



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner, Community Services

Meeting Date: February 13, 2023

Subject: Peterborough Housing Corporation (PHC) Capital Financing and Community Revitalization Plan Update, Report CSSS23-003

Purpose

A report to provide an update on the Peterborough Housing Corporation (PHC) Capital Financing and Community Revitalization Plan and to recommend that an application for a funding opportunity for 681 Monaghan Road be submitted.

Recommendations

That Council approve the recommendations outlined in Report CSSS23-003, dated February 13, 2023 of the Commissioner of Community Services as follows:

- a) That a presentation of an update to the Peterborough Housing Corporation 2016 Capital Financing and Community Revitalization Plan (CFCR Plan) by SHS Consulting be received;
- b) That an application be submitted to the Canada Mortgage and Housing Corporation for the Rapid Housing Initiative round three, which will fund up to 100% of eligible project costs for building up to fifty-three (53) units of affordable housing on the municipally owned property at 681 Monaghan Road;
- c) That a by-law be passed authorizing the Mayor and Clerk to sign contribution agreements with Canada Mortgage and Housing Corporation and any documents required to support the application in terms acceptable to the Commissioner of Community Services and in a form acceptable to the City Solicitor;

- d) That the Mayor and Clerk be authorized to execute all documents to secure funding from the Ministry of Municipal Affairs and Housing in forms acceptable to the City Solicitor and Commissioner of Community Services;
- e) That the City or Peterborough Housing Municipal Services Corporation enter into an agreement with the Peterborough Housing Corporation (PHC) to provide property management services to 681 Monaghan Road post construction;
- f) That up to \$853,810.00 in Federal-Provincial funding be provided under the Ontario Priorities Housing Initiatives (OPHI) for fifty-three (53) units of affordable rental housing at 681 Monaghan Road, Peterborough;
- g) That Staff continue the work to develop and implement the development of the properties outlined in the updated Capital Financing and Community Revitalization Plan (CFCRP) to include a tenant relocation plan and consultation plan for tenants and the public;
- h) That the City will temporarily provide up to \$850,000 from the Social Services reserve to allow the project to continue design to shovel ready status prior to funding from the RHI becoming available with the expectation that the RHI funding reimburse the Social Services reserve;
- i) That Staff be allowed to develop the necessary partnerships with local groups/stakeholders as identified by the Canada Mortgage and Housing Corporation for eligibility for the Rapid Housing Funding round three; and
- j) That staff continue to work with PHC to move the Phase One redevelopment projects to be ready for senior government funding opportunities.

Budget and Financial Implications

The municipal contribution towards the application would be the value of the land which was purchased using funding from senior levels of government, the demolition costs of 681 Monaghan Road that was previously approved by Council through report CSSS21-002 dated June 13, 2022, \$1,560,000 from the dividend allocation as recommended in report CLSFS23-019 dated February 13, 2023 and up to \$853,810.00 in Federal-Provincial funding under the Ontario Priorities Housing Initiatives (OPHI). The City receives an allocation under the OPHI program from the Ministry of Municipal Affairs and Housing and is recommending that it be allocated towards this project as part of the City's contribution.

The City will temporarily provide up to \$850,000 from the Social Services reserve to allow the project to continue design to shovel ready status prior to funding from the RHI becoming available. There is currently \$1,900,000 in the Social Services Reserve. The

temporary assignment of funding to support development of 681, Monaghan Road would leave a balance of \$1.05,000 in available funds in 2023.

If the project is not successful in receiving the RHI funding, in order to have a sustainable project that can be properly financed, it would require an approximately \$7,000,000 equity contribution by the City.

Background

Council has approved a series of reports for the development of affordable housing. Council approved Report CSSS21-003 Governance Alternatives to Support Affordable Housing Development dated Feb 21, 2021 and CSSS22-002 Peterborough Housing Corporation (PHC) Capital Plan Update dated June 13, 2022. Both Reports included interim updates on progress being made on the affordable housing portfolio and governance changes in order to allow affordable housing construction to proceed in the future.

A working group consisting of City staff, PHC staff, SHS Consulting and Lett Architect Inc have continued to review and update the PHC's 2016 Capital Financing and Community Revitalization Plan (CFCR Plan). This update is now concluded, and the findings and next steps are provided by SHS Consulting through their presentation and contained within this report.

Funding Opportunity

The Canada Mortgage and Housing Corporation (CMHC) Rapid Housing Initiative (RHI) round three funding opportunity opened on December 12, 2022 and has an application deadline of March 15, 2023.

The RHI is being delivered in two streams: an allocation total of \$500 million through the Cities Stream to 41 pre-determined municipalities (e.g. Toronto, Vancouver, Calgary, etc.) and \$1 billion through the Projects Stream, for which eligible provinces/territories, municipalities, Indigenous governing bodies and non-profits can apply. The City of Peterborough is eligible under the Projects Stream.

