

# CREATING A ROADMAP TO AFFORDABLE HOUSING DEVELOPMENT

City of Peterborough Affordable Housing Action  
Committee

Supply Subcommittee



# AFFORDABLE HOUSING ACTION COMMITTEE

A committee of the  
Peterborough Service Manager

## ***Mission***

- ▶ *To facilitate within our greater community the creation of more affordable housing options for people who are precariously or insecurely housed or homeless using a variety of approaches including collaborative networking, housing policy development, capacity building and advocacy.*



# SUPPLY SUBCOMMITTEE

## Subcommittee of AHAC

Monitors trends, evaluates initiatives and makes recommendations, following active community participation, to maintain and enhance the supply of relevant affordable housing.



# CITY OF PETERBOROUGH STATISTICS

- ▶ Population = ~80,000
- ▶ Number of Social Housing (RGI) units = 1832
- ▶ 1,500 + on Social Housing waiting list
- ▶ Average renter income \$38,823
- ▶ 10,000 households with low/moderate income pay greater than 30% of their income to housing



# HOUSING LANDSCAPE

- ▶ Finding affordable housing is a major issue for people with low incomes
- ▶ Vacancies rates are extremely low ~ 3%



# CREATING HOUSING AFFORDABILITY

- ▶ Population is anticipated to grow in the region
- ▶ There is a demonstrated need for housing which is:
  - Affordable
  - In good physical condition
  - Appropriate for the size and needs of the people



# MAXIMIZING THE USE OF ALL RESOURCES

- ▶ City Committee to make use of existing resources and advocate for new finding from senior government to increase the supply of affordable rental housing
  - ▶ OUTCOME = 500 new affordable rental homes created within 10 years using new and existing resources
- ▶ Number of large industrial/institutional sites that are no longer being used for their original purpose





# MAXIMIZING RESOURCES

- ▶ Private sector & non-profit sector have received funding to offset the costs of construction, to lower future operating costs
  - ▶ Capital funding from senior governments
  - ▶ Municipal incentives (Community Improvement Plan for Affordable Housing)
  - ▶ Creative approaches to use publicly-owned land
  - ▶ Energy efficiency/sustainability dollars/rebates
  - ▶ Innovation and efficiencies in fulfilling municipal responsibilities for building code and engineering approvals











The BIG question that's always asked  
by small developers interested in meeting the need  
IS:

*How did you do that???*



# AHAC SUPPLY SUBCOMMITTEE

- ▶ In cooperation with the Housing Division of the City of Peterborough
- ▶ Identified the need for a manual
- ▶ Beginners Guide to Developing Affordable Housing with no money





# **Road Map for Housing Developers**

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**A Guide to Developing  
Multi-Unit Housing in  
Peterborough City & County**



Produced by the  
Affordable Housing Action Committee  
of Peterborough City & County

# REFLECTING ON PETERBOROUGH'S AFFORDABLE HOUSING:

- ▶ Initially multi-unit affordable housing was being developed by experienced developers and landlords only ~ but this has changed; and
- ▶ It takes a compilation of ingredients including financial incentives to give a new Affordable Housing Development a chance to Succeed.

***Lessons learned have allowed for an evolution***



# EXPERIENCED DEVELOPERS HAVE THEIR OWN LESSONS LEARNED TO ENSURE SUCCESS:

- ▶ Research community needs ~ identifying their market;
- ▶ Create a vision, and turning it into a plan;
- ▶ Create a thoughtful comprehensive business plan;
- ▶ Secure funding and seek out incentive opportunities;
- ▶ Assemble their team;
- ▶ Work through Design / Construction processes;
- ▶ Implement property management team;
- ▶ Work through Rent – Up strategies & Welcoming residents; and
- ▶ Going operational.





## SIMPLE RIGHT? But What If:

- ▶ The idea belongs to a church group? Or a service club instead of a developer?
- ▶ There is a great opportunity but nobody has any experience or understanding of what is involved?
- ▶ There is an identified need in a community, a desire to meet the need, individuals prepared to take it on, but they all see it differently?



