



**City of Kingston
Report to Council
Report Number 18-189**

To: Mayor and Members of Council
From: Lanie Hurdle, Commissioner, Community Services
Resource Staff: Sheldon Laidman, Director, Housing & Social Services
Date of Meeting: July 10, 2018
Subject: Affordable Housing Capital Funding – 2019 IAH & SIF Rental Housing Allocations

Executive Summary:

The purpose of this report is to obtain Council’s approval for the commitment of 2019 affordable housing capital funding available through the Investment in Affordable Housing (IAH) and Social Infrastructure Fund (SIF) programs. The recommendations of this report also include the allocation of \$100,000 in available municipal funding from the Capital Investment in Affordable Housing Program. The IAH and SIF provide federally and provincially cost-shared funding for affordable housing capital and operating budget programs delivered locally by the Service Manager. By previous Council approvals ([Report Number 15-011](#) and [Report Number 16-297](#)) IAH and SIF funding was allocated amongst the available program streams. The allocated 2019 affordable rental housing construction funding totals \$2,287,990 and must be committed to a project and have a funding agreement signed before December 31, 2018. For projects receiving 2019 capital funding, construction must commence in the spring of 2019. The recommendations of this report will secure available 2019 upper level government funding for projects that can meet the timelines associated with the funding programs.

The Kingston and Frontenac Housing Corporation (KFHC) submitted responses to Request for Information F32-CSG-HSS-2017-1 ‘Affordable Housing Capital Funding’ for infill housing projects at properties under their ownership at 1 Curtis Crescent and 20 Cliff Crescent. The purpose of the RFI was to offer not-for-profit and private sector proponents an opportunity to notify the Service Manager about possible future affordable housing funding distribution opportunities. KFHC has recently developed a mixed-income housing project at 40 Cliff Crescent and has another under construction at 645 Brock Street. The introduction of additional infill housing units at 1 Curtis Crescent and 20 Cliff Crescent will enable KFHC to include affordable and market housing units within existing social housing properties that are 100% rent-geared-to-income housing. Creating mixed-income housing properties is a primary objective for

July 10, 2018

Page 2 of 6

social housing neighbourhood renewal projects. In exchange for \$2,387,990 in affordable housing capital funding assistance, KFHC will provide a total of sixteen (16) affordable housing units within the infill projects proposed at 1 Curtis Crescent and 20 Cliff Crescent. The agreement will run for a period of thirty (30) years; however, it is expected as a public housing organization that KFHC would ensure the units would remain affordable into the future.

One of the two proponents (Kingston Municipal Non-Profit Housing Corporation) approved to pursue the redevelopment of 7 Wright Crescent ([Report Number 14-290](#) and [Report Number 16-212](#)) has recently notified staff they are withdrawing from the project. A portion of the affordable housing funding outlined in this report is being reallocated from 7 Wright Crescent to the projects at 1 Curtis Crescent and 20 Cliff Crescent. The funding being provided to KFHC would consist of \$1,200,000 formerly allocated to Kingston Municipal Non-Profit Housing Corporation's 7 Wright Crescent project, \$100,000 from the Municipal Capital Investment in Affordable Housing Program and the remaining \$1,087,000 would come from provincial capital funding previously allocated to the City of Kingston.

Recommendation:

That Council approve the allocation of affordable housing capital funding in the amount of \$2,387,990 to the Kingston and Frontenac Housing Corporation to develop a minimum of sixteen (16) affordable housing units with a minimum affordability period of thirty (30) years at 1 Curtis Crescent and 20 Cliff Crescent; and

That Council approve the by-law, attached as Exhibit A to Report Number 18-189, "A By-law to Permit Council to Enter into a Municipal Contribution Agreement with the Kingston and Frontenac Housing Corporation for the Provision of Affordable Housing Units at 1 Curtis Crescent and 20 Cliff Crescent"; and

That Council formally withdraw a previous affordable housing capital funding offer of \$1,200,000 to Town Homes Kingston's 7 Wright Crescent project ([Report Number 16-212](#)) and repeal By-Law Number 16-147 "A By-Law To Permit Council To Enter Into A Municipal Contribution Agreement With Kingston Municipal Non-Profit Housing Corporation Town Homes Kingston For The Provision of Affordable Housing at 7 Wright Crescent"; and

That Council authorize the Commissioner of Community Services or his/her delegate to review and approve all documents and agreements related to the funding allocations outlined in Report Number 18-189 which are in a form satisfactory to the Director of Legal Services; and

That Council authorize the Mayor and Clerk to execute all documents and agreements related to the funding allocations outlined in Report Number 18-189, as approved by the Commissioner of Community Services or his/her delegate.

