity.

Tenant Selection

Prospective tenants will be selected by TMCC, in accordance to tenant selection policies developed specifically for the affordable rental units. Maximum incomes for incoming tenants will be set according to requirements of program funding. It is likely that annual incomes will be below \$24,874 (bachelor units) and \$31,116 (one bedroom units) in 2014. This is consistent with maximum incomes required under the former Affordable Housing Program, and is slightly higher than the current federally determined Low-Income Cut Off (i.e. \$20,240 for one person and \$25,196 for two people in 2013).

Support services for tenants may be offered, and will be co-ordinated among social service organizations to provide cost-effective service, and to avoid duplication of efforts.

Heritage Considerations

The current building is an architecturally significant, former convent located on ten acres, outside of the Central Area (Official Plan 'Schedule J'). In 2003 the City adopted a **Heritage Property Tax Relief Program (HPTRP)** to stimulate urban revitalization through heritage preservation. The program provides for an annual reduction in property taxes of 20% for multi-residential properties. 1545 Monaghan Road was designated under the Ontario Heritage Act on December 14, 2009 (By-law 09-158) however the property lies outside of the Central Area and is therefore not eligible under the program unless Council grants an exception.

A separate Council Report may be prepared to enable Council consideration of an exception for 1545 Monaghan Road and to determine the appropriate portion of the property, in consultation with the Peterborough Architectural Conservation Advisory Committee (PACAC).

Terms and Conditions of the City's Legal Agreement with The Mount Community Centre for 1545 Monaghan Road, Peterborough

A legal agreement which contains an accountability framework will be structured as a charge and registered on the title of the property. The municipal incentives and capital funding will be identified in this legal agreement. The following terms and conditions will apply:

- A 30 year Affordability Period – the minimum period that rents must remain at or below the prescribed rent, calculated annually using rental market reports from 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;
- 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 program guidelines;
- Consequences of Sale or Default – the steps to be followed should the property be not proceed, be sold, or should default occur; and
- Schedule of Payments for Capital Funding – the preconditions of first and subsequent payments of capital funding, based on standard milestones (confirmation of construction and take-out financing, receipt of building permit,

completion of various stages of construction, occupancy permit, and 45 day lien period), over the course of the construction.

Other Considerations

During staff discussions with representatives of TMCC, staff were requested to consider the provision of a \$1.0 million low-interest or no-interest loan repayable after 5 years, in addition to the \$1.0 million grant.

TMCC was advised that the request exceeded the direction of Council and therefore could not be considered at this time. The experience of the City providing loans to non-profit organizations has not always produced positive outcomes for the City. An interest free or low interest loan is not recommended. Instead, the recommendations of this report, including the financial incentives, show a clear municipal support for the project exceeding \$3 million over the first 20 years of development. In addition, rather than a capital grant of \$1.0 million over 5 years the recommendations advance the pace of capital funding to 3 years, with \$800,000 flowing in the first 2 years.

Should Council be inclined to consider a loan request, staff recommend that the loan be secured by the City holding a portion of the subject property's land asset that is consistent with the value of the loan. In this way if there are challenges with loan repayment, the public interest is served by retaining prime real estate of equivalent value. The Mount Community Centre has acknowledged this as an acceptable condition. TMCC has identified 3 acres of vacant land immediately adjacent to Monaghan Road. Staff would suggest that based on residential land values, a 3 acre parcel in this location would appropriately secure a loan of not more than \$600,000.

Infrastructure Ontario (IO) has advised TMCC that having the City borrow the funds from IO on behalf of the Mount would yield a preferable lending rate (approximately 0.5% less) and a less onerous approval process. TMCC has indicated a potential need to secure \$1.2 - \$1.5 million from IO through the construction process. Borrowing on behalf of the Mount effectively increases the City's non-tax supported debt outstanding by the value of any loan and diminishes the borrowing capacity of the City for municipal projects by a similar amount. Staff believe that given the City's capital infrastructure needs, the City must reserve debt capacity for City projects. To date, in a housing context, the City has only permitted Peterborough Housing Corporation as its municipally-owned housing provider to expand its portfolio and reduce the City's debt capacity. As such, staff have not put forward a recommendation in support of TMCC's request.

Summary

The proposed project at 1545 Monaghan Road will add sixty-five (65) affordable rental units to Peterborough's affordable housing stock and will meet an identified community need. Municipal incentives and capital funding are recommended, over the next three years. Designation of this project as Municipal Housing Facility is recommended.

Submitted by,

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Attachments:

Appendix A - Proposed Project Description and Details (2014)

Appendix B - General Site Plan

Appendix C - Proposed Floor Plans

Appendix A Proposed Project Description and Details (2014)

1545 Monaghan Road Peterborough, Ontario			
Owner and Developer	The Mount Community Centre (TMCC) Not-for Profit/Charitable		
Phasing	'A Wing' 47 units, 2014 'B Wing' 18 units, 2015		
Project Size	65 rental units 132,000 square feet		
Parking	Surface parking 0.75/unit		
Construction Type	Phased renovation of existing convent		
Heritage Features	Designated property, former Sister's of St. Joseph convent		
Development Schedule		Rental Details	
Zoning	Residential zoning in place, with a 'H' (holding) provision Zoning By-Law and Official Plan amendment process underway	Rental Type	41 Bachelor 21 one-bedroom 3 two bedroom
Site Plan	Application pending (early 2014)	Accessibility	3 elevators, some main floor fully accessible units
Building Permit	Pending Site Plan approval, removal of 'H', Heritage Conservation (early 2014)	Tenant Eligibility	Tenants have low incomes
Occupancy	2015	Average Rent Level 90%AMR	\$560 (bachelor) \$700 (one-bedroom) \$832 (two bedroom)

