

Request for Decision

Affordable Seniors Supportive Housing - Request for Phase 2 Market Rent Expansion

Presented To:	Community Services Committee
Presented:	Monday, Sep 19, 2016
Report Date	Wednesday, Aug 24, 2016
Type:	Managers' Reports

Resolution

WHEREAS the City of Greater Sudbury provided Perry & Perry Developments Inc. funding in 2013, under the Investment in Affordable Housing for Ontario (IAH) Program;

AND WHEREAS the City of Greater Sudbury entered into a 20-year Contribution Agreement for the construction of the 32 unit seniors housing project at 20 Hill Road in Lively;

AND WHEREAS Perry & Perry Developments have requested to build a 23 market rent unit expansion to the current housing complex;

THEREFORE BE IT RESOLVED THAT the City of Greater Sudbury endorses the expansion project at 20 Hill Road, Lively;

AND THAT the Manager of Housing Services for the City of Greater Sudbury be authorized to negotiate and sign an addendum to the current Contribution Agreement for the proposed 23 market rent unit expansion.

Signed By

Report Prepared By

Cindi Briscoe
Co-Ordinator Housing Programs
Digitally Signed Aug 24, 16

Health Impact Review

Cindi Briscoe
Co-Ordinator Housing Programs
Digitally Signed Aug 24, 16

Recommended by the Department

Rob Blackwell
General Manager of Health and Social Services
Digitally Signed Aug 24, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 26, 16

Health Impact Assessment

The creation of additional seniors supportive housing units in the community addresses priority #4 in the Housing and Homelessness plan which indicates there is a need for additional supportive services coupled with permanent housing.

Background

The City of Greater Sudbury entered into a public/private partnership agreement with Perry & Perry Developments Inc. in 2013 under the Federal/Provincial Investment in Affordable Housing Initiative (IAH) to provide the community with a much needed 34 unit Affordable Seniors Supportive Housing apartment complex. The project partnership also included the support of the NE LHIN through ongoing funding of onsite health and home care services to all qualified residents.

The existing age friendly affordable apartment building is currently made up 32 program units and 2 non program/market units and is currently 100% occupied and experienced a 0% vacancy rate since opening in October, 2013. The project is centrally located at 20 Hill Road in a well serviced area in the heart of Lively, ON. The NE LHIN funded health and home care services are currently offered through an on-site service provider to all qualified residents. The project site supports a village like master plan that hopes to see as many as 200 apartment suites, as well as a variety of food service, retail, social, and fitness programming and additional on site medical services allowing residents to comfortably age in place in the convenience of their own home and community.

Perry & Perry report that after 3 years of operations, the project has had some fiscal challenges. With energy and operational costs escalating, and revenue increases limited under the terms of the Affordable Housing Contribution Agreement, Perry & Perry have been challenged to reach the financial expectations initially anticipated for the first years of the project which have resulted in non program related deficits.

Perry & Perry are requesting approval from the City of Greater Sudbury to proceed with Phase 2 of this project, a 23 unit market rent (non program) expansion to the existing building. This approach would help offset the financial challenges and assist with the risk and deficit reduction strategies for this project as well as all related project and community stakeholders moving forward. All phase 2 capital costs will be the responsibility of Perry & Perry Developments with no financial investment required by the City of Greater Sudbury.

The expansion project is in keeping with the NE LHIN's focus on increasing access to health and home care services for the aging population so that seniors can continue to live independently and in comfort in their own home for as long as possible.

The partnership Perry and Perry Developments, the NE LHIN, and the City of Greater Sudbury have created allows residents in need of health and/or home care services convenient no cost access to increasing levels of care as they require.

The 23 unit expansion will greatly assist with the non program deficit reduction and significantly improve the equity related exposure to the City by almost \$2 million. It is also agreed moving forward that all subsequent accounting of this project will allocate costs on a per unit basis for ease of evaluation and assessment of on going project viability.

The expansion project must comply with all required standards of the Ontario Building Code and local standards.

Financial Considerations

The City of Greater Sudbury provided approximately \$4.7M in funding through the IAH Affordable Housing Program. Under the terms and conditions of the program, Perry & Perry Developments Inc. signed a 20 year contribution agreement for the 32 affordable housing units. The IAH funding is a second mortgage on the property which is repayable as a forgivable loan over the life of the contribution agreement, as long as Perry & Perry continue to fulfill the agreement terms and conditions. If the project was to become not viable, the City would be required to recover the outstanding investment and repay the Province.

The expansion project is proposed to include additional debt of approximately \$4.3 Million. The lender for the expansion has requested that the City reduce its second mortgage position to become third mortgage holder. Should the project experience financial difficulty, the City's ability to recover its investment will be reduced. In consideration of the additional risk, it is proposed that the current contribution agreement be extended by three years, thereby effectively resetting the 20 year affordable housing contribution agreement for the 32 affordable units.

The proposed addition of 23 market rent units is expected to increase the fiscal sustainability of the project.

