



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner, Community Services

Meeting Date: June 13, 2022

Subject: Peterborough Housing Corporation Capital Plan Update,
Report CSSS22-002

Purpose

A report to provide an update on the Regeneration Plan for Peterborough Housing Corporation (PHC).

Recommendations

That Council approve the recommendations outlined in report CSSS22-002, dated June 13, 2022 of the Commissioner of Community Services as follows:

- a) That the report be received for information; and
- b) That up to \$300,000 be approved to be drawn from the DOOR Reserve to cover the cost of demolition at 681 Monaghan Road.

Budget and Financial Implications

\$250,000 from the Social Housing Reserve was approved to be used towards the preparation of documents and plans necessary to meet the eligibility and application requirements of the National Housing Co-Investment Fund through Report CSSS21-003.

Demolition costs, along with all other construction costs continue to escalate. Approval for up to \$300,000 in reserve funding to begin demolition at 681 Monaghan Road will

reduce risk of future cost increases as well as position the property to take advantage of any new funding for shovel-ready projects. The Delivering Opportunities for Ontario Renters (DOOR) reserve has a balance of \$361,310.24, Council and approval of recommendation b) will leave a balance of \$61,310.24 in the DOOR reserve.

Background

At the February 21, 2021 Council meeting, Council approved report CSSS21-003, Governance Alternatives to Support Affordable Housing Development. The report included the following approved recommendation:

- 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
 - i. Projected unit counts on each property, phasing of the developments, and projected unit affordability;
 - ii. Financing and partnerships; and
 - iii. Tenant relocation plan and consultation plan for tenants and the public.

This report is an interim update on the status of this plan.

Project Development

An Advisory Committee was convened that is comprised of members of PHC staff and City staff, while SHS Consulting and Lett Architects were contracted to develop the PHC Capital Plan. SHS Consulting, who also worked on PHC's 2016 Capital Financing and Community Revitalization Plan, has extensive experience in both Social Housing and new affordable housing development. Lett Architects are a Consulting Team of Record for the City of Peterborough. Lett Architects understands the City's design process well and has familiarity with local municipal planning processes. The two firms are collaborating to prepare the Capital Plan.

The first step in preparing the Capital Plan was to review the 2016 documentation and determine how the projects would be prioritized. The 2016 documentation included a review of all PHC properties and their suitability to being redeveloped. A prioritization matrix was created that included the proposed sites from 2016 and also new site considerations including City owned property that has been slated to support affordable housing development, such as 681 Monaghan Road. The sites were reviewed for their proximity to amenities, schools, transit, and other services, with this information being coupled with the floor size, built form and types of units most needed and in demand.

Next, a series of facilitated charettes were organized to get input from City Planning, Transportation, Infrastructure Planning and Engineering Departments. Extensive feedback was provided that identified opportunities and constraints related to site

servicing capacity, road infrastructure, traffic, parking and transportation impacts, environmental assessment protocols and potential neighbourhood concerns.

As a result of these charettes the sites were re-evaluated by the consulting team and the prioritization matrix was used to update the Capital Plan. The plan will be to focus on the sites that offer the greatest potential for increasing housing capacity coupled with those that have the lowest technical complexity and most expedient timelines to develop. This will be considered as Phase 1 of the Capital Plan. Future Phases to include the medium complexity and higher complexity sites will form part of the larger overall redevelopment plan.

Seed Funding for Feasibility Study

SHS assisted the City and PHC staff to submit applications for CMHC SEED Funding to support Feasibility Studies for the three projects included in Phase 1 of the PHC Capital Plan. The Feasibility Studies will explore options to maximize capital contributions from the CMHC Co-Investment Fund, while balancing construction expenses and creating a mix of rents that will ensure the long-term financial sustainability of the projects. The Co-Investment Fund awards a higher ratio of contribution to financing for projects that can exceed energy efficiency, accessibility, and affordability standards. Exceeding these standards can increase the costs to build, so the project must be planned carefully to balance the possibility of upfront capital against the likelihood for higher building and carrying costs.

The Feasibility Studies will also look at other potential funding opportunities that could help to reduce the required municipal contribution. To be successful in securing CMHC Co-Investment Fund support, applicants must be able to contribute upfront capital, as well as taking on debt. Applicants are also encouraged to seek out capital contributions from other levels of government and non-profits.

