



City of  
**Peterborough**

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**To:** Members of the General Committee

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

**Meeting Date:** July 4, 2022

**Subject:** Renewal of Operating Agreement for Peterborough Kinsman Club Enterprises Limited, o/a Kinsmen Garden Court, Report CSSS22-021

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## **Purpose**

A report to recommend renewing the operating agreement for Peterborough Kinsman Club Enterprises Limited, o/a Kinsmen Garden Court (Kinsmen Garden Court) until July 31, 2027 to support ongoing strategic planning for community housing.

## **Recommendations**

That Council approve the recommendations outlined in Report CSSS22-021, dated July 4, 2022, of the Commissioner of Community Services as follows:

- a) That the Operating Agreement, signed in 2020, which expires on July 30, 2022 be renewed a further five years to July 30, 2027;
- b) That the tax subsidy provided to Peterborough Kinsman Club Enterprises Limited, o/a Kinsmen Garden Court, be continued to July 30, 2027, pending the completion of the Strategic Plan for Community Housing; and,
- c) That the Mayor and Clerk be authorized to execute the renewed Operating Agreement as described in this report from August 1, 2022 to July 30, 2027 on terms satisfactory to the Commissioner of Community Services and in forms acceptable to the City Solicitor.

## **Budget and Financial Implications**

The municipal tax subsidy of \$103,356 provided annually to Kinsmen Garden Court is included in the 2022 Housing budget. This budget is cost-shared with the County in accordance with the Consolidated Municipal Service Manager Agreement.

## **Background**

### **Kinsmen Garden Court**

Kinsmen Garden Court provides 66 bachelor and one-bedroom apartments for seniors. The buildings are single storey attached units with level entry on a 5.5 acre lot. It was developed starting in 1961 through substantial upfront capital contributions from the federal government, and the provision of land by the City of Peterborough. The City continues to have a reversionary interest in the property. About 80 low-income seniors live in Kinsmen Garden Court.

Unlike other projects in the City's Community Housing portfolio, Kinsmen Garden Court does not receive any operating subsidy other than a property tax rebate. In comparison with another project of a similar size that was funded under a different formula, Kinsmen Garden Court is able to offer Rent Geared-to-Income (RGI)-equivalent rents at about one quarter to one-fifth the required subsidy. With the tax subsidy alone, the project is sustainable on low rents.

Rents at Kinsmen Garden Court are "Low End of Market" - 60-70% of Average Market Rent. For a senior on Old Age Security and Canada Pension Plan, rents at Kinsmen Garden Court are at or below 30% of their income, which is equivalent to RGI.

Kinsman Club Enterprises appoints the members of the board that oversees the administration of Kinsmen Garden Court. The board and staff have managed the operation carefully for over 60 years, providing well-maintained and well-run homes.

### **Previous agreement**

In 2016, through report PLHD16-001, Council authorized staff to negotiate the specific terms of an agreement with Kinsman Club Enterprises, the owners of Kinsmen Garden Court. This agreement continued the provision of municipal tax incentives. In return, Kinsmen Garden Court agreed to start taking applicants from the Housing Access Peterborough waiting list. The agreement includes a provision for a 5-year renewal, starting in 2022.

### **Strategic Plan for Community Housing**

Significant background research has been performed to help staff understand the implications of the expiry of operating agreements, mortgages and debentures. However, until recently, the Ministry of Municipal Affairs and Housing hadn't provided clear guidance on the future obligations of Community Housing Providers after expiry.

The Housing Services Act, which replaced the original Operating Agreements under which the projects were funded, was silent on whether Community Housing Providers were obligated to remain in an agreement with Service Managers, and whether Service Managers were obligated to continue to fund them under the formulas specified in the regulation.

Recently, the Province has provided direction through updated regulations under the Housing Services Act. These regulations require Service Managers to either negotiate new Service Agreements or negotiate Exit Agreements with Community Housing Providers. Service Managers can negotiate more flexible funding approaches, incentivize housing providers to stay in the system once their current obligations expire and allow new housing providers to enter the system.

With this new flexibility, the Housing Services Act (the Act) is moving towards an outcomes-based approach for Community Housing. Where the Act has been prescriptive, through the new Service Agreement Framework, Service Managers will be able to establish new Service Agreements on terms negotiated with willing Community Housing Providers. While the details of how projects will be funded, whether mergers acquisitions or other corporate shifts are recommended, or how Service Levels will be maintained are not yet determined, the need for truly affordable housing continues and the need for the City to support this project to continue in the Community Housing system remains.

For this reason, it is recommended that the Strategic Plan for Community Housing be founded on the principle of retaining as many Community Housing units as possible, while seeking flexibilities that would enable these important assets to be leveraged to help meet the targets in the 10-year Housing and Homelessness Plan.

Extending the Service Agreement for Kinsmen Garden Court will allow this project to be part of the strategic planning process. If the City does not intend to extend the agreement, staff would be required to establish an Exit Agreement for Kinsmen Garden Court.

A Request for Quotes (RFQ) was prepared in 2021 to seek a consultant to create a Strategic Plan for Community Housing. Staff are in the process of updating the RFQ to reflect the updated regulatory framework. The Strategic Plan is anticipated to be completed by the end of the year.

Submitted by,

Sheldon Laidman  
Commissioner of Community Services

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