



City of
Peterborough

To: Members of the Peterborough Regional Liaison Committee

From: Sheldon Laidman, Commissioner of Community Services

Meeting Date: March 25, 2021

Subject: Report CSSSPRLC21-001
Impact to the County of Peterborough of Governance
Alternatives to Support Affordable Housing Development

Purpose

To provide information on the impact to the County of Peterborough of the governance alternatives to support affordable housing development and the redevelopment of Peterborough Housing Corporation lands.

Recommendation

That the Peterborough Regional Liaison Committee approve the recommendation outlined in Report CSSSPRLC21-001, dated March 25, 2021, of the Commissioner of Community Services, as follows:

That the report and presentation, including Report CSSS21-003 Governance Alternatives for Affordable Housing Development, attached as Appendix A, be received for information.

Budget and Financial Implications

There are no budgetary or financial implications associated with the recommendation in this report.

One of the main directions to KPMG in their review and analysis of options to move forward with a plan for the redevelopment of Peterborough Housing Corporation's social housing lands was to ensure that there would be no negative budgetary impacts on the municipal funders. A review was undertaken by KPMG to ensure that operating costs of

Peterborough Housing Corporation (PHC) would not increase due to the option recommended. City staff wanted to ensure that while the main purpose of a new governance model would be to remove the consolidation of debt to the City, that there would not be any corresponding negative impact to the PHC budget and by extension an increase to the local municipal funding share. KPMG's analysis showed that the affordable housing projects can operate independently without subsidy and the remaining social housing unit obligations remaining at PHC would continue to be met by the established level of municipal subsidy.

Background

In 1999, the responsibility for social housing administration was devolved from the Province to 47 municipalities, designated as Consolidated Municipal Service Managers. The Social Housing Reform Act, 2000 (SHRA) was enacted to enable the devolution and provide for social housing reform. The SHRA also replaced the Peterborough Housing Authority. PHC was created through this change and is also subject to the provisions of the Ontario Business Corporations Act. City Council approved the model for delivery of social housing responsibility in 2000. The Consolidated Municipal Service Manager (CMSM) agreement between the County and City of Peterborough, states that the City of Peterborough is designated the Municipal Service Manager for Social Services, Social Housing Services, and Provincial Offences. While the CMSM works to meet the goals of affordable housing in the 10 Year Housing and Homelessness Plan across both the City and County, its true responsibility lies only with the provision of Social Housing.

As the Service Manager for Social Housing in the City and County of Peterborough, the City of Peterborough has managed the relationship with PHC as its sole shareholder. A Shareholder Direction was established in 2011 and updated in 2018. While the City is the sole shareholder, the Shareholder Direction provides for Board representation from both the City and the County. A staff member from the City of Peterborough has served as an advisor to the PHC board since the inaugural board was established in 2001.

As is outlined in Report CSSS21-003, Peterborough Housing Corporation Governance Alternatives, attached as Appendix A, City staff have been part of discussions with PHC staff and board about their plans to regenerate the housing portfolio and plan for the future. It is as a result of these discussions and the significant financial impacts associated with them, that KPMG was contracted to provide insight into options to support affordable housing and the development of PHC's lands.

This report will respond to specific concerns raised by the County of Peterborough in correspondence to City Council.

Impact on County Financial Contribution to Annual Housing Budget

As discussed in the Budget and Financial Implications section, a main aspect of the KPMG report was to ensure no negative financial impacts on PHC and by extension no impacts on the City and County as funders.

Under the Government Business Entity (GBE) model, a requirement is that it must function without municipal subsidy. The GBE would take on the existing Affordable Housing projects which already operate without subsidy within PHC's portfolio. Affordable Housing refers to the programs that began in 2003 that were designed to replace Social Housing as a program for providing housing for low-income households. These are sometimes referred to by their individual program names: The Affordable Housing Program (AHP) the Investment in Affordable Housing (IAH) and the Ontario Priorities Housing Initiative (OPHI.) The movement of these Affordable Housing projects should not impact the subsidy necessary for PHC as they are already separately budgeted for. This includes the Affordable Housing projects in the Townships of Selwyn and Havelock-Belmont-Methuen.

As each PHC property is redeveloped, it would be transferred to the GBE. Any social housing units on these properties would either need to be retained by PHC or another mechanism used to keep these units at RGI rent levels would need to be pursued such as rent supplements. The Social Housing sites that are proposed to be transferred to the GBE include a total of 281 Rent Geared to Income Units. The GBE cannot receive a municipal subsidy to operate. The existing social housing units on each PHC property are currently subsidized by the City and County and would continue to be subsidized by the City and County as before.

Social and Affordable Housing Management

The GBE model proposes to impact the day-to-day operations of PHC and PHC residents as little as possible. It is expected that property management services would be provided by PHC to the GBE properties under a contractual relationship. This model is already in place for property management of PHC's Affordable Housing properties—property management is billed back to PHC. PHC is also contracted to provide property management services for City-owned properties, and for local non-profit housing providers, such as the Mount Community Centre.

The Social Housing units remaining in PHC would continue to operate as usual. If this occurs as described there would be no impact to PHC staffing, with perhaps an increase in staffing requirements as new Affordable Housing units were brought into the system, if PHC were contracted to manage them.

Facilitating Investment of New Social and Affordable Housing in the County

The primary objective of the GBE is to implement the recommendations outlined in PHC's Capital Financing and Community Revitalization Plan. The Capital Financing and

Community Revitalization Plan identifies specific social housing properties to be redeveloped – i.e. demolished and new units built to replace them. None of PHC's six properties in the Townships of Selwyn, North Kawartha, Havelock-Belmont-Methuen and Norwood were identified for redevelopment. Planned upgrades or renovations to these County Social Housing properties would continue to be completed by PHC as part of their normal capital program.

If PHC were to implement their Capital Financing and Community Revitalization Plan under their current model, the draw on the City's debt limitation would restrict any other City capital projects requiring debt in the short term. The GBE allows for existing affordable housing debt (including the debt for projects in the County) to no longer need to be consolidated into the City's debt thus opening up the opportunity for new affordable housing development within the GBE and the redevelopment of PHC Social Housing properties within the current PHC model.

Use of Housing Reserve Fund

The Council recommendation to proceed with this change in governance of PHC allows for the use of \$550,000 in housing reserve funds. This would include \$250,000 towards the preparation of an application to the Co-Investment Fund and \$300,000 towards the setting up of the GBE. This is a City reserve that is available to be used towards housing projects and studies as required to reduce the impact on the City operating budget. The City portion of any annual surplus in the Housing Services budget is put into this reserve while the County portion of any annual surplus in the Housing Services budget is returned to the County. The use of the reserve fund ensures that this cost is not borne by the City operating budget and therefore there is no County funding contribution. There are other City-County Housing Reserve Funds held by the City which are not recommended to be impacted by this initiative.

Summary

There are no expected impacts on the County's contribution to the Housing Services budget from the initiation of the Government Business Enterprise model for Affordable Housing development approved by City Council. The GBE is projected to alleviate significant debt impacts associated with retaining PHC's mortgaged Affordable Housing properties and allow future debt associated with the much-needed regeneration of their Social Housing properties.

Submitted by,

Sheldon Laidman
Commissioner of Community Services

Contact Name:

Rebecca Morgan Quin
Housing Services Manager
Phone: 705-748-8830 Ext. 3307
Toll Free: 1-855-738-3755
E-Mail: rmorgan-quin@peterborough.ca

Attachments:

Appendix A: CSSS21-003 Governance Alternatives to Support Affordable Housing
Development