THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
April 12, 2006
Report of the
General Manager

STICKWOOD-WALKER FARM
TOWN OF NEWMARKET
AFFORDABLE RENTAL HOUSING PROJECT
SELECTION OF PROPERTY NAME AND
AFFORABLE HOUSING PROGRAM AGREEMENT

1. RECOMMENDATIONS

It is recommended that:

1. The Board of Directors approve the name “The Fernbank” for the new affordable rental apartments located at 615 Fernbank Road in the Town of Newmarket.

2. The Corporation be authorized to enter into the “Provincial Contribution Agreement” with the Province in order to secure funding under the Strong Start component of the Affordable Housing Program (AHP) and the General Manager be authorized to execute the agreement, on behalf of the Corporation, subject to the prior review of the Corporation’s solicitor.

3. The Corporation be authorized to provide security to the Ministry of Municipal Affairs and Housing (MMAH) for the approved $3,500,000 in the Strong Start component of the AHP funding, subject to the prior review of the Corporation’s solicitor.

4. Staff be authorized to take the necessary actions to give effect thereto.

2. PURPOSE

This report seeks the Board of Directors’ approval to select a project name for the 50 new apartments currently under development in the Town of Newmarket. In addition, this report seeks approval to execute the Provincial Contribution Agreement with the MMAH and to seek approval to provide the forms of security required to release the funding for this housing project.

3. BACKGROUND

Council previously approved the necessary applications for funding to be made to the federal and provincial levels of governments to secure capital funding for this new rental project in the Town of Newmarket on October 27, 2005 through the adoption of Clause 1 of Report No. 5 of the Community Services and Housing Committee. In addition, approvals to retain an architectural firm to develop conceptual building drawings and utilize funds from the Social Housing Reserve Fund to cash flow this development were approved.

In December 2005, the federal government announced that this project was approved for up to $3,500,000 capital funding under the "Strong Start" component of the Affordable Housing Program (AHP).

On December 19, 2005, a 1.71 acre vacant site was transferred from the Town of Newmarket to Housing York Inc. Because the site is zoned for the intended use, it is anticipated the project will proceed quickly (*see Attachment 1*).

Regional staff have been liaising with staff from the Canadian Hearing Society (CHS) to ensure the building's interior and exterior enhance the living environment for the CHS clients for the seven designated units.

The firm of Allen & Sherriff Architects, Inc. is the successful proponent following a request for proposal for architectural and planning services completed by the Region's Supplies and Services Department.

In March 2006, the site plan approval process was initiated and design drawings and outline specifications are underway.

4. ANALYSIS AND OPTIONS

4.1 Selection Of Property Name

The assignment of a property name is important to the character of the building, resident pride, community belonging, and the strengthening of marketing efforts within the community. The name of a property may consider such attributes as the characteristics of the property, location, and historical aspects of the site.

In the case of this new affordable housing development, the historic location of the site is identified by the Town of Newmarket as a heritage agricultural homestead known as "Fernbank Farm". To enhance the community connection to this history, it is proposed that the property be named "The Fernbank".

4.2 Affordable Housing Program Security Agreement

In order to qualify for the AHP funding, HYI as operator of this project must enter into a legal agreement with MMAH.

Provincial Contribution Agreement

HYI will be providing a guarantee of performance under the terms of the Contribution Agreement. These conditions include:

- The requirement to use the AHP funding only for the construction of this project.
- The requirement to maintain affordable rent levels for a minimum term (e.g. 20 years) with annual rent increases limited to those allowed under provincial regulations.
- Reporting and accountability requirements.

In addition, the Corporation will be required to provide security to MMAH for the approved $3,500,000 in the "Strong Start" component of the AHP funding.

The Corporation, may be required as a condition of the Province providing funding to HYI under the Strong Start component of the AHP, to provide a guarantee of HYI's obligations to the Region.