July 10, 2018

Page 3 of 6

Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Lanie Hurdle, Commissioner, Community Services Group

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Jim Keech, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	√
Denis Leger, Commissioner, Corporate & Emergency Services	√

July 10, 2018

Page 4 of 6

Options/Discussion:**2019 Affordable Housing Capital Funding Commitment**

The IAH and SIF programs provide federally and provincially cost-shared funding available to affordable housing capital and operating cost programs delivered locally by the Service Manager. By previous Council approvals ([Report Number 15-011](#) and [Report Number 16-297](#)), IAH and SIF funding was allocated amongst the available program streams. The allocated 2019 affordable rental housing construction funding totals \$2,287,990. According to the program guidelines the funding must be committed to projects and have funding agreements signed before December 31, 2018. For projects receiving 2019 capital funding, construction must commence in the spring of 2019.

In the spring of 2017, Housing & Social Services staff conducted a Request for Information (RFI) process to assist in the distribution of available affordable housing capital funding. The information gathered from the RFI process is being used to assist in committing available affordable housing capital funding in accordance with the applicable funding programs' stringent construction commencement timeframe requirements.

Through the RFI process, KFHC submitted proposals for infill projects on existing social housing properties owned and operated by the organization. 1 Curtis Crescent is a townhouse project immediately north of the St. Lawrence College campus on Portsmouth Avenue. The property is currently comprised of 100% rent-geared-to-income housing. The infilling with new units which includes additional townhouses and a low-rise multi-unit apartment will provide new affordable and market housing options which will help to create a sustainable mixed-income community. At 20 Cliff Crescent, KFHC is proposing to expand the ongoing infilling of the site to include additional affordable and market housing opportunities. The proposed projects will support the continued introduction of mixed-income housing opportunities on formerly 100% rent-geared-to-income housing properties. Both projects are sufficiently advanced through the pre-construction processes to support a spring 2019 construction start.

In exchange for \$2,387,990, a minimum of 16 affordable housing units will be incorporated within the projects being pursued at 1 Curtis Crescent and 20 Cliff Crescent. The affordability level will be established at a maximum of 80% of the Canada Mortgage and Housing Corporation's annual average market rent reporting and be maintained as affordable for a minimum of 30 years. The 30 year affordability period is ten years longer than the 20 year minimum period required under the IAH and SIF programs. The total funding allocation of \$2,387,990 will be comprised of \$2,287,990 IAH/SIF funding and \$100,000 municipal funding available through the Capital Investment in Affordable Housing Program.

KFHC is a wholly owned corporation of the City and relies on extensive municipal public subsidies to provide rent-geared-to-income housing within the community. The inclusion of new affordable and market housing on existing social housing properties is in accordance with their objectives to create socially inclusive communities and enhance the financial sustainability of the organization. KFHC has previous experience developing affordable and mixed-income housing including recent projects at 233 Queen Mary Road, 40 Cliff Crescent and 645 Brock Street.

July 10, 2018

Page 5 of 6

7 Wright Crescent

In September 2014, Council accepted a proposal and authorized the sale ([Report Number 14-290](#)) of 7 Wright Crescent to Town Homes Kingston (Kingston Municipal Non-Profit Housing Corporation) (THK) and CJM Property Management Ltd. (a locally based multi-unit residential development and property management company) (CJM). The property was to be sold to THK and CJM for 75% of the City's land acquisition cost in accordance with the municipally funded Affordable Housing Land Acquisition and Disposition Program. Since this time the City has entered into a purchase and sale agreement with the proponent which included a due diligence period for THK and CJM to conduct due diligence searches and investigations. Recently, staff have been notified that THK will no longer be pursuing the project.