# What If? :

- ▶ There is funding available through government initiatives;
- ▶ A community need for housing;
- ▶ A group with a creative idea, opportunity and commitment, and innovative concepts;

**BUT THEY HAVE NO EXPERIENCE AT THIS?**



**DO YOU DISCOURAGE THEM FROM  
PROCEEDING?**

**OR**

**DO YOU EMPOWER THEM TO TAKE  
THIS ON AND TO BE SUCCESSFUL?**



# Peterborough is choosing the road to empowerment!

- ▶ Before the Roadmap was published we supported the following inexperienced IAH builds:
  - Community Living Peterborough constructed two (2) homes for their supported independent living clients, each home has multiple self contained suites, common areas for residents and staff, office space, and fully accessible with elevators; and
  - Brock Mission Cameron House constructed a modern transitional housing addition to a historic building that was home to our local women's shelter. The housing these self contained suites come with supports to help repeat and long term shelter users re-integrate into mainstream housing;



► Project Supports on both of these builds went beyond financial. These proponents are considered Community Partners in Peterborough, so they were offered the option of additional support such as:

- Donated technical expertise on the project steering committee through design and construction from the Housing Division's Capital Planning Analyst; and
- Participation by the Construction Manager of our LHC (Peterborough Housing Corporation).

Between the two of us, we were able to navigate the development through and around a variety of challenges; controlling costs, mentoring and ensuring quality work.

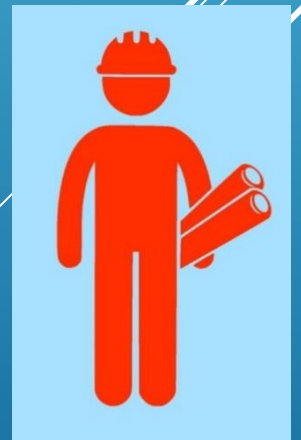


# We walked away from these projects with our own lessons learned:

- ▶ Not all Projects start out with a shared vision;
- ▶ Not all development teams are prepared for the time commitment;
- ▶ Not all development teams understand the process or requirements of a construction project of this nature;
- ▶ Not all development teams understand the roles necessary to meet the project requirements;
- ▶ Not all consultants are equal in their services;
- ▶ Not all contractors are forthcoming about challenges, impacts, options and costs;
- ▶ Not everyone knows how to “Respectfully Challenge” what they are being told or presented;
- ▶ Not all money is well spent; and
- ▶ Once it is built, not everyone knows how to go operational and what is involved.



- ▶ As a Housing Division staff resource to the AHAC Supply Committee I provide guidance and expertise to their undertakings and discussions;
- ▶ It was during discussion with this Committee that we all recognized if these developers had challenges, even with the support they received from the City and our LHC, a truly inexperienced Developer would struggle even more;
- ▶ The Committee wanted to ensure that local not for profit groups had a chance at successfully constructing affordable housing in Peterborough City and County.
- ▶ From there, I was asked to assemble some sort of document that offered guidance and addressed our lessons learned. Thus the Road Map was created.





- ▶ The Road Map for Housing Developers is a fairly high level guide to constructing multi unit residential housing, outlining the process from concept to operational;
- ▶ Once drafted it was reviewed by:
  - The Manager of Planning, City of Peterborough;
  - The Chief Building Official, City of Peterborough;
  - The Manager of Housing, City of Peterborough;
  - A local Architect;
  - A local Engineer; and
  - Two experienced developers in the Peterborough area.



- Once a final draft was completed, the Road Map was then shared with the two developers mentioned previously. They were asked for comments, suggestions, and complete honesty.

The response was one that surprised us. They wanted to know where this document was during the beginnings of their project. Both were convinced it would have been helpful.



- ▶ At this moment the City of Peterborough has two large scale projects being undertaken by relatively inexperienced not for profits...
  - ▶ Brock Mission: a complete demolition and new construction of the local men's shelter with transitional housing; and
  - ▶ The Mount Community Centre: a renovation of an abandoned convent being turned into mixed housing units and community hub.
- ▶ Both teams received a copy of the Road Map early on.



**So what information does the Road Map include? It is broken down into four (4) essential categories.**

1. The Feasibility Phase
2. The Pre-Development Phase
3. The Construction Phase and beyond
4. Incentives, initiatives and local contacts



# The Feasibility Phase:

- ▶ Creating the organization
- ▶ Community needs and demands
- ▶ Creating the Development Plan (options for designing/building)
- ▶ Selecting the site
- ▶ Exploring the financial feasibility of the development
- ▶ Community engagement
- ▶ Creating the Business Plan



# Creating the Organization

- The shared vision
- Building the appropriate corporate structure
- Financial experience (managing, fund raising, etc)
- Partnerships and linking with businesses
- Corporate roles and job descriptions
- Selecting the team leader
- Staffing model (hired or contracted)
- Insurance coverage



# Community Needs and Demands

- Vacancy rates
- Average market rent (AMR)
- Identify the demographic and target market
- Waiting lists
- Trend analysis and needs of the community
- Useful government Reports





# Creating the Development Plan (advantages and disadvantages)

- Turnkey
- Design / Build
- Stipulated Price
- Construction Management

How much TIME do you have and how involved to do you want to be?



