

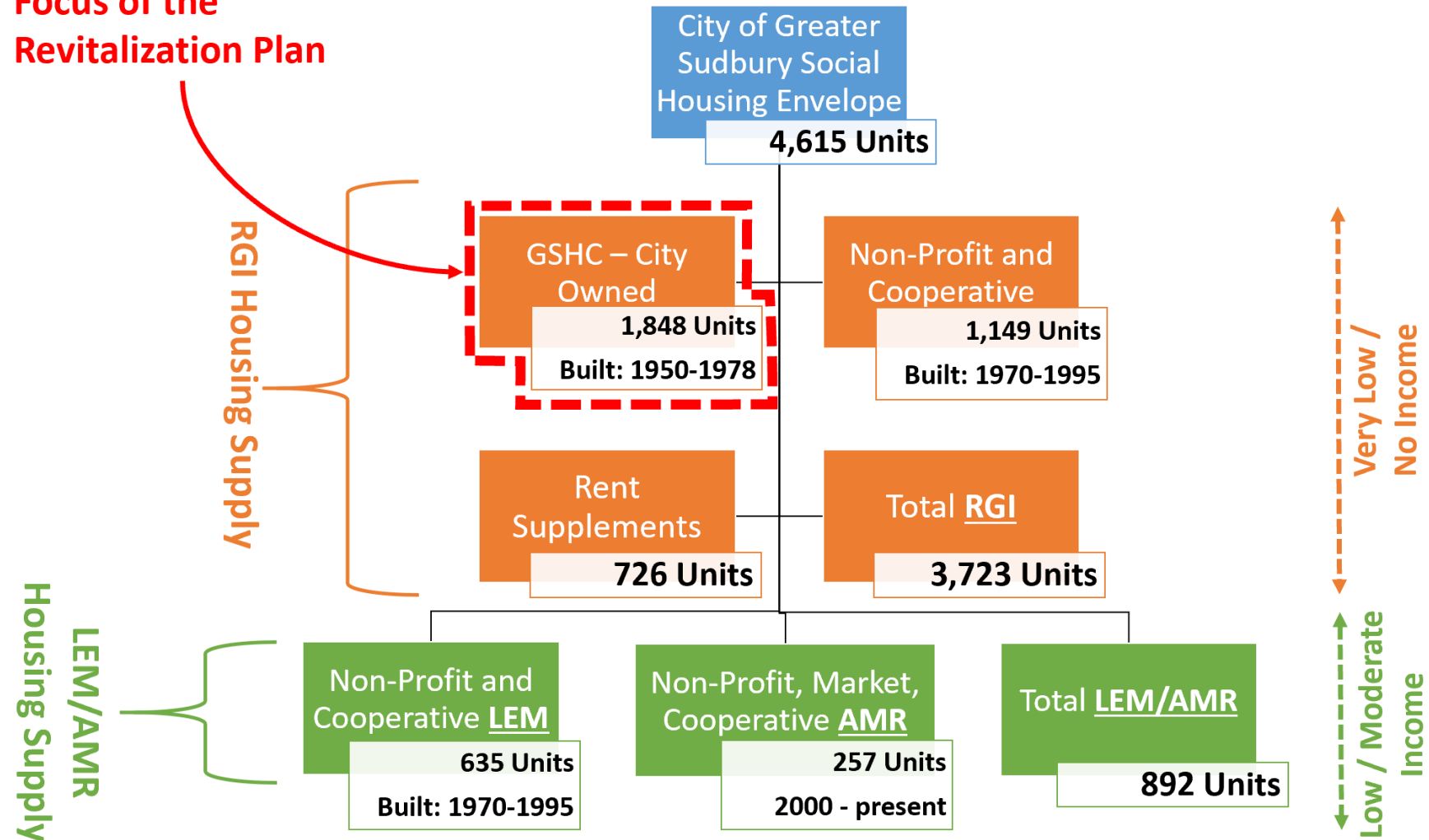
City of Greater Sudbury Social Housing Revitalization Plan

