

11

PARKVIEW SERVICES FOR SENIORS RUPERT AVENUE—WHITCHURCH-STOUFFVILLE REDEVELOPMENT PLAN & MORTGAGE DISCHARGE

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report, May 26, 2004, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. The Region endorse the Parkview Services for Seniors redevelopment plan as it pertains to the discharge of the mortgage and sale of the lands and premises located at 465 Rupert Avenue in the Town of Whitchurch-Stouffville, on which a 36 unit seniors' apartment residence is currently situated, subject to the Commissioner of Community Services and Housing being satisfied that Parkview has made appropriate provision for the existing tenants and that the building will remain financially viable until the point of sale.

2. PURPOSE

To seek Committee and Council's approval of the Parkview Services for Seniors redevelopment plan as it pertains to the sale of the 36 unit senior's apartment building located on Rupert Avenue in the Town of Whitchurch-Stouffville in accordance with Provincial requirements.

3. BACKGROUND

Parkview Services for Seniors (Parkview) owns a 109 bed Home for the Aged and a 36 unit non-profit seniors apartment building on Rupert Avenue in Stouffville. The long-term care facility was completed in 1965 and the apartment building was added in 1974. The facilities share one parcel of land and are physically connected.

The Ministry of Health and Long Term Care (MOHLTC) now requires older long-term care facilities to redevelop to comply with new design guidelines. MOHLTC has not committed on-going funding to facilities that fail to comply with the design requirements by 2006. Facilities that do not redevelop by 2006 may jeopardize their long-term viability.

In order to meet the design requirements, Parkview must build a new long-term care facility. The existing site is not suitable for redevelopment. Parkview intends to construct a new building on a parcel of land they currently own adjacent to Parkview Village, a 124 unit non-profit seniors apartment building located on the Ninth Line in Stouffville.

Upon completion of the new facility, the existing long-term care building will be surplus to the organization. Financing of the new development is contingent on a substantial equity contribution from the sale of the Rupert Avenue property.

4. ANALYSIS AND OPTIONS

Parkview is seeking an expression of support from the Region for their redevelopment strategy. After reviewing Parkview's mortgage and other relevant documents the Regional solicitor has concluded that Parkview does not require the consent of any level of government to discharge the Canada Mortgage and Housing Corporation (CMHC) mortgage on the Rupert Avenue apartment building. However, the Province takes a somewhat different position and requires an expression of support from the Region before initiating mortgage discharge.

If such an expression of support is not provided, the Province could unduly delay the discharge of the mortgage placing the redevelopment plan at risk.

4.1 Mortgage Discharge

The Rupert Avenue apartment building is governed by an operating agreement executed by CMHC. Administration of this agreement was devolved to the Region. Currently the Region does not provide ongoing subsidies to this facility as none are required.

The 36 unit Rupert Avenue seniors building was constructed in 1975 under a federally sponsored housing program. Projects developed under this program did not receive any on-going funding. The building was financed with a 50 year CMHC mortgage with fixed 8% interest. The mortgage is non-transferable and must be discharged before the property can be sold.

The mortgage terms allow Parkview to discharge the mortgage at any time upon payment of a penalty equal to three months' interest. However, CMHC initiates the mortgage discharge at the request of the Province. The Province in turn requires an expression of support from the Region.

4.2 Impact of Redevelopment on Social Housing Waiting Lists

Parkview's sale of the Rupert Avenue site will remove 36 units of affordable housing from the Regional supply. However, it is significant to note that eight of these units are bachelors for which there is very little demand.

The Rupert Avenue waiting list is not part of the Region's centralized waiting list system as the building does not offer rent-geared-to-income (RGI) assistance.

4.3 Impact of Redevelopment on Rupert Avenue Tenants

The Rupert Avenue building pre-dates RGI assistance programs. The building charges rents at below market levels, operating on a break-even basis with the assistance of

preferred mortgage terms and a property tax exemption. All tenants must meet low income admission requirements. Current rents range from approximately \$400 to \$600 per month.

Parkview cannot guarantee that a future owner will continue to operate the rental building or that rents will remain affordable. As the building will become subject to property taxes at the point of sale, any new owner will likely apply to the Ontario Rental Housing Tribunal for an above guideline rent increase. The existing tenants are dependent on the affordable nature of their housing. Even if the building remains a rental housing development, tenants may be unable to sustain their tenancies under new ownership.

4.4 Suggested Pre-conditions to Regional Support of the Redevelopment Plan

It is suggested that Parkview be required to submit an addendum to their redevelopment plan detailing their strategy to mitigate the impact of sale of the property on the low-income seniors currently living in the Rupert Avenue apartment building. As any such strategy may result in substantial rent revenue losses, Parkview must also demonstrate that the building will remain financially viable until such time as the mortgage is discharged.

5. FINANCIAL IMPLICATIONS

Parkview does not receive funding from the Region or senior governments for the Rupert Avenue apartments. Sale of the building will have no impact on operating subsidy costs.

Although the Region does not provide operating funding, the Region is responsible to respond to capital funding requests for the Rupert Avenue Apartments. This building is the oldest non-profit housing community in the Region. The Building Condition Audit commissioned by the Region forecasts that the capital reserve fund will be exhausted in 2005 if all recommended work is completed. At that time, Parkview would likely approach the Region to request capital funding should they continue to own the building.

Parkview has already begun to experience vacancy loss as applicants and residents seek more secure housing. Regional staff have advised Parkview that an addendum to the redevelopment plan must be submitted to demonstrate that all material expenses, particularly the mortgage payments, will be paid up to the point of sale.

6. LOCAL MUNICIPAL IMPACT

The local municipality will benefit in the long term from the development of the new Parkview Long-Term Care facility. However, appropriate provision must be made for the Rupert Avenue tenants to ensure that vulnerable seniors are not at risk of homelessness.

7. CONCLUSION

Parkview Services for Seniors has provided long term care and seniors housing services to the Whitchurch-Stouffville community for more than thirty years. The organization now faces a dilemma. They must redevelop the long-term care facility to meet MOHLTC requirements or risk closure of the current facility, but they are unable to complete the redevelopment without selling the Rupert Avenue site. As such, they have asked for the Region's support of the redevelopment plan, as is required by the Province.

The Senior Management Group has reviewed this report.