4.3 Building Design Concept

The design concept is an "L' shaped, split 2 and 3 storey building of approximately 52,000 square feet (*see Attachment 2*). This design takes into consideration the adjacent two storey single family residential character of the neighbouring community. The unit breakdown of the building is 40 one-bedroom units and 10 two-bedroom units for a total of 50 apartments. The proposed building includes three units with enhanced features for wheelchair accessibility, plus up to seven units for persons with hearing impairments. In addition, there are interior and exterior amenity areas for the residents. The building will accommodate a mix of households including singles, families, and seniors.

The 1.71 acre site is located at 615 Fernbank Road, south of Mulock Drive and west of Leslie Street, within the 90 acre subdivision developed by the Town of Newmarket. The site is within easy walking distance of public transit, schools, and convenience shopping.

The building has been designed with input from regional staff from Housing Operations and Property Services Department with a view to minimizing operating expenses to HYI as Building Manager. In addition, staff from the CHS have been part of the consultation process.

Regional staff have reviewed the federal government's financial incentives under the Federal Commercial Building Incentive Program (CBIP). Under this program, developers of multi-residential buildings are offered grants equal to two times their annual energy savings, up to $60,000 per building for the incorporation of energy efficiency features to the building envelope, heating and venting systems, and lighting systems. Annual operating savings for utilities of approximately $30,000 is expected to be realized.

In addition, staff are investigating opportunities to incorporate a comprehensive list of guidelines to improve the environmental and energy performance detailed in the Canada Green Building Council LEED Building Rating System. This project supports the Region's minimum sustainable standard for Regional facilities.

4.4 Next Steps

- Site plan application process in progress.
- Concept design approval and preliminary costing in late April 2006.
- Make application for a grant under the Federal Commercial Building Incentive Program (CBIP) and other funding opportunities that become available.
- Final working drawings and updated costing available for late June 2006.
- Pre-qualification to pre-qualify general contractor proponents in June 2006.
- Issuance of a Call of Tenders for the construction in July 2006.
- HYI and the Province to execute the Provincial Contribution Agreement and security requirements.
- Commence construction in fall 2006.
- Complete construction and ready building for occupancy in fall 2007.

4.5 Design and Preliminary Costing Estimates

Based on the concept drawings prepared by Allen & Sherriff Architects Inc. and industry averages for typical forms of construction provided by the quantity surveyor firm of Curran & McCabe, regional staff have estimated the total development and construction cost for a 50-unit apartment building to be in the range of $9–$10 million.

These cost estimates are preliminary and will be refined as the details of the drawings and specifications progress. Staff will explore ways of reducing the capital cost of this project as it proceeds through the development process.

5. FINANCIAL IMPLICATIONS

The provisions of this security will permit the release to the Region of $3,500,000 in AHP funding from the federal and provincial governments in the form of a fully forgivable loan. This funding commitment has reduced the overall capital cost of the project, thereby reducing the annual carrying cost to HYI.

The capital costs of this project have been planned for in the Region's 2006/2007 Capital Budgets. The operating budget will be structured to ensure that the rental revenue will carry the operating costs. Sufficient provincially-funded rent supplement units have been set aside to meet the needs of this project.

This project is designed to be financially self sustaining through the annual tenant rents derived from operations.

6. LOCAL MUNICIPAL IMPACT

The creation of additional affordable rental housing units on this site located in the Town of Newmarket will alleviate some pressure for affordable housing in the Region. There are currently 2,080 households waiting for assisted housing in the Town of Newmarket and 5,462 for the Region as a total.

7. CONCLUSION

The affordable housing initiative provides an excellent opportunity for the Town of Newmarket and the Region to work together to address some of the goals identified in the Housing Supply Strategy and the Region's minimum sustainable standard for Regional facilities. These include the development of partnerships, the use of government-owned land, and the integration of affordable housing in existing communities. The issuance of the security required by MMAH to release the first of the AHP funds completes an important development phase for this project.

The Senior Management Group has reviewed this report.

Prepared by:	Reviewed by:
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March 30, 2006
Attachments - 2

MM/ko/dm