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DEMOLITION OF MAPLE MANOR CITY OF VAUGHAN NON-PROFIT HOUSING CORPORATION

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, August 30, 2006, from the Commissioner of Community Services, Housing and Health Services:

1. RECOMMENDATIONS

It is recommended that:

1. The Region approve the City of Vaughan Non-Profit Housing Corporation's Business Case for the disposition of the real property and demolition of Maple Manor and the Resident Relocation Plan for Maple Manor.

2. The Region approve the discharge of the mortgage for Maple Manor by the City of Vaughan Non-Profit Housing Corporation prior to the demolition of the building.

3. The Region approve the City of Vaughan's request to retain any operating surpluses beginning at fiscal 2004 until such time as the building is demolished.

4. The Region approve the application of any remaining reserves and/or operating surpluses to tenant relocation costs and demolition costs for Maple Manor on the condition that the Non-Profit manages in a business-like manner within their operating agreement.

5. The Region approve the transfer of a total of an initial 37 rent-geared-to-income (RGI) units to the new seniors building that will be owned by Housing York Inc. A later Committee Report will be brought forward requesting approval for the entire target plan for the new facility.

6. The Region seek Ministerial Consent from the Ministry of Municipal Affairs and Housing (MMAH) to the discharge of the mortgage referred to in Recommendation 2 above and the corresponding termination of the operating agreement between the Non-Profit and Canada Mortgage and Housing Corporation.

2. PURPOSE

This report requests Council approval of the City of Vaughan Non-Profit Housing Corporation's business case for the redevelopment of Maple Manor as well as Council approval to seek Ministerial Consent from MMAH for the discharge of the mortgage for Maple Manor by the City of Vaughan Non-Profit Housing Corporation and the corresponding termination of the operating agreement between the Non-Profit and Canada Mortgage and Housing Corporation (CMHC).

3. BACKGROUND

Recently, representatives from the City of Vaughan advised Regional staff of a development opportunity on a site as part of the planned Vaughan Civic Centre Campus (*see Attachment 1*). As part of the redevelopment, the City wishes to demolish the existing 31 unit seniors apartment building known as Maple Manor, and provide a site for The Regional Municipality of York to build an 85 unit seniors building.

The City has also indicated that they no longer wish to remain in the housing business and propose that York Region, through its housing corporation, Housing York Inc. (HYI), be the owner and operator of the new facility. The City would retain ownership of the site, but offer a long-term land lease to the Region, at no cost.

The City of Vaughan Non-Profit Housing Corporation has submitted to the Region a Business Case approved by the Board of Directors on April 4, 2006. The Business Case describes the proposed demolition of Maple Manor and the development of the new larger building. It also addresses the approval process required, the financial viability of Maple Manor up to and including demolition, and the tenant relocation plan for the existing residents of Maple Manor.

Maple Manor is a municipal non-profit housing corporation operating under an agreement under Section 95 of the *National Housing Act*. There are certain restrictions contained within the Transfer Orders made pursuant to Part IV of the *Social Housing Reform Act, 2000* (SHRA) which require Ministerial Consent from MMAH for this transaction. These include any transfer, disposition, or disposal of a housing project, altering any condition or state of the property (excluding repairs and maintenance), and amalgamating any projects. The Region will be required to make a submission to MMAH for that consent in order for the transaction to proceed.

4. ANALYSIS AND OPTIONS

The proposed redevelopment of Maple Manor will create an additional 54 units of affordable housing for seniors in the community. The Region, through HYI, will own a new 85 unit facility which will be designed to address energy efficiency and accessibility features for people with disabilities and replace the existing 25 year old building.

4.1 Financial Viability

The items listed below form part of the consideration of the benefit of replacing the facility.

4.1.1 Operating Costs of Maple Manor Until Demolition

Operating costs will continue to be met until the time of demolition as usual, by rental revenue from tenants and the monthly federal subsidy payments. According to the terms of the operating agreement, the City of Vaughan Non-Profit Housing Corporation must return any operating surplus to the Region. The Non-Profit has an operating surplus for 2004 and 2005 and has asked the Region to allow them to retain these surplus funds and any future surpluses to assist in offsetting costs of this transaction. These surpluses are relatively small (2004—$14,972; 2005—$17,065) and are generated by cost saving decisions made by the Board. Allowing the group to retain the surpluses does not affect the federal subsidy received for this project. It does represent a foregone recovery to the net social housing costs for the Region. It is recommended that this request be approved as an incentive to good management.

