



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner, Community Services

Meeting Date: January 23, 2023

Subject: Affordable Housing at 268 Denne Crescent, Report CSSS23-001

Purpose

A report to recommend the funding of the acquisition of 268 Denne Crescent for the purposes of retaining affordable housing.

Recommendations

That Council approve the recommendations outlined in Report CSSS23-001, dated January 23, 2023 of the Commissioner of Community Services as follows:

- a) That \$390,000 from the Social Services General Reserve be provided to the Municipal Housing Services Corporation towards the purchase of 268 Denne Crescent from Peterborough Housing Corporation; and
- b) That the Mayor and Clerk be authorized to execute agreements with the Municipal Housing Services Corporation in forms acceptable to the City Solicitor and the Commissioner of Community Services.

Budget and Financial Implications

Up to \$8,000,000 in additional financing was approved for Peterborough Housing Corporation through report CSSS22-017. The financing has been provided until such time as Peterborough Housing Corporation or the Peterborough Housing Municipal Services Corporation secures long-term financing for 555 Bonaccord Street (McRae Project). The funding is being provided from the following sources:

- a) \$1,000,000 additional Ontario Infrastructure and Lands Corporation loan;
- b) \$5,000,000 Social Services General Reserve;
- c) \$1,000,000 City Housing Reserve and \$1,000,000 Incentives of Affordable Housing Capital Project Ref# 6-07.01.

The acquisition of 268 Denne Crescent would be funded directly from the Social Services General Reserve. This will reduce the amount to be taken from the Social Services Reserve as temporary construction financing for the McRae Project from \$5,000,000 to \$4,610,000.

Background

PHC New Disposition Policy

Council provided approval through Report PLHD14-046 to dispose of PHC assets to support future affordable housing development. To date, Peterborough Housing Corporation (PHC) has disposed of over half of their 51 single-family homes on Denne Crescent, Collison Avenue and Collison Crescent. Between January and June 2021, these properties sold for between \$360,000 and \$373,000. More recent sales have been in the range of \$400,000-\$450,000. The total contribution to the development of the affordable housing project at 553-555 Bonaccord to date is \$6,829,005.

The rationale in 2014 for selling single-family homes that provided Rent Geared to Income rents was that scattered housing is less efficient and more expensive to operate than multi-residential properties. With the prospect of constructing new multi-residential units on Bonaccord Street to replace and add to the single-family units being disposed of, the proposal made good sense.

In 2022, market conditions and available resources are very different. The vacancy rate is at 1%, the number of people experiencing chronic homelessness is increasing, and more people are applying to the Centralized Waiting List for Rent Geared to Income Housing year over year. Construction costs are increasing at an unprecedented rate to be able to build new affordable housing and interest rates are rising. At the same time, federal-provincial contributions for new rental housing development are decreasing. In this environment, losing any form of affordable housing – even to fund the construction of more - is harder to justify.

In response to these changes, and in consultation with the Housing Services Manager, PHC developed a new Disposition Policy that works to balance the priority of generating revenues from the sales of properties with the equally urgent priority of preserving affordable housing assets.

The new Disposition Policy states that before a surplus property is offered on the open market, that the City will have first right of refusal, next, it would be offered to non-profit

or housing organizations for affordable housing, and finally, for sale to PHC tenants. This policy prioritizes keeping the units as affordable rental stock. It will result in lower revenues generated for the 553-555 Bonaccord Street project, but more affordable housing units will remain available for low-income households.

Purchase by the Municipal Housing Services Corporation

The Municipal Housing Services Corporation (MHSC) was formally incorporated in October, 2022; however, the Corporation will not be fully functional until the new Board members are named by City Council. Once fully established and at the approval of the Board, this property will be purchased by the Municipal Services Corporation using the funding identified in this report from the City. This will allow the property to be included in the MHSC's equity, which can be leveraged to build new affordable housing.

268 Denne Crescent

268 Denne Crescent is a 3-bedroom semi-detached house. The unit is vacant as of July 15, 2022. The appraised value for the property is \$390,000.

Eligible tenants and tenant selection

While this property has been rented out as a single-family home, City staff will explore partnerships with support agencies who could support up to three compatible individuals experiencing homelessness in a congregate setting. This would allow a single property to help up to three people, as opposed to trying to secure three individual units with much higher rents. Units for single individuals are in high demand in the market as the vacancy rate for one-bedroom units is 0.7%. They also represent the highest ratio of income to rent, versus shared accommodations or congregate living. This represents a new approach to housing more individuals with the same housing stock but is an approach city staff feel is necessary to pilot to see if it can be replicated and successful.

Tenants will be selected through the established Coordinated Access System and By Name Priority List. In keeping with best practice for congregate settings, individuals with low to mid level acuity levels will be selected.

Rent and Income Levels

Each individual at 268 Denne Crescent will be charged their Maximum Shelter Allowance for Ontario Works or Ontario Disability Support Program. This approach could potentially increase the revenue generated from this property while maintaining the rents at truly affordable levels without the need for rent supplements.

Submitted by,

Sheldon Laidman

Commissioner of Community Services

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