



**CITY OF KINGSTON**  
**REPORT TO COUNCIL**

**Report No.: 12-311**

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**TO:** Mayor and Members of Council  
**FROM:** Lanie Hurdle, Commissioner, Community Services  
**RESOURCE STAFF:** Sheldon Laidman, Director, Housing Department  
**DATE OF MEETING:** November 6, 2012  
**SUBJECT:** Affordable Housing Project Funding for Home Base Housing (540 Montreal Street), Kingston Co-operative Homes Inc. (1338 Princess Street), and Central Frontenac Housing Corp.

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**EXECUTIVE SUMMARY:**

The purpose of this report is to receive Council approval to re-allocate funds from the former Delivering Opportunities for Ontario Renters (DOOR) Capital Reserve Fund as well as funds from municipal reserves and housing capital funds to three affordable housing projects. On April 5, 2011, Council approved former DOOR funding in the amount of \$1.1 M to Home Base Housing (HBH) to construct ten affordable rental units as part of a larger conversion project on Montreal Street. HBH has continued to work through the planning process and design of the building which has resulted in a decision to reduce the number of units from ten to seven. HBH has amended its estimated cost to \$116,357 per unit for a total grant of \$814,500. This cost per unit is still below previous Affordable Housing Program (AHP) and DOOR projects which averaged \$120,000 - \$130,000 per unit and allows for remaining \$285,500 to be reallocated to another project.

On July 17, 2012, Council approved funding in the amount of \$45,000 from the Affordable Housing Construction Reserve to Kingston Co-operative Homes Inc. to complete the planning process for its development of eight affordable townhouses on its property at 1338 Princess Street. It is expected that this project will be ready to begin construction in the early spring of 2013. Kingston Co-operative Homes Inc. is requesting \$1,123,000 to complete the construction of these units, for a total funding of \$1,168,000 or \$146,000 per unit. Funding for this project is available using the remaining DOOR Capital Reserve Funds (\$435,931); Affordable Housing Construction Reserve (\$594,969); and the 2012 Capital Investment in Affordable Housing program (\$92,100).

Of the original \$6.62M received in former DOOR funding, City Council allocated \$500,000 for an Emergency Shelter Capital Reserve Fund to assist with the implementation of a longer term

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strategy to meet the community's ongoing and dynamic emergency shelter needs. In June 2010, City Council authorized \$445,000 to HBH for the relocation and redevelopment of the In From the Cold Shelter and authorized that \$50,000 remain in the Emergency Shelter Reserve Fund for unanticipated capital expenses related to health and safety needs. City staff are recommending that the \$50,000 from the Emergency Shelter Reserve Fund be re-allocated back to the former DOOR Capital Reserve Fund to provide capital funding to build more affordable units in the community and that the \$50,000 be allocated as part of the request from Kingston Co-operative Homes Inc. for that purpose.

On May 19, 2009, Council approved Central Frontenac Housing Corporation (CFHC) to receive former DOOR funding of \$625,000 or \$125,000 per unit for the construction of a five unit seniors building. With the introduction of the AHP Extension 2009 funding, their project was moved to the new Canada-Ontario Affordable Housing Program for funding of \$600,000 or \$120,000 per unit. DOOR funding of \$25,000 was still provided. During construction, the building was vandalized which caused construction delays and cost overruns. As a result the Corporation has been unable to complete the final construction details. Staff are recommending that CFHC be allocated DOOR funding of \$25,000 to complete the required landscaping, paving, and lighting. This would keep the allocation for CFHC in line with other former DOOR funded projects at a cost of \$130,000 per unit.

**RECOMMENDATION:**

**THAT** Council approve a reduction in former DOOR funding to the revised amount of \$814,500 to Home Base Housing (HBH) for the development of seven affordable rental units; and

**THAT** Council approve DOOR funding in the amount of \$25,000 to Central Frontenac Housing Corporation to complete landscaping, lighting and paving for five seniors affordable units; and

**THAT** Council approve \$50,000 and any accumulated interest to be allocated from the Emergency Shelter Reserve Fund to the former DOOR Capital Reserve Fund to provide capital funding to build more affordable units in the community; and

**THAT** Council approve total funding in the amount of \$1,123,000 from the former DOOR Capital Reserve Funds (\$435,931), the Affordable Housing Construction Reserve (\$594,969) and the 2012 Capital Investment in Affordable Housing program (\$92,100) to Kingston Co-operative Homes Inc. for development of eight affordable rental units; and

**THAT** Council authorize the Commissioner, Community Services or her delegate to review and approve, for execution by the Mayor and Clerk, all documents and agreements related to the funding allocations outlined in this report as required and to the satisfaction of 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 this report as approved by the Commissioner, Community Services or her delegate.