Projects funded under RHI can receive up to 100% project funding with priority being given to those projects that have contributions from other sources. The contribution value is weighted in a point allocation system based on a percentage of the total project budget. The application process is highly competitive and previously in rounds 1 and 2 of this funding opportunity the City has not been successful. The City of Peterborough's contribution to this project will be the land and the demolition costs for the existing building at 681 Monaghan Road, up to \$853,810.00 in Federal-Provincial funding under the Ontario Priorities Housing Initiatives (OPHI), and \$1,560,000 from the dividend allocation as recommended in CLSFS23-019 dated February 13, 2023.

SHS Consulting will assist with the RHI round three funding application. This work is being completed under their original contract for services.

Program Priorities and Eligibility

The key program objective of RHI is to respond quickly to the housing crisis and prioritizes projects that will provide housing for people in extreme housing need, experiencing or at risk of homelessness. Women and/or women and their children, Indigenous Peoples, and Black Canadians are the priority populations identified by the CMHC for enhanced eligibility for the RHI round three.

As with previous rounds the RHI has extremely tight timelines. Applications must be received by March 15, 2023 and occupancy must be achieved one year from the signing of an agreement with CMHC which is anticipated in July 2023 for successful applicants. Therefore, occupancy must be achieved by July 2024. Projects that can demonstrate that they will achieve these timelines will be prioritized for funding. RHI is limited to funding for capital costs as operating costs for rent subsidies or support services are not included.

681 Monaghan Road

The City of Peterborough acquired 681 Monaghan Road from the Community Training and Development Corporation on November 20, 2020 for the purpose of developing affordable housing. Through Report CSSS22-002 Council approved the demolition of 681 Monaghan Road, demolition work is now complete, and the site is ready for the next stage of development.

Municipal Approvals

681 Monaghan Road is currently zoned PS.2. This zoning does not include housing development. The City, through its Comprehensive Zoning By-law, 1997-123 intends to use the provision of Section 6.1, that states “None of the provisions of this by-law shall apply to prevent the use of any land or the erection, alteration or use of any building or part thereof for the lawful purposes of The Corporation of The City of Peterborough or The Peterborough Utilities Commission”. This flexibility has been applied in the past to the projects developed by Peterborough Housing Corporation (e.g. PLPD14-046) for the purpose of affordable housing.

With the use of Section 6.1 of the zoning by-law the project can proceed to pursue Site Plan Approval. The project will be subject to the full requirements of Municipal standards through the process of Site Plan Approval.

The City’s new Official Plan, adopted by Council in November 2021, supports mid rise buildings along arterial streets in residentially designated areas. The proposed building conforms with this policy direction.

Project Status of 681 Monaghan

City staff contracted Lett Architect Inc; the City's Consulting Firm of Record under RFP P-19-16 as the Prime Consultant on the project for pre-design work required to develop the project. They have a breadth of experience of multi-residential projects and were also instrumental in delivering the Brock Mission Shelter project within budget for the City. City staff have also issued an RFP for Construction Management Services to be in the best possible position to advance the project should the RHI funding application be successful.

Project Budget for 681 Monaghan Road

As part of the project feasibility and site evaluation process, a construction cost has been completed. The budget includes construction costs based on a standard-level of finish for the building and allows for the CMHC funding requirements of enhanced standards for accessibility and energy efficiency. It also assumes inflationary cost escalation to Q2 of 2023.

The project budget for 681 Monaghan Road is outlined in **Table 1** below:

Table 1 – Affordable Housing estimated project costs at 681 Monaghan Road

Description		Amount
Construction Cost per Class D Cost Report August 2022	Building (42,350 sq ft)	\$14,788,461
	Site Work	\$840,000
	Escalation	\$953,336
	Construction Contingency	\$1,478,846
	Estimated Construction Costs	\$18,060,643
Consulting Fees	Pre-Design	\$392,660
	Design Development, Contract Drawings & Specification	\$981,650
	Project Tender and Construction Administration	\$588,990
	Disbursements	\$65,000
	Estimated Consulting Fee Costs	\$2,028,300
Project Soft Costs	Permits/Bonding/Geotech/Legal/Survey	\$1,664,000
	Land Cost	\$750,000
	Furniture, Fixtures and Equipment	\$128,500
	Miscellaneous	\$50,000
	Project Contingency	\$259,250
	Estimated Project Soft Costs	\$2,851,750
Sub-Total		\$22,940,693
Net HST		\$403,756
Project Total Estimated Costs		\$23,344,449

If the funding application is not successful staff will return to Council with a follow up report on the alternate next steps for funding. Throughout 2022 the working group has explored a variety of financing options for this project based on the estimated project budget. Each pro forma option has highlighted a significant funding gap to realize the project. If this grant is not successful, there is currently a funding gap of \$7 Million as affordable rental rates do not generate enough income to ensure the sustainability of this project, even with a substantial number of market units included in the unit mix. In other words, if the City is not successful in obtaining this grant, an equity contribution of approximately \$7 Million will be required from the City (or another funding source) for this project to be constructed and operationally viable.

