



City of  
**Peterborough**

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**To:** **Members of the General Committee**

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

**Meeting Date:** **July 19, 2021**

**Subject:** **Report CSSS 21-010  
Update and Next Steps for Establishment of a Housing  
Municipal Service corporation**

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## **Purpose**

A report to provide Council with an update on the establishment of the housing Municipal Service Corporation (also referred to as the Government Business Enterprise) and recommended next steps.

## **Recommendations**

That Council approve the recommendations outlined in Report CSSS 21-010, dated July 19, 2021 of the Commissioner of Community Services, as follows:

- a) That Council receive the Report and the Draft KPMG Business Case dated July 9, 2021,
- b) That Staff be directed to undertake appropriate public consultation as required by Ontario Regulation 599/06 to establish a Municipal Service Corporation,
- c) That Staff be directed to ensure that the Peterborough Regional Liaison Committee is consulted on the Business Case; and
- d) That Staff be directed to bring a report to Council for the October cycle for final review of the Business Case and results of the associated public consultation.

## Budget and Financial Implications

There are no direct budget or financial implications contained in this Report. The Draft Business Case (Appendix A) provides a financial analysis which is a requirement for the establishment of a Municipal Services Corporation.

## Background

At the February 22, 2021 Council meeting, Council approved Report CSSH21-003 Governance Alternatives to Support Affordable Housing Development. The purpose of this Report was to recommend an alternative structure to facilitate affordable housing development in Peterborough. The report included the following approved recommendations:

- a) That Council support the recommendation of the February 5, 2021 KPMG Report to establish a Government Business Enterprise pursuant to Ontario Regulation 599/60: Municipal Services Corporations, to be responsible for the management and construction of affordable housing,
- b) That Staff be directed to implement the recommendations of the February 5, 2021 KPMG Report using the timeline in the Report as a guide and be authorized to do such things in relation to such implementation considered appropriate by the Commissioner, Community Services Department in consultation with the Chief Administrative Officer and Treasurer,
- c) That up to \$300,000 from the Social Housing Reserve Fund be used to undertake the implementation of the recommendations of the February 5, 2021 KPMG Report,
- d) That Staff be directed to work with Peterborough Housing Corporation and Canada Mortgage and Housing Corporation representatives to determine the most effective and expeditious method to make application to the federal National Housing Co-Investment Fund for the funding of up to 1500 units of housing on Peterborough Housing Corporation lands to be completed through the newly established Government Business Enterprise,
- e) That prior to the formal submission of the application to the National Housing Co Investment Fund, Staff report back to Council on the full redevelopment plan for Peterborough Housing Corporation's lands to include a) Projected unit counts on each property, phasing of the developments, and projected unit affordability; b) Financing and partnerships; and c) Tenant relocation plan and consultation plan for tenants and the public,

- f) That up to \$250,000 from the Social Housing Reserve be used towards the preparation of documents and plans necessary to meet the eligibility and application requirements of the National Housing Co-Investment Fund program; and
- g) That any two (2) of the Mayor, Clerk, Chief Administrative Officer and Commissioner, Community Services Department be authorized to execute such documents considered appropriate by the Commissioner, Community Services Department in consultation with the Chief Administrative Officer and the Treasurer for the purposes of these recommendations in forms acceptable to the City Solicitor

The February 5, 2021 KPMG Report provided a timeline for the establishment of a Municipal Services Corporation (MSC) (also referred to in previous reports as a Government Business Enterprise) and the initial requirements under Ontario Regulation 599/06 (the Regulation). Prior to establishing an MSC, the Regulation requires municipalities to undertake the following activities:

- Develop a business case study for the proposed MSC;
- Adopt and maintain policies with respect to the transfer of assets; and
- Consult with the public concerning the establishment of the MSC.

The KPMG report “Draft Peterborough MSC Business Case - July 9, 2021 (Appendix A) is intended to meet the business case study requirement of the Regulation. The business case sets out the services to be provided by the MSC, its corporate structure, and its management and personnel structure. It provides the rationale for the establishment of the MSC, an implementation strategy, and a financial analysis.

The Regulation requires a public consultation, and the implementation strategy documents the basic consultation process to be undertaken and the key themes to be included in that consultation.

## **Next Steps**

A public consultation will be undertaken in July and August as described in the business case. A further report would be produced for the October cycle of Council with the outcome of the public consultation and the final review and approval of the business case.

Other items that continue to be worked on towards the establishment of the MSC include:

1. Incorporation of the Holdco MSC and Operating MSC as legal entities,
2. Adoption of an asset transfer policy as required under Ontario Regulation 599/06 that would establish the framework for the transfer of assets from PHC to the MSC,

specifically existing affordable housing units and properties to be developed for market and affordable units,

3. Development of appropriate governance and operating policies for the MSC's, including terms of reference for the Board of Directors of the MSC's, a shareholder's agreement and operating framework,
4. Establishment of a Master Services Contract between the MSC and Peterborough Housing Corporation (PHC) the purpose of which will be to define the roles and responsibilities of PHC with respect to the services being provided to the MSC's; and
5. Establishment of an Administrative Services Contract between the City and the MSC's for the corporate management services (i.e. President and CEO).

## Summary

Council has approved of the establishment of a MSC as an alternative structure to facilitate the construction of affordable housing in Peterborough. This Report presents a draft business case which is a requirement to establish an MSC. Prior to the adoption of the business case a public consultation is required. The business case and the public consultation are key steps in the establishment of an MSC and the City's interest to facilitate new affordable housing investment.

Submitted by,

Sheldon Laidman  
Commissioner of Community Services

**Contact Name:**

Sheldon Laidman  
Commissioner of Community Services  
Phone: 705-748-8830 Ext. 3868  
Toll Free: 1-855-738-3755  
E-Mail: slaidman@peterborough.ca

**Attachment:**

Appendix A – Draft Peterborough MSC Business Case (July 9, 2021)