



**City of Kingston  
Report to Council  
Report Number 17-023**

---

<b>To:</b>	<b>Mayor and Members of Council</b>
<b>From:</b>	<b>Lanie Hurdle, Commissioner, Community Services</b>
<b>Resource Staff:</b>	<b>Sheldon Laidman, Director, Housing &amp; Social Services</b>
<b>Date of Meeting:</b>	<b>December 20, 2016</b>
<b>Subject:</b>	<b>Social Infrastructure Fund – Rental Housing Project Allocations</b>

---

**Executive Summary:**

In June 2016, the Ministry of Housing released the federally and provincially funded Social Infrastructure Fund (SIF) which is being delivered under the Investment in Affordable Housing (IAH) program components. The total Year 1 and Year 2 funding allocation for the City of Kingston and County of Frontenac Service Area is \$3,627,400.

At its September 6, 2016 meeting, Council approved the allocation of \$3,346,030 in Year 1 and Year 2 SIF funding to the Rental Housing program stream. The Rental Housing program provides capital funding contributions to private sector and not-for-profit proponents to support the development of new affordable housing units. Dawn House formerly operated as a Women's Shelter in the City of Kingston; however, the agency did not receive operating funding as part of the City's homeless services restructuring. As a result, in 2016 the agency sold their shelter property on Victoria Street and purchased the property at 935 Milford Drive. Zoning approval has been obtained to convert the existing commercial building at 935 Milford Drive to accommodate nine bachelor sized self-contained supportive housing units and seven congregate living transitional housing units. The new facility will support vulnerable women transitioning from precarious housing to stable housing situations. City staff are recommending that \$750,000 in SIF funding be allocated to this project in exchange for nine affordable housing bachelor units with rents at 80% Canada Mortgage and Housing Corporation (CMHC) average market rent.

Addiction and Mental Health Services – Kingston, Frontenac, Lennox & Addington (AMHS), formerly known as Frontenac Community Mental Health and Addictions Services, previously received IAH funding to support the establishment of fourteen affordable housing units at 35 Lyons Street. Construction for the multi-unit apartment building commenced in April 2013 and ceased in November 2014 due to insufficient financing to complete the project.

December 20, 2016

Page 2 of 7

Under the IAH program requirements, the 35 Lyons Street project was to be complete by December 31, 2016. Over the past year, City staff have worked with AMHS and their project consultants to revise the project from the initially planned 49 unit four storey poured concrete building to a 44 unit three storey wood framed building to create a more cost efficient building and a financially viable business plan.

As part of the financial viability analysis, AMHS proposed additional affordable housing units within the building. In exchange for 6 one-bedroom affordable housing units with rents at 80% CMHC average market rent, \$750,000 of SIF Rental Housing funding is being recommended to this project. The additional 6 affordable housing units would establish a total of 20 affordable housing units within the 44 unit building. Given the approaching December 31<sup>st</sup> deadline, City staff have been working with the Ministry of Housing (MOH) staff to secure an extension for the completion of the project. MOH staff have indicated their support for the additional affordable housing contribution to facilitate the completion of the project.

**Recommendation:**

**That** Council approve the allocation of provincial Social Infrastructure Fund Rental Housing funding in the amount of \$750,000 to Dawn House for the creation of affordable housing units with a minimum affordability period of twenty (20) years at 965 Milford Drive; and

**That** Council approve the by-law, attached as Exhibit A to Report Number 17-023, “A By-Law to Permit Council to Enter into a Municipal Contribution Agreement with Dawn House for the Provision of Affordable Housing Units at 965 Milford Drive”; and

**That** Council approve the allocation of Social Infrastructure Fund Rental Housing funding in the amount of \$750,000 to Addiction and Mental Health Services – Kingston, Frontenac, Lennox & Addington for the creation of affordable housing units with a minimum affordability period of twenty (20) years at 35 Lyons Street; and

**That** Council approve the by-law, attached as Exhibit B to Report Number 17-023, “A By-Law to Permit Council to Enter into a Municipal Contribution Agreement with Addiction and Mental Health Services – Kingston, Frontenac, Lennox & Addington for the Provision of Affordable Housing Units at 35 Lyons Street”, and

**That** Council authorize the Commissioner of Community Services or her delegate to review and approve all documents and agreements related to the funding allocations outlined in this report 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, reviewed and approved, related to the funding allocations and property dispositions outlined in Report Number 17-023, as approved by the Commissioner of Community Services or her delegate.