**AUTHORIZING SIGNATURES:**

<p><u>ORIGINAL SIGNED BY COMMISSIONER</u>                  Lanie Hurdle, Commissioner, Community Services</p>
<p><u>ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER</u>                  Gerard Hunt, Chief Administrative Officer</p>

**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

Cynthia Beach, <i>Sustainability &amp; Growth</i>	N/A
Denis Leger, <i>Transportation, Properties &amp; Emergency Services</i>	N/A
Jim Keech, <i>President and CEO, Utilities Kingston</i>	N/A

***(N/R indicates consultation not required)***

**OPTIONS/DISCUSSION:**

**Background**

In 2007, the City of Kingston received \$6.62M from the Delivering Opportunities for Ontario Renters (DOOR) component of the Canada-Ontario Affordable Housing Program (AHP). Council subsequently approved that \$6.12M DOOR funding be allocated for the creation and construction of social housing and that \$500,000 be allocated for an Emergency Shelter Reserve Fund to assist with the implementation of a longer term strategy to meet the community’s ongoing and dynamic emergency shelter needs.

**Emergency Shelter Capital Reserve**

In August 2008, City Council authorized that \$55,000 be divided amongst the emergency shelters to complete some capital repairs at each of the facilities. In June 2010, City Council authorized that the balance of the DOOR shelter funding (\$445,000) be allocated to Home Base Housing (HBH) from the Emergency Shelter Reserve Fund for the capital costs associated with the redevelopment of In From the Cold Shelter, pending the acquisition of an appropriate building. City Council further authorized that \$50,000 which had been earned in interest, remain in the Emergency Shelter Reserve Fund for unanticipated capital expenses related to health and safety needs.

There are 6 Emergency Shelters in the City of Kingston, the majority of which have an affiliation with a larger organization as follows:

Name of Shelter	Name of Affiliate Organization/ Building Owner
In From the Cold	Home Base Non-Profit Housing Corp.
Lily’s Place	Home Base Non-Profit Housing Corp.
Dawn House Women’s Shelter	Ministry of Community & Social Services
Salvation Army Harbour Light	Salvation Army
Kingston Youth Shelter	Hotel Dieu Hospital
Ryandale Family Shelter	N/A

City staff recently provided an opportunity for all emergency shelters to submit requests to access the capital reserve account funding and the only request came from Dawn House Women’s Shelter for \$10,000 to insulate a portion of their building. At their October 2, 2012 Board meeting, the Dawn House Board resolved to pursue a merger with another shelter or non profit agency and the Executive Director also submitted her resignation. Due to this unstable situation and the Housing Department’s ongoing concerns about the financial viability of the organization, staff are not recommending that this request for capital funding be granted to Dawn House. In addition to the potential financial support available to the shelters from their affiliated agencies or building owners listed above, both the United Way and the Federal Homelessness Prevention Strategy (HPS) funds can be accessed for capital repairs. Emergency shelters have also indicated that they have obtained funding through corporate donations to enable them to complete capital upgrades. City staff also recently connected with

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homelessness shelters to inform them of a grant program from Home Depot which provides materials and labour.

Under the new Community Homelessness Prevention Initiative (CHPI) the focus in the community is expected to shift to a "Housing First" model where clients are moved from Emergency Shelters into permanent housing with support services. City staff are recommending that the \$50,000 from the Emergency Shelter Reserve Fund be re-allocated to provide capital funding to build more affordable units in the community to assist in our goal of moving clients into permanent housing.

### **Home Base Housing**

On April 5, 2011 Council approved \$1.1 M in former DOOR funding for HBH for the development of 10 new affordable rental units to be developed through conversion of a commercial building located at 540 Montreal Street. This building will also accommodate the In From the Cold Emergency Shelter operated by HBH, as well as their administrative offices.

HBH has encountered some environmental concerns on the property which has delayed construction of the project although it is anticipated that construction will begin this winter. During the final design plan phase, structural concerns were raised about locating the apartments on the second floor of the building. A new design has been proposed which would move the apartments to the first floor; however, the number of units would be reduced from 10 units to 7 units. There would be 6 bachelor units and 1 one bedroom wheelchair accessible unit. There are no stairs or ramps required to enter the building or to access these units.

The original cost estimates have been revised as they have progressed through the environmental and planning stages. The increase from \$110,000 to \$116,357 per unit will still result in a project that is below the average per unit funding provided to other affordable housing projects. Overall, the project will require \$285,500 less in total funding which can be used to fund another project.

The proposed rents will remain at 80% of the CMHC Average Market Rent which is currently \$498 for a bachelor unit and \$643 for a one bedroom. As previously reported to Council, rent supplements will be provided for all units to ensure rents are affordable to applicants who may be on the Centralized Waiting List. The City has sufficient rent supplement allocations to meet this need.

### **Central Frontenac Housing Corporation**

Central Frontenac Housing Corporation (CFHC) was one of five proposals approved by Council for DOOR funding in 2009. They were approved for \$625,000 or \$125,000 per unit for the construction of a five-unit senior's townhouse complex in Sharbot Lake. Subsequent to that approval, the Ministry of Municipal Affairs and Housing (MMAH) announced the new Canada-Ontario Affordable Housing Program, Extension, 2009 (AHP Extension 2009) to provide funding for construction ready affordable housing projects. As CFHC was construction ready, it was submitted to MMAH and was approved for \$600,000 or \$120,000 per unit in funding. As the

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AHP Extension 2009 funding was less than the original DOOR funding, CFHC also received \$25,000 or \$5,000 per unit from DOOR.

