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STICKWOOD-WALKER FARM TOWN OF NEWMARKET AFFORDABLE RENTAL HOUSING PROJECT DEVELOPMENT UPDATE

The Community Services and Housing Committee recommends adoption of the recommendations contained in the following report, March 30, 2006, from the Commissioner of Community Services, Housing and Health Services, with Recommendation 4 amended as follows:

- 4. Staff be directed to work toward the principles of the Leadership in Energy and Environmental Design (LEED) Certification for this project and report back.**

1. RECOMMENDATIONS

It is recommended that:

1. A target plan be approved for rent supplement that provides rent-geared-to-income (RGI) assistance to all units serving those with disabilities and 50% of the balance of the units, for an overall target plan of 60% RGI and 40% market rent.
2. The Region make application for a grant under the Federal Commercial Building Incentive Program (CBIP) and authorize the Commissioner of Community Services, Housing and Health Services to execute all such documentation therefore.
3. The Region, if required as a condition of the Province providing funding to Housing York Inc. under the Strong Start component of the Affordable Housing Program, provide a guarantee of Housing York Inc.'s obligations therefore, and that the Regional Chair and the Regional Clerk execute the guarantee on the Region's behalf, subject to the prior review of the Legal Services Branch.
4. Staff be directed to work toward Leadership in Energy and Environmental Design (LEED) Certification for this project, subject to site and cost limitations.

2. PURPOSE

This report will provide an update on the progress of the 50 unit affordable rental housing project development in the Town of Newmarket. In addition, this report seeks permission to make application for a grant under the Federal CBIP.

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.

This new housing development provides an excellent strategic opportunity to partner with the Town of Newmarket to provide much needed affordable rental housing within a new large plan of subdivision that includes a multi-use recreational facility, residential ownership housing and a heritage farmstead.

On December 15, 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 Rental Housing Program (AHP).

On December 19, 2005, a 1.71 acre vacant site was transferred from the Town of Newmarket to Housing York Inc. (HYI). Because the site is zoned for the intended use, the project will proceed quickly (*see Attachment 1*). On January 24, 2006, the Region received the Strong Start Administration Agreement that requires execution in order to participate in the AHP. The Commissioner of Community Services, Housing and Health Services has the authority to execute this agreement in accordance with the Signing Authority By-law.

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

Late last year, the firm of Allen & Sherriff Architects, Inc. was the successful proponent following a Request for Proposal (RFP) for architectural and planning services completed by the Region’s Supplies and Services Department.

In March 2006, the site plan approval process was initiated with the Town of Newmarket following a number of meetings to negotiate the land transfer and review the planning and architectural guidelines for this plan of subdivision.

4. ANALYSIS AND OPTIONS

4.1 Building Design Concept

The design concept is an “L” shaped, split two and three 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 will contain 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 Branch with a view to minimizing operating expenses to HYI as Building Manager. In addition, staff from the CHS has been part of the consultation process.

Regional staff have reviewed the federal government's financial incentives under the Federal 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 is investigating opportunities to incorporate a comprehensive list of guidelines to improve the environmental and energy performance detailed in Canada Green Building Council LEED Building Rating System.

4.2 Energy Conservation Measures

Regional staff have reviewed the federal government's financial incentives under the 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.

4.3 Preliminary Capital Cost Estimates and Sources of Funding

4.3.1 Preliminary Capital Cost Estimates

Based on the concept drawings prepared by the architect, preliminary construction cost of the residential component of the building is estimated at \$145–\$155 per square feet. (for the estimated 52,000 square feet of space) or \$7.5 million–\$8.0 million. Based on preliminary estimates, a capital cost budget projected range is \$8.97–\$9.95 million (see Table 1). As this project moves through the development process, the construction cost estimates will be updated to reflect more current market conditions and will be presented to Council in subsequent reports.

Table 1
Range of Estimated Project Capital Budget

	Range of Estimates		
Land Purchase	\$ 315,000	-	\$ 315,000
Soft Costs	730,000	-	950,000
Construction Contract	7,500,000	-	8,085,000
Appliances/Furniture	125,000	-	125,000
Contingency	300,000	-	475,000
Total	\$8,970,000	-	\$9,950,000

As reflected in the Region's 2006 Capital Business Plan and Ten-Year Forecast, the preliminary estimate for the capital construction for the project was estimated at \$9.7 million, based on information available at the time.

The capital cost estimates for this project will be refined as the building design work proceeds and will be incorporated the 2007 Capital Budget process.

