

THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
September 14, 2005
Report of the
General Manager

BLUE WILLOW TERRACE (VAUGHAN) APPROVAL OF LEASE AND COMMUNITY RENTAL HOUSING PROGRAM AGREEMENTS

1. RECOMMENDATIONS

It is recommended that:

1. The Corporation be authorized to enter into a lease with The Regional Municipality of York for its premises in the Blue Willow Terrace seniors' mixed use development, and the Board Chair and Secretary be authorized to sign the lease on the Corporation's behalf, subject to the prior review of the Corporation's solicitor.
2. The Corporation be authorized to enter into the Provincial Contribution Agreement with the Province in order to secure funding under the Pilot Project component of the Community Rental Housing Program (CRHP) 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 \$1,740,000 in CRHP funding in the form of an Assignment of Rents and General Security Agreement, 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

The purpose of this report is to update the Board as to the status of the Blue Willow Terrace seniors' project and to obtain approval to enter into a lease with The Regional Municipality of York (the Region) in respect to the residential component of the building. In addition, this report seeks approval to execute the Provincial Contribution Agreement with MMAH and to seek approval to provide the forms of security required to release the funding for this housing project.

3. BACKGROUND

In June 2002, Regional Council and City of Vaughan Council gave preliminary approval to the joint development of a combined seniors citizens' affordable housing and seniors' Active Living Centre (ALC) project on an appropriately zoned, City owned site near Highway 7 and Weston Road in the Community of Woodbridge.

In February 2004, the federal government announced that this project was approved for up to \$1,620,000 in capital funding under CRHP. In June 2005, the Province approved enhanced funding of an additional \$2,000 per unit or \$120,000 for a total of \$1,740,000.

On May 12, 2004, the Council report reviewed the legal structure of the project including the lease between the Region, as landlord, and Housing York Inc. (HYI), as tenant for the 60 apartments.

On April 21, 2005, Council approved the issuance of a Call for Tenders for the construction and award of the tender on condition that the final project cost does not exceed the projected capital costs, up to \$12,500,000.

The construction contract has been awarded and construction is anticipated to begin in September 2005.

4. ANALYSIS AND OPTIONS

4.1 Lease—The Regional Municipality of York and Housing York Inc.

A lease is required between HYI and the Region to enable HYI to operate the seniors' residential component. A Property Management Services Agreement already is in place between the Region and HYI and delineates the terms under which the Region provides services, particularly those of Regional employees to HYI.

The City will enter into a lease with similar provisions with respect to the seniors' ALC. It is contemplated that these leases will include provisions that will address matters such as the proportionate shares of maintenance responsibilities and replacement of shared facilities such as driveways, parking lot, insurance costs, etc.

While ownership of the land will continue to reside with the City, the Region and City have executed a ground lease dated July 18, 2005 under which the Region will own the building throughout the 50 year term.

4.2 Community Rental Housing Program Security Agreements

In order to qualify for the CRHP funding, HYI as operator of the Blue Willow Terrace project must enter into legal agreements with MMAH. HYI is required to provide the following security.

4.2.1 Assignment of Rents

In the event of default under the Contribution Agreement, the Rental income from the project is reassigned from HYI to the Province until the CRHP funding is repaid under the Regional Guarantee (discussed below).

4.2.2 General Security Agreement

This agreement is a lien against the chattels contained in the projects such as appliances, furniture, and maintenance equipment.

4.2.3 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 CRHP 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 increase limited to those allowed under provincial regulations.
- Reporting and accountability requirements.

4.3 Rent Supplement Agreement

At the May 12, 2004 Council meeting, the Region agreed to provide rent supplements for 70% of the apartment units for senior citizens in need of rent-geared-to-income assistance. As the administrator of the Rent Supplement Program, the Region will execute an agreement with HYI, as the landlord. The agreement will be in the standard form in use with other landlords providing rent supplement units in the Region and will ensure that HYI receives sufficient income to manage the property, pay the lease cost to the Region, and still provide housing for low-income tenants from the social housing waiting list.

4.4 Project Features

The building design is an “L” shaped, four storey building of 62,410 square feet. The ground floor area includes a seniors’ ALC of approximately 5,300 square feet which will provide recreation and social related services to the community. The City of Vaughan is responsible for the capital and operating costs of the ALC. The unit breakdown of the residential component is 54 one-bedroom and 6 two-bedroom apartments for a total of 60 apartments. There are three apartments with enhanced features for wheelchair accessibility. In addition, there are interior and exterior amenity areas for the residents.

The site is located at 133 Fieldstone Drive in the Highway 7/Weston Road area in the community of Woodbridge within easy walking distance of shopping and other community services of interest to senior citizens.

The building has been designed with input from Regional staff from Housing Operations and Property Services Departments with a view to minimizing operating expenses to HYI as Building Manager under the proposed lease.

Enhanced energy conservation measures to the building envelope, heating and venting systems, and lighting systems have been incorporated into the design of this building with the financial assistance of a federal incentive program. Annual operating savings for utilities of approximately \$35,000 is expected to be realized.

4.5 Next Steps

The next steps to be taken for this project include:

- HYI and the Region to execute a lease.
- HYI and the Province to execute the Provincial Contribution Agreement and security requirements.
- Construction to commence in September 2005.
- Construction to be completed and building to be ready for occupancy in Fall 2006.

5. FINANCIAL IMPLICATIONS

The provisions of this security will permit the release to the Region of \$1,740,000 in CRHP 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 to the Region, thereby reducing the annual carrying cost to HYI.

The capital costs of this project have been planned for in the Region's 2005/06 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. The provincial funding for these units is available until 2023 after which the Region will have to re-evaluate this program if new provincial funding is not secured.

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 City of Vaughan will alleviate some pressure for affordable housing in the Region. There are currently almost 750 senior households waiting for assisted housing in the City of Vaughan and the project plans have been well-received by the community.

The creation of an ALC for senior citizens will provide much needed social-recreational space/programs and supports within the City of Vaughan.

7. CONCLUSION

The Blue Willow Terrace mixed use residential and seniors' ALC development provides an excellent opportunity for the City 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 social-recreational services for seniors. The execution of the lease between the Region and HYI for this project and the issuance of the security and guarantee required by MMAH to release the first of the CRHP funds, completes an important development phase for the Blue Willow project.

The Senior Management Group has reviewed this report.

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