At the time of demolition, it is expected that Maple Manor will have a modest operating surplus. The City of Vaughan has requested that the Region allow any operating surplus as well as any capital reserves be used to offset the cost of demolition and tenant relocation.

In addition, the Non-Profit intends to transfer ownership of the property to the City of Vaughan.

Any tenant vacancies in the next two years will be filled and incoming tenants will be advised of the future demolition and relocation of tenants.

4.1.2 Mortgage

Maple Manor has an outstanding mortgage balance of approximately $657,000 as of July 1, 2006, with a final maturity date of June 2016. The mortgage balance at the beginning of 2009, the proposed time of demolition, is expected to be about $540,000. The City of Vaughan has agreed to assume the cost of discharging the mortgage for Maple Manor prior to the demolition of the building.

4.1.3 Capital Costs

Maple Manor is a 31 unit senior's apartment building that was erected in 1981. It was built on a former creek bed and there have been some issues around repairing and eventually demolishing an atrium\greenhouse. This issue could also extend in the future to the foundation of the building and result in major repair costs.

Also, a building condition assessment conducted in 2001 indicated that in the next few years, Maple Manor would require major repairs or replacements to the heating, exhaust, and water supply systems. Repairs are also required to walkways, parking areas and brickwork. As the building ages, the financial liability will increase.

The project's capital reserve fund is not sufficient to cover the costs of maintaining the building and will need an influx of approximately $2.2 million over the next few years. A new building on a different site will ameliorate this situation and provide the benefits of a new structure which will last for decades.

4.1.4 Land Lease

The City of Vaughan will provide almost two acres of land for the new building by means of a long term land lease at no cost to the Region. In addition, the City will be responsible for the demolition costs and site clean up for Maple Manor.

4.2 Tenant Relocation

The redevelopment business case includes a plan for the relocation of Maple Manor tenants working in co-operation with Housing York Inc. Maple Manor will not be demolished until the new building is ready for occupancy. All tenants residing in Maple Manor will be offered a unit in the new building. The plan indicates that the non-profit will hire a moving company and pay for the moving costs of the tenants. In addition, each resident household will receive a payment of $300 to offset miscellaneous moving costs such as telephone reconnections, etc. from the City of Vaughan Non Profit Housing Corporation.

The plan emphasizes the importance of communications with the residents of Maple Manor and a detailed communication plan is described. It includes tenant meetings, written communications, and working committee meetings, if required, over the course of the next two and a half years. Housing York Inc. will be an active participant in this process.

4.3 Service Level Standards

Section 11 of the SHRA requires the Region, as Service Manager, to ensure that legislated service level standards remain in place for low income households. For Maple Manor, the 15 RGI units are considered part of the service level standards. The Region will need to ensure that 15 RGI units are assigned either to the new building or to another housing provider within York Region in order to comply with the legislation.

It is recommended that the 15 RGI units as well as 22 RGI units recently removed from another provider’s portfolio be transferred to the new facility. Additionally, the Region has some rent supplement units that may be available as well. A complete targeting plan for the new building will be brought forward for Council approval at a later date.

4.4 Ministerial Consent

The transfer orders made under the SHRA require Ministerial consent for any transfer of ownership, disposition or disposal of a housing project or altering any condition or state of the property (excluding repairs and maintenance). It is expected that the Ministry will consent to the discharge of the mortgage for Maple Manor by the City of Vaughan Non-Profit Housing Corporation and the corresponding termination of the operating agreement between the Non-Profit and CMHC.

5. FINANCIAL IMPLICATIONS

The approval of the plan supports the implementation of the development plan for the new facility, the financial implications of which are described in a concurrent report.

The overall fiscal impact of this proposal will be a minor reduction in federal transfers to the Region ($34,000 per year) related to the existing project. There will also be a reduction in the long-term liabilities associated with maintaining the current aging facility.

6. LOCAL MUNICIPAL IMPACT

Approval of the redevelopment plan will increase the amount of affordable housing for residents in the City of Vaughan and across the Region. It will also support the City in meeting its overall objectives for the Civic Centre Campus site.

7. CONCLUSION

The redevelopment of Maple Manor will increase the supply of much needed affordable housing for low and moderate income seniors in the community.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the September 13, 2006 Committee meeting.)