



City of  
**Peterborough**

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**To:** Members of the General Committee

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

**Meeting Date:** May 13, 2024

**Report:** Affordable Housing CIP– 21 Leahy’s Lane Phase 2 Municipal Incentives Update, Report CSSS24-009

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## **Subject**

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

## **Recommendations**

That Council approve the recommendations outlined in Report CSSS24-009 dated May 13, 2024, of the Commissioner of Community Services as follows:

- a) That the Affordable Housing Community Improvement Plan program incentives outlined and approved in Report CSSS22-018 be increased by \$53,795.00 to refund the actual municipal costs for Phase 2 of Habitat for Humanity Peterborough and Kawartha Region’s 21 Leahy’s Lane project; and
- b) 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.

## **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 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 2 - 21 Leahy’s Lane**

An application for Affordable Housing Community Improvement Plan (CIP) program incentives was received from Habitat for Humanity Peterborough and Kawartha Region. Phase I construction started in August of 2020 and the project was occupied in April 2022. In 2022, Development Charges and Cash in Lieu of Parking fees of \$298,195.31 were calculated based on 2022 rates, and a full refund of those fees was recommended and approved through Report CSSS22-018.

Now that Phase 1 is complete and having achieved occupancy, Habitat is set to commence Phase 2 of the Project. Since the original Report CSSS22-018 approved in June of 2022, when the initial municipal fees were calculated, there are additional charges that are required to be paid, based on 2023 rates. These annual development fee increases are outlined in Table 2; increasing the requested incentive refund from \$298,195.31 to a revised incentives total for Phase 2 of \$351,990.31.

### **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 was established to be between \$30,000 and \$84,400.

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, originally calculated at \$237,827.00, based on 2022 rates for the 12-unit project has been increased to \$291,622.00 based on 2023 rates. As an affordable housing project, developed by a non-profit agency, municipal incentives are recommended for the Development Charge fees.

### **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 increased incentives 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. Based on the 2022 numbers from the Provincial Policy Statement Housing table, the average resale price by service manager area and region for City of Peterborough was \$675,179.00, an affordable home must have a purchase price of \$607,700.00 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 20 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 20-year term.

### **Strategic Plan**

**Community and Well-being:** Enhance and protect the health, safety, and well-being of all in our City. Provide robust, affordable and accessible sport, recreation, wellness, arts and social programs for people of all ages and abilities.

**Governance and Fiscal Sustainability:** Accountable, transparent, ethical, and responsible corporate governance and financial management that supports the needs of the community into the future. Proactively advocating for Peterborough’s interests by working with other levels of government and optimizing strategic opportunities as they arise for the benefit of our City.

## Budget and Financial Implications

The Affordable Housing Community Improvement Plan program incentives for Habitat for Humanity Peterborough and Kawartha Region’s Leahy’s Lane Phase 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 and 2 below.

**Table 1 - Previously Approved Municipal Incentives for 12 affordable housing units at Leahy’s Lane Phase 2 (Report CSSS22-018):**

Affordable Housing Community Improvement Plan Program Incentive	Estimated value
Development Charges*	\$237,827.00
Cash in lieu of Parking (for 9 spots/stalls) *	\$60,368.31
<b>Total incentives for 12 units</b>	<b>\$298,195.31</b>

\*Based on 2022 rates

**Table 2 - Increased Municipal Incentives for 12 affordable housing units at Leahy’s Lane Phase 2:**

Affordable Housing Community Improvement Plan Program Incentive	Estimated value
Additional Development Charges*	\$53,795.00
<b>Total Additional incentives for 12 units</b>	<b>\$53,795.00</b>

\*Based on 2023 rates due to annual increases

**Revised Leahy’s Lane Phase 2 Development Charges to be refunded:**

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Development Charges + Cash in Lieu of Parking (Table 1)	\$ 298,195.31
<u>Increased Development Charges (Table 2)</u>	<u>\$ 53,795.00</u>
<b>Total Incentives to be refunded for Leahy’s Lane Phase 2</b>	<b>\$ 351,990.31</b>

## Conclusion

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 increased 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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