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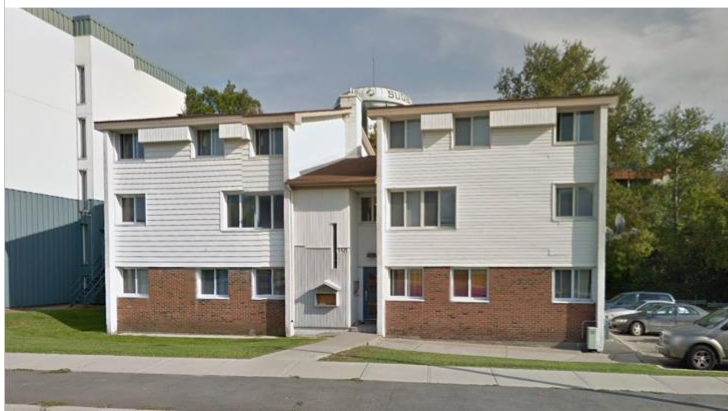


Focus of the Revitalization Plan

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Revitalization Plan



The GSHC Assets



Why a Revitalization Plan?

RGI Housing Contains Significant Supply/Demand Issues

- There is not enough rent geared to income (RGI) housing
 - Over 1,000 households waiting
 - Most will wait over four years
- RGI housing does not align with demand
 - 88% of households are looking for one bedroom units (40% of supply)
 - Wait list for larger units is small and shrinking
 - Demand is weaker in the outlying communities relative to Downtown/South End/New Sudbury

RGI Housing Contains Significant Supply/Demand Issues

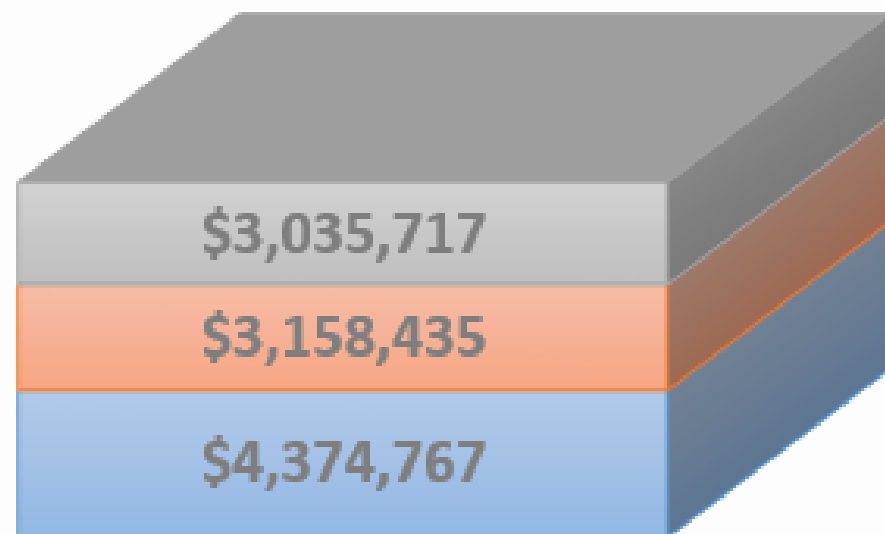
- Seniors make up 44% of the wait list
 - Aging population, this will increase
 - Greater health and accessibility issues
- The quality of the social housing stock is a concern
- There are service gaps for social housing tenants

AMR/LEM Housing Displays Moderate Supply/Demand Issues

- Low End of Market (LEM) and CMHC Average Market Rent (AMR)
- Lower wait list (301 households)
- But...5,000 rental households in core housing need
 - 90% due to affordability standard
- Demand is more evenly spread across one – three bedroom units
- Seniors account for almost 60% of the wait list