4.3.2 Sources of Funding

On December 15, 2005, the federal and provincial governments announced that this project has been approved for up to \$3,500,000 capital funding under the Strong Start component of the Affordable Housing Program for up to 50 affordable apartments.

As a condition of the Province providing funding to HYI under this program, the Region may be required to provide a guarantee of HYI's obligations.

The Federally sponsored CBIP has a financial incentive of up to \$60,000 that supports the Region's energy conservation measures.

The Region has requested the Town of Newmarket to consider a waiver or reduction of all municipal fees and charges for this regionally sponsored affordable rental housing project in order to reduce the capital cost of the project.

The Region's portion of the project costs will be financed through debentures issued by the Region from the Social Housing Reserve Fund. It is budgeted that rents from the apartments will cover the Region's debenture financing. Factors such as tendered construction costs, interest rates, and operating costs will impact on the amount of the debenture and reserve requirements. Staff will report back to Council in June 2006 when more definitive capital and operating costs are known.

4.4. Proposed Market and Rent-Geared-To-Income Unit Mix

The Housing Access Centre waiting list for rent-geared-to-income (RGI) housing, for all client types, currently has 2,080 applications for the Town of Newmarket and 5,462 for the Region as a total.

It is proposed 20 units or 40% of the total 50 units be targeted to the low end of market rents as required by the AHP funding agreement. The current Canada Mortgage and Housing Corporation (CMHC) market rent scale for the one and two bedroom units is \$793–\$900 per month respectively.

It is also proposed that ten units be targeted to those with physical disabilities, deaf, deafened or hard of hearing. These households typically have low income and will therefore be offered RGI assistance. These households will occupy 20% of the building units.

The remainder of the units (20 or 40%) be offered to households requiring RGI assistance as funded through the Region's current allocation from the provincial Ministry of Municipal Affairs and Housings (MMAHs) Rent Supplement Program.

This target plan overall offers a good balance of household incomes with 40% market rent and 60% RGI.

4.5 Next Steps

Over the next few months, Regional staff will:

- Submit Site Application to Newmarket (March 2006).
- Liaise with staff from the Town of Newmarket and Canadian Hearing Society.
- Prepare draft project capital cost estimates and operating budget.
- Report back to Council and HYI on the above matters.

The proposed development schedule is as follows:

- Submit Site Plan application to Town of Newmarket (March 2006).
- Completion of Design Development/Preliminary Project Cost Estimates (May 2006).
- Make application for CBIP grant and other funding opportunities that become available (April 2006).
- Make application for building permit (May/June 2006).
- Report to Council with final project design and project cost estimates (June 2006).
- If approved by Council, pre-qualify general contract proponents in June/July 2006.
- Issue Call for Tenders of construction (Summer 2006).
- Start construction (Fall 2006).
- Completion of construction (Fall 2007).

5. FINANCIAL IMPLICATIONS

Based on preliminary cost estimates this project will require a regionally issued debenture of \$2.3 million. As detailed in Table 2, an equity contribution estimated in the range of \$3.17 to \$4.15 million will be required to cover the shortfall between the estimated capital costs and other sources of funding from senior levels of government.

It is proposed that the capital contribution be made from the Social Housing Reserve Fund. Based on preliminary operating budget projections, the housing project can be sustained through the proposed annual tenant rents derived from operations.

Table 2
Estimated Total Project Cost/Funding Sources
(\$ million)

	Range of Estimates
Estimated Project Cost	\$8.97 – \$9.95
Sources of Financing & Equity	
Debenture funded by tenants rents	\$2.30 – \$2.30
Equity Contribution from S.H. Reserve	\$3.17 – \$4.15
Contribution from Federal Government	\$1.40 – \$1.40
Contribution from Provincial Government	\$2.10 – \$2.10
Total	\$8.97 – \$9.95

6. LOCAL MUNICIPAL IMPACT

The creation of the proposed 50 affordable rental housing units in the Town of Newmarket will assist in alleviating some of the pressures for affordable rental housing in York Region.

7. CONCLUSION

The residential development provides an excellent opportunity for the Town and the Region to address some of the goals identified in the Housing Supply Strategy. These include the development of partnerships, the use of government-owned land and the integration of affordable housing in existing communities by combining resources to deliver much needed affordable rental housing. In addition, this new housing development supports the Region's Sustaining Building Program by integrating building materials and methods to promote sustainable natural environment, economic vitality and healthy communities through the design, construction, and operation of the built environment.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause were included in the Agenda for the April 12, 2006 Committee meeting.)