There were many challenges in the development of this project which caused unexpected delays and expenses. CFHC was required to attend an OMB hearing, in which they were successful, but which was costly and time consuming. During construction, the building was vandalized which resulted in construction delays to order new materials and an increase in the cost of onsite security. The final result was a shortfall in funding needed to complete many of the final site details, some of which are necessary for the safety of the tenants and their visitors. Fencing is required along the edge of the property which drops off significantly into a ravine. An old wooden fence has been placed alongside the parking lot as a temporary measure. Exterior lighting is minimal. Motion sensor lights around the building and parking lot are needed to enhance visibility at night. Landscaping was not able to be completed. In addition, paving is needed around the parking area as well as a walkway to the building to improve the walking surface for the seniors. The estimate for these items is approximately \$25,000.

In order to enhance the safety of the building, staff are recommending that funding of \$25,000 be provided to CFHC to complete the necessary site improvements around the 5 unit seniors building.

#### **Kingston Co-operative Homes Inc.**

On April 11, 2012, staff released a Request for Proposal (RFP) seeking non-profit proponents able to develop new affordable rental units with funding provided under the Rental Housing component of the Investment in Affordable Housing (IAH) in Ontario. Five proposals were received and evaluated. Kingston Co-operative Homes Inc. (Kingston Co-op) ranked second.

Kingston Co-op's proposal is for the development of a third phase on their property at 1338 Princess Street. This phase will be 8 one bedroom townhouse units with rents set at \$475 per month which is 59% of the current CMHC average market rent for a minimum of twenty-five years. All units will have widened doorways and one unit will have an accessible bathroom.

In July 2012, Council approved the allocation of \$45,000 from the Affordable Housing Construction Reserve to Kingston Co-op to complete the planning process so they could be shovel-ready in the event future funding became available. Kingston Co-op is now working with the Planning Department to complete this process.

Kingston Co-op has requested funding of \$146,000 per unit for a total of \$1,168,000. With the approval of \$45,000 for initial planning costs, Kingston Co-op would need \$1,123,000 to complete their project. It is recommended the funding first be withdrawn from the remaining DOOR Capital Reserve Fund (including funds transferred from the Emergency Shelter Reserve Fund) which is approximately \$435,931 and the balance of \$687,069 be funded from the Affordable Housing Construction Reserve and the 2012 Capital Investment in Affordable Housing program.

The Capital Investment in Affordable Housing Program Policy was reviewed as it is recommended that \$92,100 be utilized from this fund to support this project. Section 5.1.8 of the policy indicates that generally, the contributions will be limited to \$50,000 per unit and that a greater amount can be considered where longer period of affordability is guaranteed. Section 5.1.5 also states that affordable units must be guaranteed for a minimum of 15 years and that longer period of affordability will be given priority. Considering that Capital Investment in Affordable Housing program makes up 8% of the overall project funding and that the project proposes an affordability period of 25 years at 59% of CMHC market rent (which is 21% less than the minimum prescribed in the policy), staff feel that the deviation from the general guidelines of the policy is appropriate.

**Summary of Projects and Funding Sources**

<b>Project</b>	<b>Proposed Funding Source</b>	<b>Notes</b>
Home Base Housing (540 Montreal St) - 7 Units	\$814,500 DOOR	Previously funded at \$1.1M from former DOOR
Kingston Co-operative Homes (1338 Princess St) – 8 units	\$435,931 former DOOR (including \$50,000 from Emergency Shelter Reserve Fund); \$92,100 2012 Capital Investment Program; and \$594,969 Affordable Housing Construction Reserve	Previous funding was \$45,000 from Affordable Housing Construction Reserve for planning process
Central Frontenac Housing Corp (Clement Road, Sharbot Lake) – 5 units	\$25,000 DOOR	Previously received \$600,000 from Provincial Affordable Housing Program and \$25,000 from DOOR

**EXISTING POLICY/BY LAW:**

Municipal Capital Facilities By-Law 2003-061. The capital investment in affordable housing program also applies to this report.

**NOTICE PROVISIONS:**

N/A

**ACCESSIBILITY CONSIDERATIONS:**

N/A

**FINANCIAL CONSIDERATIONS:**

There is sufficient funding within the DOOR Capital Reserve Fund, the Affordable Housing Construction Reserve, and the 2012 Capital Investment Program to fund all three (3) projects.

**CONTACTS:**

Lanie Hurdle, Commissioner, Community Services  
Sheldon Laidman, Director, Housing Department

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**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Desiree Kennedy, Director of Financial Services and City Treasurer  
Mary McIntyre, Housing Programs Administrator, Housing Department  
Lee Campbell, Housing Programs Administrator, Housing Department  
Melanie Bale, Financial Analyst, Housing Department  
Joe Gallivan, Manager of Sustainability Planning, County of Frontenac

**EXHIBITS ATTACHED:**

N/A