In July 2016, Council approved ([Report Number 16-212](#)) a capital funding request from Town Homes Kingston to improve the financials of the proposed project's operating budget and to gain a greater depth of affordability. Council approved a \$1.2M capital funding allocation in exchange for additional affordable housing commitments associated with the project. The approvals were for future funding that would be available upon the finalization of the development approvals process and the commencement of construction; no funding has been provided to the proponent to-date. As the funding agreement needs to be signed by the Ministry prior to the end of 2018 with a spring construction start, the project would not have been able to meet these requirements regardless of THK recently advising they do not wish to pursue the project. In addition to the notional funding allocation, the required affordable housing facilities by-law was passed by Council. The recommendations of this report will formally withdraw the funding offer, repeal the affordable housing facilities by-law, and re-allocate this same \$1,200,000 to KFHC.

Existing Policy/By-Law:

Council Strategic Plan – Investment in Infrastructure and Planning for a Liveable City

10-Year Municipal Housing and Homelessness Plan

Municipal Capital Facilities By-Law Number 2003-061

Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

The IAH and SIF programs have been designed to support Service Managers' implementation of the province's Long-Term Affordable Housing Strategy and local Housing and Homelessness Plans. Locally, the Service Manager has allocated a total of \$2,287,990 in 2019 funding to

July 10, 2018

Page 6 of 6

affordable rental housing development. Both the IAH and SIF programs allow Service Managers to apply a 5% administration fee to allocated funding.

A \$100,000 contribution from the municipally funded Capital Investment in Affordable Housing Program is proposed to increase the IAH/SIF contribution to enable 16 affordable housing units to be incorporated in the project. The program budget currently has in excess of \$700,000 available for delivery in 2018.

The entire funding being provided to KFHC would consist of \$1,200,000 formerly allocated to Kingston Municipal Non-Profit Housing Corporation's 7 Wright Crescent project, \$100,000 from the Municipal Capital Investment in Affordable Housing Program and the remaining \$1,087,000 would come from provincial capital funding previously allocated to the City of Kingston.

Contacts:

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Sheldon Laidman, Director, Housing & Social Services 613-546-4291 extension 4957

Other City of Kingston Staff Consulted:

Ruth Noordegraaf, Manager, Housing and Childcare Programs, Housing & Social Services

John Henderson, Housing Programs Administrator, Housing & Social Services

Lana Foulds, Manager, Financial Planning, Financial Services

Mary Rae, Senior Legal Counsel, Legal Services

Exhibits Attached:

Exhibit A Draft By-Law 2018-XX 'A By-Law to Permit Council to Enter into a Municipal Contribution Agreement with Kingston and Frontenac Housing Corporation for the Provision of Affordable Housing Units at 1 Curtis Crescent and 20 Cliff Crescent'

By-Law Number 2018-XX

A By-Law to Enter into a Municipal Contribution Agreement with Kingston & Frontenac Housing Corporation for the Provision of Affordable Housing Units at 1 Curtis Crescent and 20 Cliff Crescent, and to Repeal By-Law Number 2016-147 – A By-Law to Enter Into a Municipal Contribution Agreement with Kingston Municipal Non-Profit Housing Corporation (Town Homes Kingston)

Passed: Meeting date, 2018

Whereas the Corporation of the City of Kingston has passed a Municipal Housing Facilities By-Law in accordance with subsection 7(2) of Ontario Regulation 603/06; and

Whereas the municipality has determined that all the housing units to be provided as part of the municipal capital facilities fall within the definition of “affordable housing” contained in the municipal housing facility by-law;

Therefore be it resolved that the Council of the Corporation of the City of Kingston hereby enacts as follows:

1. That Council enter into a Municipal Contribution Agreement with the Kingston & Frontenac Housing Corporation for the provision of sixteen (16) Affordable Housing Units at 1 Curtis Crescent and 20 Cliff Crescent, in Kingston;
2. That Council authorizes the Mayor and City Clerk to execute the required agreements in a form satisfactory to the Director of Legal Services;
3. This By-Law shall come into force and take effect on the date of its passing;
4. And further that By-law Number 2016-147 – A By-Law to Enter Into a Municipal Contribution Agreement with Kingston Municipal Non-Profit Housing Corporation (Town Homes Kingston) – is hereby repealed.

Given First and Second Readings Month XX, 2018

Given Third Reading and Passed Month XX, 2018

John Bolognone
City Clerk

Bryan Paterson
Mayor