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AFFORDABLE HOUSING PROJECT—TOWN OF NEWMARKET TOM TAYLOR PLACE

The Community Services and Housing Committee recommends adoption of the recommendations contained in the following report, May 26, 2006, from the Commissioner of Community Services, Housing and Health Services:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve the issuance of a Call for Tenders for the construction and award of the tender on condition that the final project capital cost does not exceed the projected capital costs, up to $9.95 million, as provided in this report, pursuant to the Region's Purchasing By-law.

2. The Regional Chair and the Regional Clerk be authorized to execute the construction contract on the Region's behalf subject to the prior review of Legal Services.

3. The Region apply for basic Leadership in Energy and Environmental Design (LEED) Certification for this project.

2. PURPOSE

This report seeks Council approval to tender for construction, and award said tender on condition the final project capital cost does not exceed the approved projected capital costs of up to $9.95 million as provided in this report. The report also seeks approval to apply for basic LEED Certification.

This approval will include authorization to enter into a construction contract for the construction of this 50 unit affordable housing project and to finalize the financing necessary to complete this project.

3. BACKGROUND

Council approved the development of an affordable rental housing project on an appropriately zoned 1.70 acre site near Mulock Drive and Leslie Street 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 December 2005, the site was transferred to Housing York Inc. (HYI) from the Town of Newmarket.

In late December 2005, the federal government announced that this project was approved for up to $3.5 million capital funding under the “Strong Start” component of the Affordable Housing Program (AHP).

In January 2006, the architectural firm of Allen & Sherriff Architects Inc. was engaged by the Region to design the project.

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

On April 27, 2006, through the adoption of Clause 6 of Report No. 3 of the Community Services and Housing Committee, Council approved the tenant targeting plan for the project and making an application for an energy savings grant; executing a guarantee, if required, as a condition of the Province providing funding to HYI under the Strong Start component of the AHP. In addition, staff were directed to work toward the principles of LEED certification for this project, bearing in mind the need to limit cost and time exposure.

HYI approved the name “Tom Taylor Place” for the new rental apartments located at 615 Fernbank Road in the Town of Newmarket at the April 12, 2006 HYI Board of Directors meeting.

Regional staff continue to liaise with staff from the Canadian Hearing Society (CHS) to ensure the building features enhance the living environment for the CHS clients for the seven designated units.

4. ANALYSIS AND OPTIONS

4.1 Project Features

The building design is an “L” shaped, three storey building of 51,500 square feet. The building is designed as a non-combustible structure. This design takes into consideration the adjacent two storey single family residential character of the planned neighbouring community. The unit breakdown is 40 one-bedroom units and ten two-bedroom units for a total of 50 apartments. The building design includes three units with enhanced features for wheelchair accessibility, plus seven units for persons with hearing impairments. In addition, there are exterior and interior amenity areas for the residents which will be wheelchair accessible.

The site is located at 615 Fernbank Road in the vicinity of Mulock Road/Leslie Street known as the “Stickwood Walker Farm” subdivision. The property is located in close proximity to public transportation, convenience shopping, and schools.

4.2 Capital Costs Estimates and Sources of Funding

4.2.1 Preliminary Capital Cost Estimates

A qualified quantity surveyor, Curran & McCabe Inc., was engaged to provide an up-to-date market construction cost estimate for this project. Based on the preliminary drawings prepared by the project architect, the per square foot construction cost is estimated at $157.

The following factors have impacted the capital cost estimates for this housing development including:

- The site configuration limited the building footprint to an "L" shaped building.
- The three storey building height restriction required by the Town of Newmarket.
- Limited economies of scale in a 50 unit project.
- Increased gross floor area within the units to increase accessibility.
- Enhanced energy and water conservation features which will reduce future consumption and operating costs.
- Sustainable design and building components to reduce operating costs over the lifetime of the project.
- Potential cost of winter heating during construction.

The overall total capital cost for this project, including the soft costs, construction contingency, and other related costs is estimated to be $9.95 million.

4.3 Tender for Construction

Authority is requested to work with Supplies and Services to conduct a Request for Tenders.

This procurement process will be conducted by the Region's Supplies and Services Department in conjunction with Community Services and Housing, Property Services staff, and a representative from the Ministry of Municipal Affairs and Housing.

In compliance with the Regional purchasing by-law, the request for pre-qualification of general contractors is currently in progress in order to expedite the tender process and issuance of the building permit to comply with project milestones required by the AHP requirements.

4.4 Energy Conservation Measures/Sustainable Building Design

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

The CBIP program is an excellent opportunity to incorporate energy conservation measures in the Tom Taylor Place housing development that offer long-term operating savings at a modest capital cost. This initiative also supports the Region's energy management initiatives for energy conservation measures of utility consumption.

In addition, Regional staff have been working with the design team to incorporate sustainable and energy efficient measures in order to reduce energy/water consumption, operating costs and to provide good indoor air quality. The design process has included a detailed project specific review of 53 proposed measures supporting the principles of the LEED certification.