Project Engagement and Consultation for 681, Monaghan Road

A public engagement process began on January 17, 2023 through the City's public engagement platform, Connect Peterborough, at connectptbo.ca/affordable-housing-project. City media releases provided information on the project and how people could ask questions and share their comments. Local media coverage included stories on television news, in newspapers, and on radio as well as online coverage. In addition, a mail notification was hand delivered to residents within a 120-metre radius of the proposed site and several large format signs were placed at the location of 681 Monaghan Road advising of the project and how to access further information.

An in person public information session was held on February 7, 2023 at the Healthy Planet Arena banquet hall. Preliminary design concepts including a site plan and perspective drawings were on display and City staff and the Consulting team were available to respond to questions.

Capital Financing and Community Revitalization Plan (CFCR Plan)

In 2016 PHC developed the CFCR Plan as a guiding document for the PHC property portfolio. SHS Consulting and Lett Architect Inc as contracted in 2021 have continued the work to review and update that plan. The original plan classified the PHC portfolio into four asset classes with the majority to be retained and regenerated. The plan identified five sites for redevelopment and several buildings for disposition to support the associated capital plan.

Three properties have been developed since 2016:

17 Smith Drive, Havelock: 24 units (including 12 affordable units)

553 Bonaccord Street, Peterborough: 34 units (including 33 affordable units)

555 Bonaccord Street, Peterborough: 85 units (proposing 45 units to be affordable)

To financially contribute to these developments, PHC has disposed of 36 properties on Denne Crescent, Collison Crescent and Cameron Street with total proceeds to date of

approximately \$10.4 million in line with the 2016 CFCR Plan that has partially offset the costs of the Bonnacord projects.

As was always the plan when Council approved the governance changes for affordable housing development, it is recommended that an agreement be developed with PHC for the ongoing management of the units and tenants after completion of 681 Monaghan Road.

Redevelopment Opportunities

The working group has continued to focus primarily on the redevelopment aspect of the 2016 CFCR Plan to maximize on the opportunity to greatly increase the unit yield per property and within the overall portfolio. The updated prioritization matrix includes the proposed sites from 2016 and also new site considerations of PHC properties and includes the City owned property at 681 Monaghan Road that has been slated to support affordable housing development.

Previously five properties with a total existing unit count of 191 were identified for redevelopment. In 2016 a potential yield of 644 units across all five properties was projected which provided an opportunity for 453 net new units.

Through facilitated charettes with City Planning, Transportation, Infrastructure Planning and Engineering Departments extensive feedback identified opportunities and constraints related to site servicing capacity, road infrastructure, traffic, parking and transportation impacts, zoning, the City's official plan, environmental assessment protocols and potential neighbourhood concerns. The sites were also 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.

As a result of these charettes the sites have been prioritized into three categories to form part of the larger overall redevelopment plan:

- Phase 1 - lowest complexity and most expedient timelines to develop;
- Phase 2 - medium complexity sites; and
- Phase 3 - higher complexity sites

The updated 2022 plan now identifies 7 properties for redevelopment with a potential total unit count of 1,105 across all 7 properties for a potential yield of 824 net new units. This updated plan provides the opportunity to increase the net gain of new units by an additional 371 beyond the 2016 plan. The updates to the City's Official Plan have been instrumental in allowing the working group to reassess the unit yield opportunities per property.

Project Engagement and Consultation Plans for PHC Redevelopment Projects

Staff contracted Arising Collective to assist in the development of a robust communications strategy. The plan identifies several key objectives and timelines for current PHC tenants and staff, neighbours and the community. The importance of communication, engagement and consultation are paramount to the successful delivery of the overall CFCR Plan, and the following guiding principles will be the core of the communication framework; Respect, Transparency, Engagement and Appropriate communication materials and delivery methods.

This plan will be coupled with the tenant relocation plan which is currently in development. It is important to recognize that the development of the next two PHC projects will take 18-months to two years to plan for funding and approvals and there is no immediate cause for concern for current PHC tenants.

Next Steps

If the recommendations are approved by Council, staff would prepare the materials and application requirements for the application to meet the March 15, 2023 deadline. This would include project costing and operating pro forma to ensure the projects costs are fully borne by the federal program funding. Staff will also be pursuing funding opportunities for ongoing tenant support services for the units established on the site.

To meet the funding timelines and schedules, staff work would continue to develop the project at 681 Monaghan Road with an application for Site Plan Approval and continued design development and construction documentation for a Building Permit. City staff are confident that the project schedules can be realized with the support of Council.

Staff will also begin the process of consultation on the two properties identified as Phase 1 within the updated CFCP Plan.

Summary

The need for additional affordable and supportive housing continues. A successful application for the RHI funding at 681 Monaghan Road would enable the City to rapidly create safe, affordable housing for up to 53 households on this municipally owned property. Staff will continue to develop the opportunities identified in the updated CFCR Plan along with the PHC Staff and work towards implementing a phased redevelopment over the next several years.

Submitted by,

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