# Selecting the site

- ▶ Do YOU already own the site?
- ▶ Is there a partnership in the plans? Does partner own the site?
- ▶ Contracting with a turnkey developer and they own the site?
- ▶ Are you responding to an RFP for public land?
- ▶ Looking for a suitable site through real estate?
- ▶ Planning Departments and Official Plans
- ▶ Are Planning Approvals required? And if so, do you understand the process? Do you know when Council meets?



# Once the site is identified there is more to consider, and some of it isn't so obvious.....

- Are you building new? Or renovating?
- Are there any historic considerations or designations to be considered?
- Is the site fully serviced? Can the infrastructure meet the needs of the development?
- Is the Zoning appropriate?
- Environmental Assessments. Do you need one?
- Concept or preliminary designs & neighborhood fit
- What is the preliminary budget? Can we afford it?



# Exploring the Financial Feasibility of the Development

- ▶ This is the critical decision point that will identify if the development can and will proceed or not. To do this you will require a summary of all of the capital costs to build and operate the site.
  - Comprehensive Capital budget includes:
    - Costs:(land, fees, servicing, prep, permits, deposits, energy, construction tax, property tax, insurance, construction costs, contingency allowances, marketing costs, administrative costs, HST, financing costs, etc)
    - Possible income: (Equity contributions, donations, in-kind contributions, cash, financing, incentives, initiatives, government funding, etc



# Exploring the Financial Feasibility of the Development - Continued

- Comprehensive Operating Budget Includes:
- Costs: (Mortgage payments, Taxes, Insurance, Utilities, Maintenance , Capital reserves, Administration, Service contracts, legal advice and audits, potential vacancy losses, etc)
- Revenue: (rents, parking, laundry, commercial space, subsidies or grants, etc)



# Community Engagement

Never underestimate the importance of community engagement.

- ▶ Prepare and plan
- ▶ Have concept drawings of the site and buildings on display
- ▶ Build support and awareness by addressing possible concerns
- ▶ Effectively use media to build support among decision makers



# Creating the Business Plan

- ▶ Before you can gain the confidence and support of funders, lenders, partners, community members, etc, it is imperative to have a well thought out, sound Business Plan.
- ▶ CMHC offers an extensive library of templates and documents to assist Developers in their decision making process. One such document is their Step by Step Guide to Writing a Business Plan.
  - Project description; Organizational structure of ownership; Description of development team; Market analysis; Financial plan; Operational management plan; Implementation plans





# The Pre-Development Phase:

Once the Project has been determined to be a feasible investment; not only possible, but confidently successful; there a lot of activities that need to happen before a shovel hits the ground.

- ▶ Securing Funding
- ▶ Incentives and Initiatives
- ▶ Building the Construction Team
- ▶ Understanding Construction and Team Roles



# Securing Funding

- ▶ Having funding in place is critical to the success of the Project.
  - Incentives, initiatives, grants, etc.
  - Fund Raising Campaigns
  - Financial Institutions
- ✓ Written commitments need to be in place with any lenders, funders, and partners;
- ✓ Written Agreements need to be in place with operational funders, service providers, partners, leasers, etc.
- ✓ Don't forget mortgage insurance on borrowed funds.



# Incentives and Initiatives

- ▶ Most unseasoned Developers will have no idea of where to look for funding opportunities. The Road Map offers information on potential sources of funding, initiatives and grants from the Federal, Provincial and Municipal governments.
  - CMHC
  - The Province of Ontario; and
  - Municipal Government incentives.

The idea is to get people talking, especially with their local Planning Department.



# Building the Construction Team

- ▶ This section really just introduces the various team members that may play a roll, the basics of that role, and how to choose the team lead.
- ▶ It suggests interviewing and selecting the Architect or Project Manager based on their experience with similar projects as well as their fee; and determining if they are a good fit for you.
- ▶ Once you select the Lead, you typically allow them to manage the process of building the team. (RFPs? In-house? Etc.).



# Understanding Construction and Team Roles

- ▶ Depending on the Development Plan, you will have varying input and involvement with the Construction Team. Construction Management is very in depth, where as Turnkey is minimal.
- ▶ Understanding the Stages:
  - Concept Stage
  - Preliminary Design Stage
  - Zoning and Site Plan Approvals
  - Detail Design Stage
  - Building Permits
  - Tendering Stage and Finding the Right Constructor



# The Construction Phase and Beyond:

This section was broken down into five components for simplicity.

- ▶ The Construction Stage
- ▶ Marketing the Apartments
- ▶ Preparing for the Management of the Development
- ▶ Welcoming the Residents
- ▶ Becoming Operational



# The Construction Stage

The Contractor has been selected, contracts in place, ground breaking ceremonies complete, the site is secure and work is about to begin..... Any last details to think about?