Measures that offer sustainable design features, reduction in energy and water consumption, and reduce overall operating costs have been incorporated in the drawings and specifications at a modest incremental capital cost. These measures include:

- Design landscaping with drought resistant vegetation.
- Supply ultra-low flow toilets, faucets, showerheads and front load clothes washers to reduce annual water costs and demand on municipal water and wastewater facilities.
- Reduce energy costs with light coloured/high reflectance exterior cladding, roofing material etc.
- Supply "Energy Star" appliances—reduces energy consumption.
- Design outdoor lighting—reduces energy usage and prevent light trespassing to neighbouring properties.
- Eliminate the use of ozone depleting chemicals.
- Install Building Automation Systems (BAS)—monitor total annual building energy/water consumption.
- Support municipal recycling programs—provide recycling area in building.
- Specify Green Label (recycled materials), i.e. carpeting products.
- Provide bicycle storage.
- Reduce emission of indoor air pollutants by specifying low emitting paints, adhesives and sealants.

The "Green Building" enhancements identified above qualify the project for basic LEED certification. The cost for the enhancements including the consulting and certification costs can be accommodated in the proposed capital budget for this project. Pursuit of LEED certification is recommended by regional staff and consultants on the basis that if targets are set to improve the building in the areas of energy efficiency and air quality, it is difficult to know if the goals are being achieved without the additional due diligence of the documentation, monitoring and testing that is required by the LEED program.

According to an energy simulation/model for the proposed 51,500 square feet building, it qualifies for the maximum funding of $60,000. With an estimated capital investment of $166,000 it is estimated the building could experience an annual energy cost savings of utilities of approximately $12,500. Once the grant of $60,000 is applied, the net cost to the Region is expected to be $106,000.

The capital investment would therefore be repaid in less than eight years. This estimate is based on current energy costs which are expected to increase.

4.5 Sources of Funding

The following sources of funding have been identified as (potentially) being available to this project.

4.5.1 Capital Funding

- $3.5 million capital funding under the AHP for 50 affordable rental apartments.
  - $2.1 million capital funding cash flowed in the form of a monthly payment for 20 year loan.
  - $1.3 million capital funding advanced during project construction, as a fully forgivable loan.
  - CBIP Program offers up to $60,000 to incorporate energy efficiency features.
  - HYI will seek Regional debenture financing in the amount of $2.3 million and funding from the Social Housing Reserve Fund of approximately $4.15 million.

4.5.2 Operating Funding

- Funding for 60% of the apartments under the Rent Supplement Program funded by the Provincial Ministry of Municipal Affairs and Housing. The funding of these units is available until 2023 after which the Region will have to re-evaluate this program if new provincial funding is not secured.
- The balance of the apartments will have market rents in the range of $800 to $900 per month as prescribed by the 2005 Canada Mortgage and Housing Corporation Market Rent Survey. Units are available within the Region’s allocation for this project.

4.6 Next Steps

Over the next few months, the project development schedule plans to undertake the following:

- Finalize site plan approvals and confirm any fees and charges.
- Prepare final construction documents including specifications and drawings and make application for building permit.
- Execute a site development agreement with Town of Newmarket.
- Complete the Request for Pre-Qualification to pre-qualify general contractors.
- Issue a Call for Tenders for construction from the pre-qualified general contractors.
- Tender and award construction contract in accordance with Region’s purchasing by-law.
- Commence construction in fall 2006.

5. FINANCIAL IMPLICATIONS

This project will have a financial impact on the Region, which has been planned for in the projected capital budgets for 2006 and 2007. This project has been budgeted based on 50 units for a total capital cost of $9.95 million. The AHP funding commitment has reduced the overall capital cost to the project, thereby reducing the annual carrying costs to HYI. Table 1 summarizes the projected costs and funding sources for this project. The 2007 Capital Budget will reflect updated total capital cost estimates. The operating budget will be structured to ensure that the rental revenue will carry the operating costs.

Table 1
Estimated Total Project Cost/Funding Sources

	Estimate ($million)
Estimated Project Cost	**$9.95**
Sources of Financing & Equity	
Debenture Funded by tenant rents	2.30
Equity Contribution from S.H. Reserve	4.15
Contribution from Federal Government	1.40
Contribution from Provincial Government	2.10
Total	**$9.95**

There are no net operating impacts to the Region in 2006 resulting from 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 rental housing in the Region. The inclusion of units designated for clients of the CHS and persons with disabilities supports the Region’s accessibility goals.

7. CONCLUSION

As noted in previous reports, this affordable rental project provides an excellent opportunity for 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 communities by combining resources to deliver much needed services. In addition, this project’s conservation measures plan to reduce utility/water consumption and operating costs, and support the Region’s sustainability and energy management initiatives.

The Senior Management Group has reviewed this report.