December 20, 2016

Page 3 of 7

**Authorizing Signatures:**

ORIGINAL SIGNED BY COMMISSIONER

**Lanie Hurdle, Commissioner, Community Services**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Gerard Hunt, Chief Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Denis Leger, Commissioner, Corporate & Emergency Services      Not required

Jim Keech, President and CEO, Utilities Kingston      Not required

Desiree Kennedy, Chief Financial Officer & City Treasurer

December 20, 2016

Page 4 of 7

**Options/Discussion:****Social Infrastructure Funding (SIF)**

In June 2016, the City's Housing & Social Services Department, as Service Manager for legislated housing programs for the City of Kingston and County of Frontenac, received notification from the MOH regarding the Service Area's SIF allocation. The SIF is a provincially and federally funded program that will provide \$640 million for housing initiatives across Canada over three years. The SIF funding and program components 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 been allocated \$3,627,400 for the first two years of the three year program.

At its September 6, 2016 meeting, Council approved the Year 1 and 2 SIF program allocations including \$3,346,030 for capital contributions to support the development of new affordable housing units. The maximum funding available under the SIF program guidelines is the lesser of 75% of the total unit development cost or \$150,000 per unit.

In addition to the SIF allocation, for the time frame 2016/2017 and 2017/2018, there is also \$1,538,880 in IAH Extension funding allocated for capital projects and \$1M per year in municipal funding for capital projects that Council has committed. With that funding and SIF, the total amount of capital funding available for capital projects for the 2016/2017 and 2017/2018 time frame is \$7.4M. To date, \$4.3M has been committed to 3 projects: 7 Wright Crescent, 671 Brock Street and 720 Princess Street. The purpose of this report is to obtain approval to commit an additional \$1.5M to Dawn House (\$750K) and AMHS (\$750K) for their capital projects described below. This will still leave a balance of \$1.6M plus \$2.1M in 2018-2020 IAH available capital funding for additional capital projects. It is anticipated that this remaining funding will be used to support the Rideau Heights regeneration project primarily in partnership with the Kingston Frontenac Housing Corporation (KFHC).

**Dawn House, 935 Milford Drive**

Dawn House formerly operated as a Women's Shelter in the City of Kingston; however, the agency did not receive funding as part of the City's homeless services restructuring. City staff and Dawn House staff have been in discussions over the past several months about how the agency would be re-purposed to offer programs and services to meet the goals of the 10-Year Homelessness Plan. As a result, in 2016 the agency sold their shelter property on Victoria Street and purchased the property at 935 Milford Drive. Dawn House plans to renovate the building at 935 Milford Drive and develop nine bachelor sized supportive housing units and seven congregate transitional housing units. The nine self-contained units include individual sleeping, kitchen and washroom facilities. The congregate living space includes private bedrooms and communal living, washroom and kitchen facilities. The renovated building will also include offices and common spaces to accommodate on-site support services provided to residents.

Dawn House has requested affordable housing capital funding to allow for the development of the nine self-contained bachelor units which will enable them to rent the units at an affordable level. The funding level requested is \$750,000 or \$83,333 per unit. This level of funding intends

December 20, 2016

Page 5 of 7

to ensure financial viability during the operation phase of the project so as to minimize the requirement for additional operating funding. In return, Dawn House would rent the funded units at affordable rates for a minimum twenty year period. The affordable rent level proposed is 80% of the average market rent which would achieve monthly rents of \$555 based on the 2017 average market rent levels, making these units affordable to single persons receiving Ontario Disability Support Program (ODSP) benefits. It should be noted that the \$83,333 funding level provided per unit does not factor in the 7 congregate units which are also being facilitated by this funding and will be affordable. These units don't meet all of the prescribed provincial SIF funding guidelines so are not officially included but are adding significant affordable housing value to this overall project.

Should Council approve this project for affordable housing funding, the City will enter into a Municipal Contribution Agreement which will set out the terms of the funding and will be registered on title for the twenty year affordability period. O. Reg. 603/06 of the Municipal Act, 2001 requires that Council approve the attached by-law (Exhibit A) which allows the City of Kingston to enter into a Municipal Contribution Agreement with Dawn House and authorizes the Mayor and City Clerk to execute the required agreements in a form satisfactory to the Director of Legal Services.

#### **Additions and Mental Health Services (AMHS) – KFLA, 35 Lyons Street**

AMHS, formerly known as Frontenac Community Mental Health and Addictions Services, previously received IAH funding to support the establishment of fourteen affordable housing units within the Phase 2 multi-unit apartment building to be constructed on the organization's Lyon Street property. The Phase 2 building, to be known as 35 Lyons Street, represents the second phase of implementation of a master plan for the site that includes a total of three multi-unit residential apartment buildings.

The existing four storey Phase 1 building on-site includes 43 one-bedroom apartment units. Construction commenced on 35 Lyons Street in April 2013 and ceased in November 2014 due to insufficient financing available to complete the project. During this same time the organization underwent a major restructuring process that furthered the challenges to restart and complete the project.

