

1310 Sparks Street Project Update – August 2022

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| Presented To: | City Council |
| Meeting Date: | September 13, 2022 |
| Type: | Correspondence for Information Only |
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| Recommended by: | General Manager of Community Development |

Report Summary

This report provides information regarding an update on the 14-unit seniors affordable housing project to be constructed at 1310 Sparks Street.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to Council's Strategic Plan priority for Housing to revitalize or increase the available housing stock. It also aligns with the Population Health Priority of creating sustainable, affordable housing. It will result in the development of an energy efficient and sustainable building which is identified as a goal in the Community Energy & Emissions Plan (CEEP).

Financial Implications

This report has no financial implications. Changing the Sparks Street project from a passive house design to a modular design build is expected to be completed with the Council approved funding of up to \$7.3 million from the Social Housing Capital Reserve Fund.

Background

The Social Housing Revitalization Plan identified New Sudbury as one of the geographic areas that lacks subsidized housing with the largest waitlist demand for one-bedroom units. The City put forth an Expression of Interest for the purchase of 1310 Sparks Street to Canada Mortgage and Housing Corporation (CMHC) through the Federal Lands Initiative which was approved by Council on January 21, 2020. Resolution CC2020-176 passed in July 2020, authorized funding of up to \$5.5 million to be taken from the Social Housing Capital Reserve Fund for construction of the new housing complex. The rezoning application for the property at Sparks Street was approved in December 2021 allowing the project to progress to the design development stage which generated more refined construction costs. An update on the project was provided to the Finance and Administration Committee on February 15, 2022, and resolution FA 2022-05 was approved as follows:

“THAT the City of Greater Sudbury approves an increase to the budget for the development of 1310 Sparks Street from \$5.5 million to \$7.3 million, with the additional funding to be drawn from the Social Housing Capital Reserve Fund as outlined in the report.”

Tender Process

Tender SHO22-137, Construction of an Affordable Housing Unit using Passive House Standards, was issued in June 2022, and closed on July 19, 2022. Three (3) tender packages were received with bids ranging from \$8.7 million to \$10 million not including contingency costs. In order to proceed with the project as designed, an increase of the project budget from \$7.3 million to at least \$9.2 million plus contingencies would be required. This cost includes expenses to date of approximately \$500,000 for purchase of the property, rezoning, community consultation, demolition of the existing structure and soft costs for consulting and design. Staff worked with the architect to review the bids to determine the reasons for the 20% increase in costs. The primary areas identified are general market conditions, wood and plastic material costs, thermal and mechanical systems costs. The current inflationary rates are extraordinary – the highest in close to 40 years per Statistics Canada projected 2022 inflation rate for non-residential construction costs based on 2 quarter 2022 statistics.

As a result, staff have chosen to cancel tender SHO22-137 at this time and proceed with an approach that can be delivered within the budget direction.

Next Steps

As part of the staff review of the construction costs for this project, alternative construction options and cost comparisons were reviewed. Staff have conducted a market sounding to confirm that a modular build for Sparks Street would meet the CMHC target energy guidelines committed to for the project which is a 31-41% reduction in operating energy consumption and greenhouse emissions. Through the investigation staff also received cost estimates using an Energy Efficient Modular Design Build which were within the current approved budget (including contingency).

Staff will proceed with a redesign of the Sparks Street project from a passive design to a modular construction project that will meet both the CMHC guidelines and the City's CEEP goals within the existing Council approved budget. The redesign will take into consideration design features that were recommended during public consultations. A new tender will be issued, and a detailed analysis of the final submissions will take place prior to an award being made. Modular construction practices are expected to meet the current construction completion date of the end of 2023. Further updates will be provided to Council as required.

Resources Cited

Social Housing Revitalization Plan, Community Services Committee, May 13 2019

<https://pub-greatersudbury.escribemeetings.com/Meeting.aspx?Id=c658ef96-9dfc-4713-b2b9-63d147f9bf9f&Agenda=Agenda&lang=English>

Resolution CC2020-02, City Council Meeting, January 21 2020

<https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=29744>

Resolution CC2020-176, City Council Meeting, July 7 2020

<https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=29466>

1310 Sparks Street, Planning Committee, November 22 2021

<https://pub-greatersudbury.escribemeetings.com/Meeting.aspx?Id=073a14e6-1da5-43a6-ba09-e091b738e7b0&Agenda=Agenda&lang=English>

Update on 1310 Sparks Street Project, Finance and Administration Committee, February 15 2022

<https://pub-greatersudbury.escribemeetings.com/Meeting.aspx?Id=9e474999-62fc-4dc5-914b-067cd35d91cd&Agenda=Agenda&lang=English>

