

The Corporation of the City of Kawartha Lakes

Council Report

Report Number HH2018-005

Date: May 8, 2018
Time: 2:00 p.m.
Place: Council Chambers

Ward Community Identifier: All

Title: Habitat for Humanity Municipal Incentives

Description: Habitat for Humanity Homes Built on Hamilton Street, Lindsay between 2015 & 2018 Exemption from Building Permit Fees and Development Charges

Author and Title: Hope Lee, Administrator/Manager of Housing

Recommendation(s):

That Report HH2018-005, Habitat for Humanity Municipal Incentives, be received;

That the City Treasurer transfer \$87,583 to the Development Charge (DC) Reserve Fund to compensate the DC Reserve Fund for the revenue foregone by providing a DC exemption to Habitat for Humanity for its five-home project on Hamilton Street in Lindsay;

That the transfer be funded by the General Contingency Reserve (1.32090) in the amount of \$38,059, Water Infrastructure Reserve (1.32050) in the amount of \$21,473 and Sewer Infrastructure Reserve (1.32030) in the amount of \$28,051; and

That the transfer be apportioned across the various applicable service-specific accounts of the DC Reserve Fund in proportion to their respective DC rates.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At the Council Meeting of March 4, 2014, Council adopted the following resolution (CR2014-216):

RESOLVED THAT Report SH2014-002, **KLHHC Revised Proposal for Regeneration of Older Housing Stock**, be received;

That, subject to the necessary by-laws and agreements being forwarded to Council for approval, and the successful completion of such planning and development processes as the City may require, the proposal by the Kawartha Lakes-Haliburton Housing Corporation (KLHHC) for reconstruction of eighteen (18) of its older single and semi-detached housing units be approved, including the following project characteristics as described in Report SH2014-002:

1. the sale of eighteen (18) single and semi-detached KLHHC housing units transferred by the Province to the KLHHC in 2001, with specific properties to be identified in subsequent reports to Council, and their replacement with eighteen (18) newly constructed housing units to be rented as Rent-Geared-to-Income units;
2. the transfer of property on Hamilton Street to KLHHC, upon which the eighteen (18) reconstructed units will be built, along with eleven (11) additional KLHHC units and five (5) Habitat for Humanity units; and
3. the funding and financing models, including municipal incentives, proposed in Report SH2014-002 to support the joint KLHHC-Habitat project;

That, based on Council's approval above, the Manager of Housing be authorized to submit a formal Request for Ministerial Consent and other required information to the Ministry of Municipal Affairs and Housing; and

That the Director of Development Services be authorized to initiate and authorize any of the required planning and permit applications, including in-kind municipal support, needed to implement this revised program as outlined in Report SH2014-002.

The 29 KLH units were built over 2014-15 with occupancy occurring late 2015.

The five Habitat for Humanity (Habitat) homes were developed over time, two built over 2015-16 and sold in March 2016, one built over 2016-17 and sold in May 2017 and the last two starting construction in April 2018.

When council approved the municipal incentives in Report SH2014-002 (exemption from fees and charges related to the Building Permit and Development Charges) for the Habitat homes it was anticipated that all five homes would not be built immediately and estimates were based on the cost of

the incentives in 2014. While the estimate of \$5,087 calculated for the Building Permit fees changed minimally in the four years, the estimate of \$33,660 calculated for the Development Charges (DCs) changed significantly over the four year period.

Additionally, the 2014 report was based on the affordable model at the time in which up to \$10,000 per unit in incentives was being used. The 2014 estimates fell well within this model (\$7,750/unit).

Since 2014 amended versions of both the Building Bylaw and the Development Charges (DC) Bylaw include exemptions for both permit fees and DCs for units that meet the definition of a municipal housing facility defined within the City's Municipal Housing Facility (MHF) Bylaw. That bylaw (2006-262) was recently amended (2018-057) to address the Affordable Housing Framework adopted by Council in late 2017.

This report addresses the changes since the adoption of Report SH2014-002.

Rationale:

Habitat has received a building permit and an exemption from both the permit fees and the DCs in accordance with the bylaws and approvals outlined above for all five homes now (the last two provided in late April 2018).

In accordance with the amended MHF bylaw, Habitat will be required to sign an agreement with the City for the two most recent homes. This agreement, in simple terms, will confirm that Habitat will sell the two homes being built this year at a price that meets the MHF bylaw definition of affordable ownership and will sell to a purchaser who meet the definition of an eligible low to moderate income household. If this condition is not met, Habitat will repay the value of exempted permit fees and DCs.

While the value of the building permit exemption can continue to be valued at the 2014 estimate (\$5,087), the value of the DC exemption exceeds the value outlined in SH2014-002. In 2014 the DCs for the 5 homes was calculated at \$33,660. The actual value is \$87,583 (2015 – 2 x \$15,584, 2016 – 1 x \$18,047 and 2018 – 2 x \$19,184).

When an exemption is made for the payment of DCs there is a need to compensate the DC reserve for the revenue foregone due to the exemption. There is a requirement within the Development Charges Act, which stipulates that the shortfall in the DC reserve must be made up by a transfer from another source, typically tax levy or reserve.

This report recommends the transfer to the DC Reserve to compensate it for the \$87,583 in foregone revenue be funded by the General Contingency Reserve (1.32090) in the amount of \$38,059, Water Infrastructure Reserve (1.32050) in

the amount of \$21,473 and Sewer Infrastructure Reserve (1.32030) in the amount of \$28,051. This is the breakdown of the DC's that would have been charged for the 2015, 2016 and 2018 years.

Financial/Operation Impacts:

A transfer to the DC Reserve in the amount of \$87,583 is required to compensate it for the revenue foregone by exempting from DCs the Habitat for Humanity homes on Hamilton Street in Lindsay. As of March 31, 2018 the various reserves being used to pay back the DC exemption to the DC reserve were as follows:

Reserve	Balance at March 31, 2018
General Contingency Reserve (1.32090) - Uncommitted Portion	\$959,136.22
Sewer Infrastructure Reserve (1.32030)	\$1,822,876.24
Water Infrastructure Reserve (1.32050)	\$2,069,226.03

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

The creation of the Habitat homes directly support the Actions under Goal 2: An Exceptional Quality of Life in the City of Kawartha Lakes Strategic Plan 2016-2019, specifically 2.2.3 Increase the supply of affordable housing.

Consultations:

Chief Building Official
Manager of Corporate Assets
City Treasurer

Department Head E-Mail: rsutherland@kawarthalakes.ca

Department Head: Rod Sutherland, Director Human Services