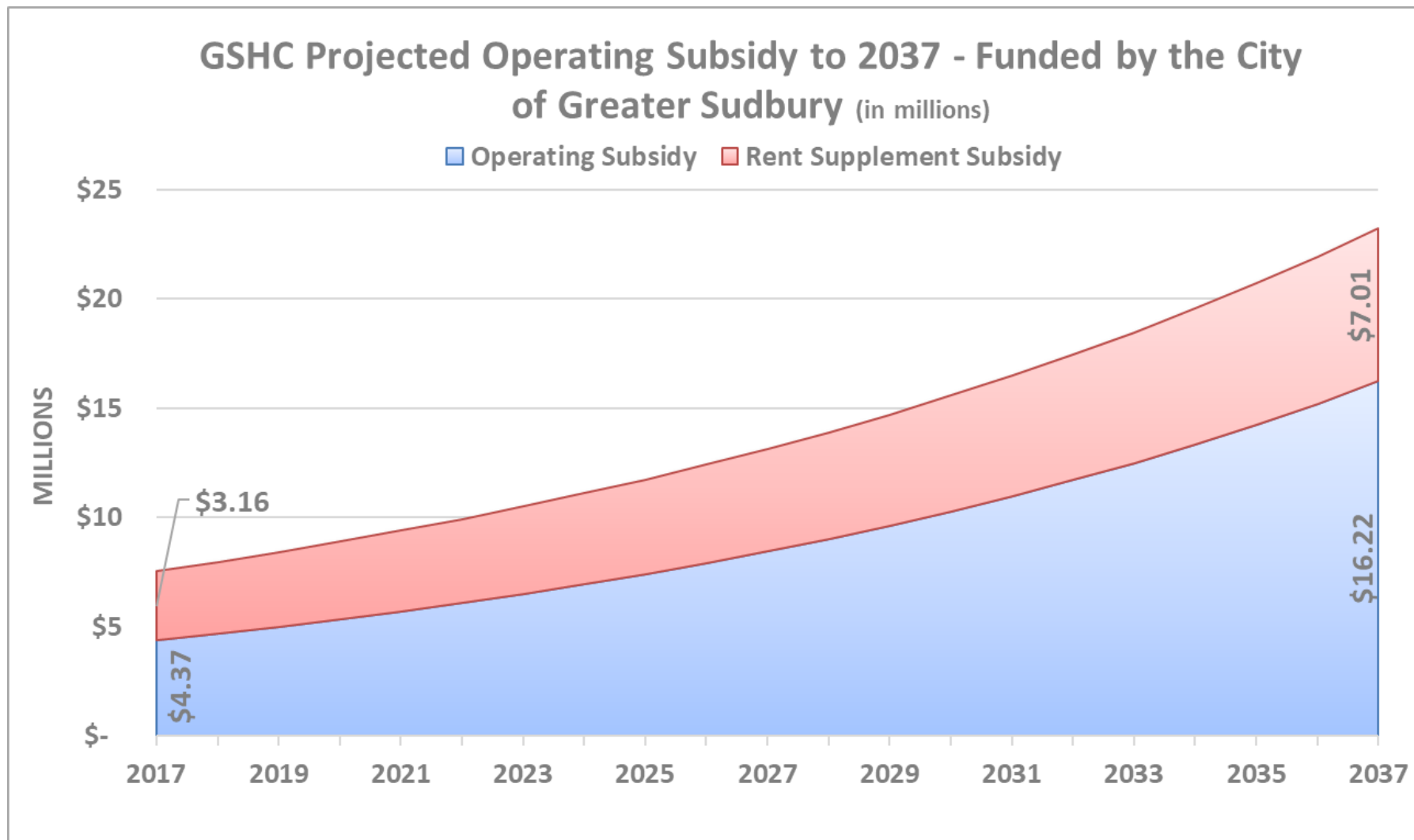
RGI Housing Requires Ongoing Municipal Funding (GSHC Portfolio)