- Has Servicing been secured and development charges paid for?
- Has the Building Permit been issued?
- Is the Construction Insurance in place?
- Is the Financing in place? Or are we building to as funding allows?
- Is there a system in place for disbursing the Capital and paying invoices?
- Is there a system in place to monitor progress and approve Change Orders?



# REMEMBER...Construction is an exciting time.

1. Take the opportunity (if possible) to learn and gain experience from your team and enjoy the experience for what it is; and
2. Rely on your Architect and Engineers. Their role is ensure that your vision gets constructed.... And don't be afraid to respectfully challenge things now and again.





# Marketing the Apartments

- ▶ Marketing should happen during construction;
- ▶ The activity on the site will create a buzz in the community;
- ▶ Starting the marketing campaign now will help ensure that included services are in place and community partners are prepared, and referral agencies know the timelines.



# Preparing for the Management of the Development

- ▶ This section walks people through some questions and stages of developing a management plan; just in case it hasn't been done yet;
- ▶ Basic considerations should include:
  - Employees: Direct, shared or contracted?
  - Property management? In house or contracted?
  - Corporate structure and recruitment strategy in place?
  - If roles are contracted what do we need?
  - Are management Policies in place and what those may include....



# Welcoming the Residents

- ▶ With the building completed or about to be completed, all the Policy work done, contracts in place, it is time to introduce the new residents to the site and help them settle in;
- ▶ Do you have a move-in Plan and schedule?
- ▶ Are there welcoming kits or information kits?
- ▶ Are support services being offered on site? A list of local support agencies is a nice touch if not;
- ▶ Greeting new residents and providing a tour of the building and their new home;
- ▶ An introduction party perhaps? Helping tenants get to know one another; and
- ▶ Is there an Official Opening planned?



# Becoming Operational

- ▶ Utility contracts
- ▶ Service contracts
- ▶ Insurance
- ▶ Leases and occupancy agreements
- ▶ Staff are oriented and on the job
- ▶ Construction records are complete and stored securely
- ▶ Maintenance Manuals are located so they are useful
- ▶ Filing systems in place
- ▶ Unit inspections
- ▶ Day to day operations.... Work orders..... Etc.



# Incentives, Initiatives and Contacts

- ▶ **Federal Incentives..... Contact CMHC:**

- ▶ Seed Funding, Proposal Development Funding, Mortgage loan Insurance Flexibilities, etc
- ▶ Long list of tools and resources available

- ▶ **Provincial initiatives**

- ▶ Ontario's Investment in Affordable Housing (IAH)

- ▶ **Municipal Incentives.... Ask your local Planning Department**

- ▶ Community Improvement Plans (CIPs)
- ▶ Brownfield Tax Assistance
- ▶ Various Grants, tax reliefs, donations, exemptions and rebates



## Municipal Incentives for Affordable Housing, Peterborough

- Grants, waiver, exemptions and /or refunds

Revised May 6, 2015

Market Rent	<div>Central Area (City) project incentives include:<ul style="list-style-type: none"><li>• Planning Application fees</li><li>• Parkland Levy fee</li><li>• Building Permit fee</li><li>• Development Charges (for specific redevelopment projects and locations)</li><li>• 10 year property tax increment</li></ul></div>
Average Market Rent (AMR)	<div>Affordable Housing (City) project incentives (requiring rents reduced to AMR) include:<ul style="list-style-type: none"><li>• Planning Application fees</li><li>• Parkland Levy fee</li><li>• Cash in Lieu of Parking fee</li><li>• Development Charges</li><li>• 10 Year property tax increment</li></ul></div>
90 % AMR	<div>Affordable Housing (City) project incentives (requiring rents at or lower than 90% of AMR include:<ul style="list-style-type: none"><li>• Property tax exemption (full or partial up to 10 years)</li><li>• Municipal capital funding</li></ul></div>
80 % AMR	<div>Affordable Housing (City and County) project incentives (requiring rents at or lower than 80% of AMR) include:<ul style="list-style-type: none"><li>• Investment in Affordable Housing capital funding</li></ul></div>
Rent Geared -to-Income	<div>Rent Supplement Programs (City and County) (requiring rents to be further reduced to 30% of household income):<ul style="list-style-type: none"><li>• Funding may be available</li><li>• Consideration given on a project-by-project basis</li></ul></div>

### Notes:

City and County incentives differ. Every incentive may not apply and some incentives are subject to available funding. Incentives may be subject to Council approval. Refer to City Council Report PLPD11-062 and [www.peterborough.ca](http://www.peterborough.ca) for more information, or contact local Township offices. All multi-residential projects are to be taxed at "New Multi-Residential Rate".