Next Steps

An addendum to the existing Contribution agreement will need to be prepared, subject to receipt of the following documentation:

- * CMHC insurance certificate for entire project
- * Copy of the lender commitment letter
- * Copy of the building permit
- * Site Plan Agreement
- * Copy of the construction drawings and specifications, which make up part of the construction contract

During construction, copies of all Quantity Surveyor Reports and schedules are to be provided to Housing Services.

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SUDBURY, ONTARIO
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August 12, 2016

City of Greater Sudbury Housing Services Division
199 Larch Street, suite 603
Sudbury, ON
P3A 5P3

Attention: Cindi Briscoe – Acting Manager

**Re: Affordable Seniors Supportive Housing - 20 Hill Road, Lively, ON -
Request for Phase 2 Market Rent expansion
Service Manager Contribution Agreement dated March 16, 2013**

Dear Cindi,

As you are aware, the City of Greater Sudbury entered into a Public/Private Partnership Contribution agreement with Perry + Perry Developments Inc. (P+PD) on March 16, 2013 under the Federal/Provincial Investment in Affordable Housing initiative (IAH) to provide Lively residents with a badly needed 34 unit Affordable Seniors Supportive Housing apartment complex. The project partnership also includes the support of the Northeast Local Health Integration Network (NELHIN) through on-going funding of on-site health and home care services to all qualified residents.

The existing and 100% occupied age friendly affordable apartment building is currently made up of 32 program units and 2 non program/market rent units. The project is centrally located at 20 Hill Road, in a well serviced area in the heart of Lively, Ontario. NELHIN funded Health and Homecare services are currently offered through an on-site service provider to all qualified residents. The project site supports a village like master plan that hopes to see as many as 200 apartment suites, as well as a variety of food service, retail, social & fitness programming. Additional on site Medical services are also planned allowing residents to comfortably age-in-place in the convenience of their own home and community.

To date, we are happy to report the first phase of this project has been a resounding community success with a 0% vacancy rate since the doors were open on October 01, 2013.

However, after almost 3 years of operations the project has not been without its fiscal challenges. With energy and operational costs escalating and revenue increases limited under the terms of our agreement, we have been challenged to reach the financial expectations initially anticipated for the first years of this initiative resulting in non program related deficits.

We therefore request approval from the city to proceed with phase 2 of the master plan for this project consisting of a 23 unit market rent (non program) expansion to the existing 34 unit building.

With the new mix of program and non program units, the addition not only supports the master plan goals but results in an operationally efficient and financially sustainable building. This approach will obviously help offset the financial challenges and assist with our risk and deficit reduction strategies for the project. It quickly becomes clear that all project partners and community stakeholders will benefit from this risk reduction strategy moving forward.

It should be noted that all related phase 2 capital costs will be the responsibility of Perry + Perry Developments with no further financial investment required by the City of Greater Sudbury. In addition to the Seniors housing, support service, ALC and community health benefits resulting from the development of the 23 unit market rent addition, to date, development charges on this project will total approximately \$560,000, with permits and application fees in excess of \$95,000. Annual property tax and service revenues are expected to exceed \$60,000 per year after this phase is complete.

The following perspective view provides a graphic representation of the proposed 23 unit expansion.



It should also be noted, the expansion project is in keeping with the NE LHIN's focus on increasing access to Health and Home care services for our aging population so that they can continue to live independently and in comfort in their own home for as long as possible.

The partnership Perry + Perry Developments, the NE LHIN and the City of Greater Sudbury have created, allows residents in need of health and/or homecare services dignified and convenient no cost access to increasing levels of care as required.

"Northeastern Ontario needs more innovative housing options to better support seniors' ability to age in place in a safe and caring environment",

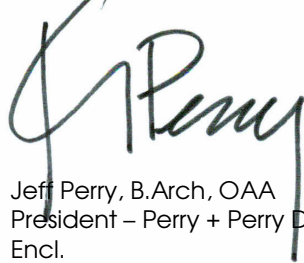
said Catherine Matheson, NE LHIN Senior Director of Health System Transformation and Implementation.

We believe you will find upon review of the this request and as outlined in your project review analysis to date, the 23 unit expansion will greatly assist with the non program deficit reduction and significantly improve the equity related exposure to the City by almost \$2.0M. Please refer to the equity analysis spreadsheet prepared by the project auditors Sostarich Ross Wright & Ceccutti (SRWC) attached. It is also agreed moving forward that all subsequent accounting of the project will allocate costs on a per unit basis for ease of evaluation and assessment of on-going project viability.

We understand the approval process will include the submission of your staff report to the Community Services Committee for review on their September 19th 2016 meeting with formal approval anticipated at council on September 22nd, 2016. It is also our understanding the finance department will receive a copy of your staff report for review and comment to council.

We thank you very much for your consideration and assistance and look forward to a positive response from council. Please do not hesitate to contact me directly should you have further questions and/or require further clarification. We look forward to our continued alliance with the City of Greater Sudbury on this exciting project.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Perry". The signature is stylized with a large, looped "J" and a cursive "Perry".

Jeff Perry, B.Arch, OAA
President – Perry + Perry Developments Inc.
Encl.