Under the IAH program requirements, the Phase 2 Lyons Street project was to be complete by December 31, 2016. Over the past year, City staff have worked with AMHS and their project consultants to revise the project from the initially planned 49 unit four storey poured concrete building to a 44 unit three storey wood framed building, amongst other project modifications. The revised wood framed building has been designed to be compatible with the site works completed during the initial stages of construction. The result of the revised building plan has created a more cost efficient building while still maintaining a reasonable unit yield.

As part of the financial viability analysis, AMHS proposed additional affordable housing units within the Phase 2 building to support the development of a positive construction and operating budget. In exchange for 6 one-bedroom affordable housing units, \$750,000 or \$125,000 per unit of SIF Rental Housing funding is being recommended for commitment to the project. This level of funding is similar to the per-unit funding received for the other 14 affordable units in the

December 20, 2016

Page 6 of 7

building. This building has higher costs due to the nature of the AMHS clients requiring extended staffing of the building and other supports. The affordable rent level proposed is 80% of the average market rent which would achieve monthly rents of \$753 based on the 2017 average market rent levels.

Given the approaching December 31<sup>st</sup> deadline, City staff have been working with MOH staff to secure a deadline extension. MOH staff have indicated their support for the additional affordable housing contribution to facilitate the completion of the project and establishment of a total of twenty affordable housing units within the completed Phase 2 building. To date, approximately \$825K of formerly allocated IAH funding has been spent on this project and this additional \$750,000 will ensure this initial investment is not lost.

Should Council approve this project for affordable housing funding, the City will enter into a Municipal Contribution Agreement which will set out the terms of the funding and will be registered on title for the twenty year affordability period. The affordable housing by-law required under the Municipal Act, 2001 is attached as Exhibit B.

**Existing Policy/By-Law:**

By-Law Number 2003–61 Municipal Housing Facilities

**Notice Provisions:**

Not applicable

**Accessibility Considerations:**

Not applicable

**Financial Considerations:**

The affordable housing capital funding recommendations associated with this report will provide \$1,500,000 of shared provincial and federal SIF funding to support the establishment of fifteen new affordable housing units within the City. The total value of the 2016-2018 municipal and shared provincial/federal affordable housing capital funding allocation is \$7.4M, of which \$4.3M has been committed to date. Approval of the recommended allocations of \$1.5M within this report will leave a balance of \$1.6M to be allocated to projects commencing construction by spring 2018. No municipal budget is required in relation to the two recommended capital funding contributions.

**Contacts:**

Lanie Hurdle, Commissioner, Community Services 613-546-4291 extension 1231

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

December 20, 2016

Page 7 of 7

**Other City of Kingston Staff Consulted:**

Melanie Bale, Financial Analyst, Housing Programs

Lee Campbell, Manager, Housing and Childcare Programs

John Henderson, Housing Programs Administrator

Lana Foulds, Manager, Financial Planning, Financial Services

Alan McLeod, Senior Legal Counsel, Legal Services

**Exhibits Attached:**

Exhibit A By-Law 2017-XX 'A By-Law to Permit Council to Enter into a Municipal Contribution Agreement with Dawn House for the Provision of Affordable Housing Units at 965 Milford Drive'

Exhibit B By-Law 2017-XX 'A By-Law to Permit Council to Enter into a Municipal Contribution Agreement with Addiction and Mental Health Services – Kingston, Frontenac, Lennox & Addington for the Provision of Affordable Housing Units at 35 Lyons Street'

**By-Law Number 2017-XX**

**A By-Law to Permit Council to Enter into a Municipal Contribution Agreement  
with Dawn House for the Provision of Affordable Housing Units at 965 Milford  
Drive**

**Passed:** Meeting date, 2017

**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 Dawn House for the provision of nine (9) Affordable Housing Units at 965 Milford Drive, 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.

Given First and Second Readings Month XX, 2016

Given Third Reading and Passed Month XX, 2017

---

**John Bolognone**  
**City Clerk**

---

**Bryan Paterson**  
**Mayor**



**By-Law Number 2017-XX**

**A By-Law to Permit Council to Enter into a Municipal Contribution Agreement with Addiction and Mental Health Services – Kingston, Frontenac, Lennox & Addington for the Provision of Affordable Housing Units at 35 Lyons Street**

**Passed:** Meeting date, 2017

**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 Addiction and Mental Health Services – Kingston, Frontenac, Lennox & Addington for the provision of six (6) Affordable Housing Units at 35 Lyons Street, 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.

Given First and Second Readings Month XX, 2016

Given Third Reading and Passed Month XX, 2017

---

**John Bolognone**  
**City Clerk**

---

**Bryan Paterson**  
**Mayor**