



City of  
**Peterborough**

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**To: Members of the General Committee**

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

**Meeting Date: June 13, 2022**

**Subject: Affordable Housing – Habitat for Humanity Leahy’s Lane Phase 1 and 2, Report CSSS22-018**

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## **Purpose**

A report to recommend municipal incentives to support the development of affordable homes, being constructed by Habitat for Humanity Peterborough and Kawartha Region (Habitat); for Phase 1 and Phase 2 of the Leahy’s Lane Development, in Peterborough.

## **Recommendations**

That Council approve the recommendations outlined in Report CSSS22-018 dated June 13, 2022, of the Commissioner of Community Services as follows:

- a) That the Affordable Housing Community Improvement Plan program incentives outlined and approved in Report CSSS20-020 be increased by \$150,429 to refund the actual municipal costs for Habitat for Humanity Peterborough and Kawartha Region’s 33 Leahy’s Lane project (Leahy’s Lane Phase 1);
- b) That the Affordable Housing Community Improvement Plan program application be approved for the proposed 12-unit second phase of the affordable homeownership project at 21 Parkhill Road East Peterborough (Leahy’s Lane Phase 2), in accordance with Report CSSS22-018;
- c) That \$298,196 in municipal incentives for the Leahy’s Lane Phase 2 project be refunded in accordance with Report CSSS22-018; and
- d) That the Mayor and Clerk be authorized to enter into agreements for project funding with applicants and other associated agreements, on terms satisfactory to the Commissioner of Community Services and in forms acceptable to the City Solicitor.

## **Budget and Financial Implications**

The Affordable Housing Community Improvement Plan program incentives for Habitat for Humanity Peterborough and Kawartha Region’s Leahy’s Lane Phases 1 and 2 project can be accommodated within Capital Project 6-07.01. The estimated value of the Development Charge fee refund and Cash-in-lieu of Parking refund recommended are outlined in Tables 1, 2 and 3 below.

**Table 1 Previously Approved Municipal Incentives for 41 affordable housing units at Leahy’s Lane Phase 1 (Report CSSS20-020):**

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

\*based on 2020 rates

**Table 2 Increased Municipal Incentives for 41 affordable housing units at Leahy’s Lane Phase 1:**

<b>Affordable Housing Community Improvement Plan Program Incentive</b>	<b>Estimated value</b>
Additional Development Charges*	\$150,429
<b>Total Additional incentives for 41 units</b>	<b>\$150,429</b>

\*based on 2022 rates due to annual increases

### **Revised Leahy’s Lane Phase 1 Development Charges to be refunded:**

Development Charges + Cash in Lieu of Parking (Table 1)	\$ 859,744
Increased Development Charges (Table 2)	\$ 150,429
<b>Total Incentives to be refunded for Leahy’s Lane Phase 1</b>	<b>\$1,010,173</b>

**Table 3 Municipal Incentives for additional 12 affordable housing units at 21 Parkhill Road East, Leahy’s Lane Phase 2:**

<b>Affordable Housing Community Improvement Plan Program Incentive</b>	<b>Estimated value</b>
Development Charges*	\$237,827

<b>Affordable Housing Community Improvement Plan Program Incentive</b>	<b>Estimated value</b>
Cash in lieu of Parking (for 9 spots/stalls)*	\$60,369
<b>Total incentives for additional 12 units</b>	<b>\$298,196</b>

\*based on 2022 rates

## **Background**

The City has supported Habitat projects since 2010, in a variety of forms including relief from Development Charges, land made available at low or no cost, and Homeownership Assistance Loans provided directly to Habitat home purchasers.

Habitat for Humanity Peterborough and Kawartha Region (Habitat) 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.

Given the increases in house prices, homeownership for many low- and moderate-income households is largely out of reach, except for through Habitat for Humanity. Providing Homeownership Assistance Loans on their own has been shown to be ineffective in an extremely competitive market.

### **Leahy’s Lane Phase 1 - 33 Leahy’s Lane**

An application for Affordable Housing Community Improvement Plan (CIP) program incentives was received from Habitat for Humanity Peterborough and Kawartha Region. Construction started in August of 2020 and the project was occupied in April 2022. In 2020, Development Charges and Cash in Lieu of Parking fees of \$859,744.00 were calculated based on 2020 rates, and a full refund of those fees was recommended and approved based on Report CSSS20-020.

As members in good standing of the Peterborough & Kawartha Home Builder’s Association, Habitat was permitted to defer payment of the Development Charges until their development (Phase 1) achieved Occupancy. This deferment can be a beneficial opportunity for developers, however, it also poses the risk of additional development charges being applied annually, should construction span multiple years.

Now that Phase 1 is complete and having achieved occupancy, Habitat has been invoiced the associated Municipal fees for this phase of the construction. Since payment of the fees was deferred from the time that the fees were calculated, there are additional charges that are required to be paid. These annual development fee increases are

outlined in Table 2 above; increasing the requested incentive refund from \$859,744 to a revised total for Phase 1 of \$1,010,173.

### **Partner Families**

Habitat has begun accepting applications for households interested in becoming “partner families” who will live in the new Phase 2 build. The planned mix of household types includes 1 single-bedroom unit and 11 two-bedroom units. The income limits for partner families is between \$30,000 and \$82,000.

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). This new build, like Phase 1, will utilize materials and construction approaches that will result in lower energy costs to cool and heat each home/unit.

### **Municipal Incentive Program and the 10-year 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 12-unit project, in addition to the previous 41-unit project, will 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 the full amount of Development Charges and Cash-in-lieu of Parking fees, for Phase 1 and 2, are fully refunded as incentives, as outlined in the Tables above.

The Development Charge fee refund for Phase 2 is calculated at \$237,827.00, based on 2022 rates for the 12-unit project. As an affordable housing project, developed by a non-profit agency, municipal incentives are recommended for the Development Charge fees.

The approved Site Plan Application reflects 12 parking spots associated with Phase 2. Zoning requirements include a minimum of 21 parking spaces for the 12-unit project. The recommended cash-in-lieu of parking fee refund of \$60,368.31 is for 9 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 continued scale and ownership model for this project, staff have prepared this report as background and are requesting

approval of the recommended incentives including the increased charges for Phase 1 and as calculated for Phase 2.

### **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. 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**

Phase 1 of the Leahy's Lane project is now home for 41 partner family homeowners. Phase 2 will provide an additional 12 more homes. This project is an innovative model supported by Habitat for Humanity Canada, the Federal government, and the Peterborough community, including local businesses, organizations, individuals and Habitat Partner Families. Approval of the 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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