In addition, the SEED funding will support the preparation of documentation and the various studies and reports required to make full application for the CMHC Co-Investment Fund.

The PHC Capital Plan and the Municipal Services Corporation

The PHC Capital Plan is addressing one piece of a larger initiative to enable the development of new affordable housing by leveraging PHC-owned assets, as outlined in report CSSS21-003 Governance Alternatives to Support Affordable Housing Development.

At the same time, staff are moving forward with the establishment of a Municipal Services Corporation which will undertake the work and assume the debt related to the PHC Capital Plan. While the Co-Investment Fund provides some capital funding, the bulk of the federal investment is in the form of low-cost financing. The Municipal Services Corporation is the mechanism by which the City can implement this plan without further impacting the municipal debt load.

PHC's Capital Financing and Community Revitalization Plan

The PHC Capital Plan is the latest iteration of a plan that was initiated by PHC in 2016. SHS Consulting led an interdisciplinary team to create a Capital Financing and Community Revitalization Plan for PHC's Social Housing properties. The goals for the Capital Financing and Community Revitalization Plan were to develop a portfolio-wide plan that promoted strategic asset management and identified more detailed options for high impact sites. The PHC Capital Plan is building on the recommendations in the Capital Financing and Community Revitalization Plan through the next stages of due diligence through to implementation. The PHC Board has reviewed the goals and objectives of the Plan, the limitations of each site, the projected unit yields of each site, the mixture of units on each site, and the draft pro formas to understand the potential costs to fund. The PHC Board will be continuing to review more detailed plans as they are developed.

Unit Yields

While preliminary massing studies have been prepared, further site information, including neighbourhood impacts, resident impacts, geotechnical studies, stormwater management and sewer impacts need to be prepared before an accurate unit count can be provided.

Unit Rents

The City of Peterborough, as Service Manager for the City and County, is responsible to provide 1,569 units of Rent Geared to Income (RGI) assistance. 75 existing RGI units are proposed to be included in Phase I of the PHC Capital Plan. These units are part of the City's Service Level Standard. That means that they must be replaced by an equal number of units of RGI assistance.

The remaining units in the PHC Capital Plan will be a mix of below-market rent units (often referred to as Affordable) and market rent units. It is important to create a mix of units both to ensure financial sustainability of each project but also to achieve a mixed income community.

Project Management Staff Capacity

Report CSSS21-003, dated February 16, 2021 noted the need to assess the current capacity for project management in support of affordable housing development and social housing redevelopment. Staff have identified an urgent need for a Project Manager for Housing Services Capital Projects to oversee the continued implementation of the Capital Housing Redevelopment Plan which is expected to be undertaken over many years. The cost to fund this new staff position will be offset within the Capital Project costs of each project.

681 Monaghan Road

The City purchased this property through Report IPSRE20-011 dated November 2, 2020. The property was purchased with the intent that it be developed for affordable housing. The property currently includes a former one level school. This property is being considered as part of the overall Redevelopment Plan as it does not currently

include any tenants so it will allow for the initiation of the overall Plan by potentially housing tenants from other sites while those sites get redeveloped. Staff expect that this will be the first property applied for to be redeveloped. In order to ensure that the property can most easily be developed, reduce the existing liability of a vacant building, and be ready for senior government funding programs that often get announced with tight development timeframes, staff are recommending that it be demolished. The DOOR reserve has sufficient funds to facilitate the building's demolition.

Next Steps

Staff will continue to develop the Capital Housing Plan and work towards preparing applications to the CMHC Co-Investment Fund along with exploration of different development models: private-public partnerships, third party private sector development and direct development.

Prior to submitting a full application to the CMHC for the Co-Investment fund staff will provide a report to inform Council on the full redevelopment plan for Peterborough Housing Corporation's lands to include projected unit counts on each property, phasing of the developments, and projected unit affordability, financing, and partnerships; and a tenant relocation plan and consultation plan for tenants and the public to complete the requirement of recommendation e) of Report CSSS21-003 approved by Council February 21, 2021.

Summary

The need for additional affordable and supportive housing continues and staff will continue to develop the Capital Housing Plan along with the PHC Board and work towards implementing a phased redevelopment over the next several years.

Submitted by,

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