**2017 Subsidy:
\$10,568,919**



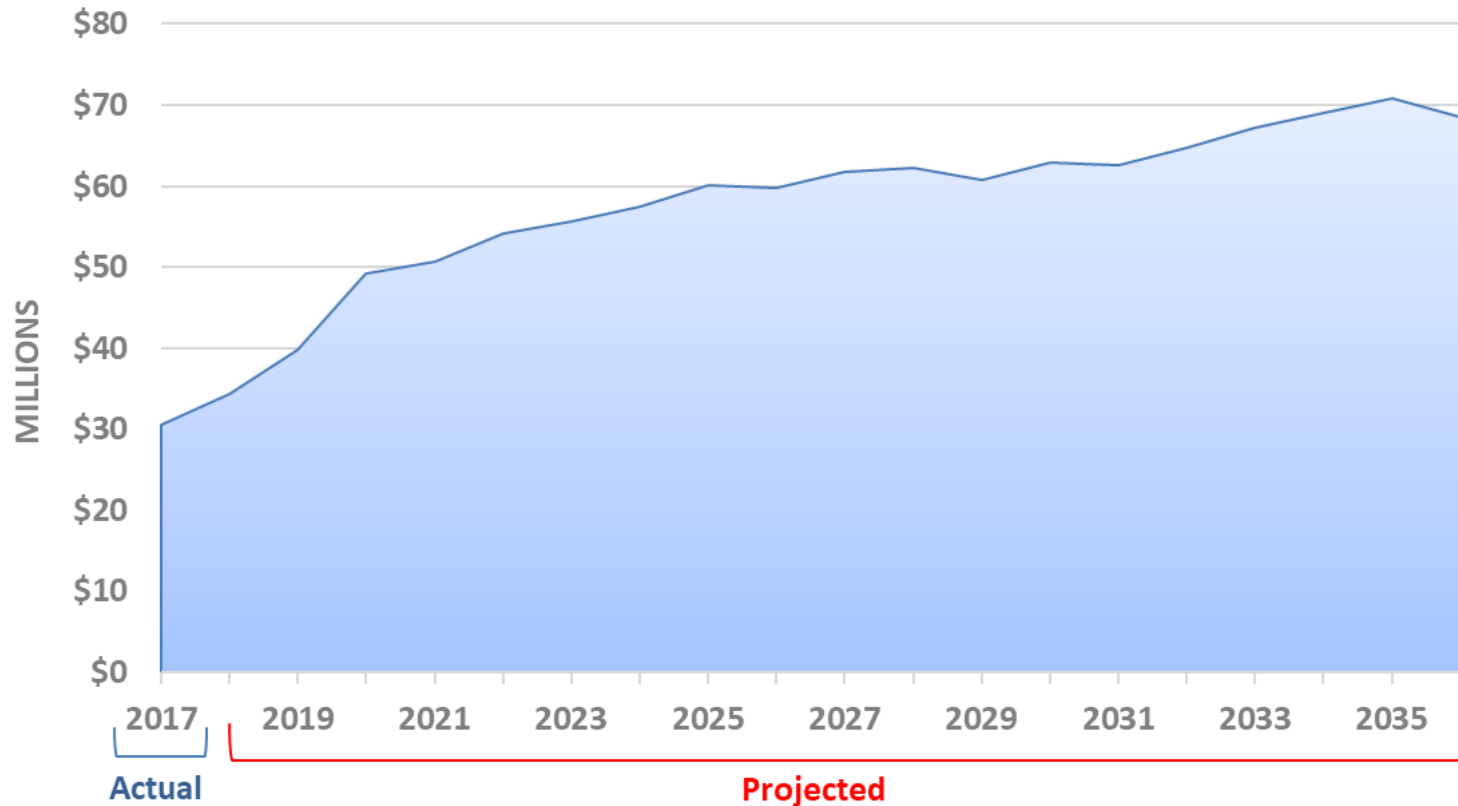
- Capital
- Rent Supplement
- Operating

RGI Housing is Expensive to Operate



RGI Housing is Expensive to Maintain

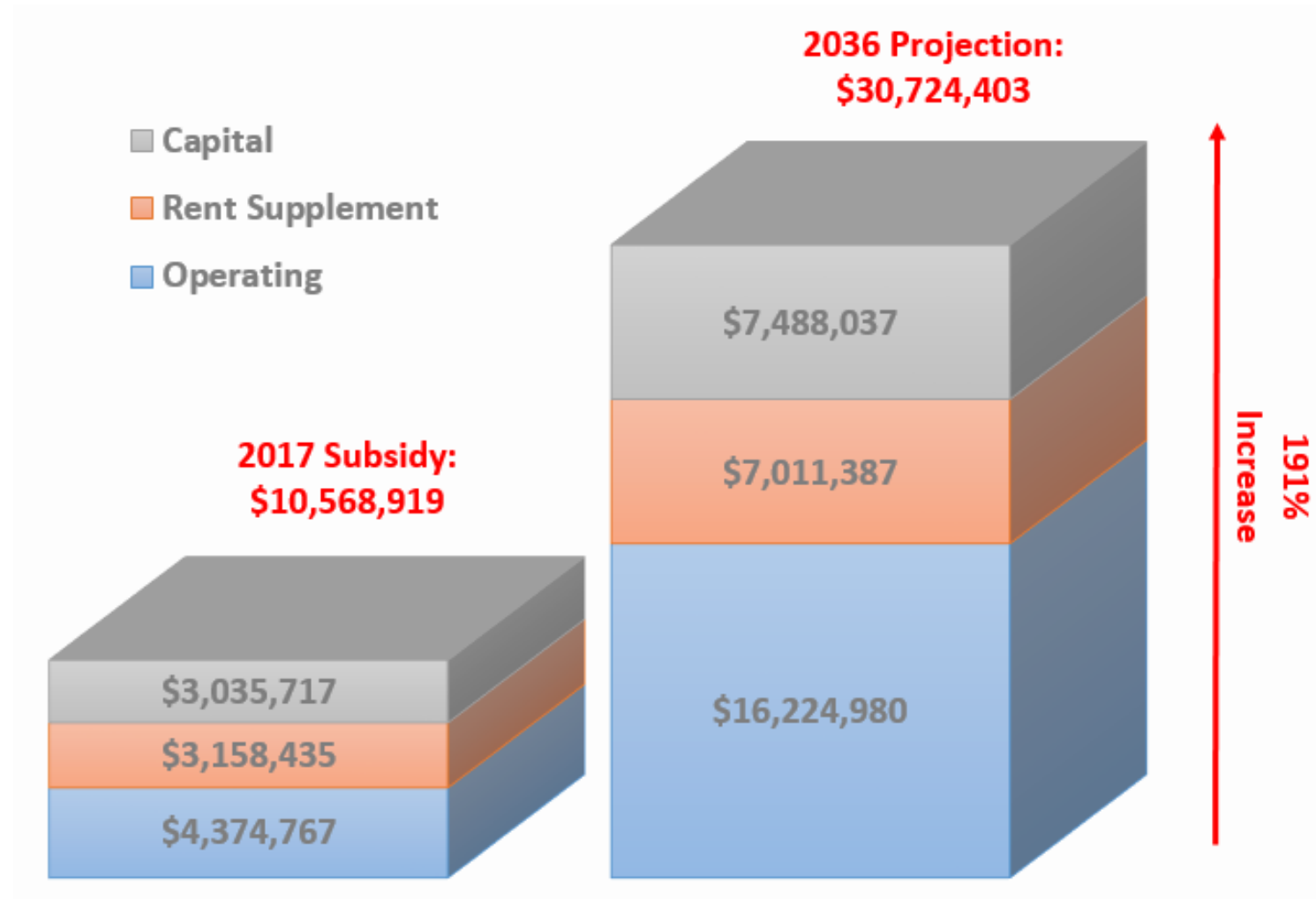
Projected Unfunded Capital Needs of the GSHC Housing Portfolio



GSHC Annual Capital Subsidy from the City of Greater Sudbury

Year	Increase (%)	Increase (\$)	Subsidy Amount
2000-2012	-	-	\$2,310,000
2013	1.2%	\$28,644	\$2,338,644
2014	0.5%	\$11,459	\$2,350,103
2015	13.0%	\$305,220	\$2,655,323
2016	12.4%	\$330,000	\$2,985,323
2017	1.7%	\$50,394	\$3,035,717

Projected Subsidy Requirement by 2036 – if no action is taken



Why a Revitalization Plan?

- Mismatch between supply and demand
- Long wait list
- Growing operating subsidy requirements
- Growing unfunded capital back log
- Need to improve building and living conditions
- Accessibility concerns of existing assets
- Concentrated/segregated social housing
- Lack of community space and tenant support services



How can we begin to address these issues?

Sale of Scattered Units

- Begin a sales program at tenant turnover.
- Possible to generate upwards of \$32 million and eliminate \$11.2 million in capital funding requirements.
- Market sale and affordable ownership program.
- Demand to shift back to townhome sites.
- Key first step to realign supply with demand.
- Consistent with best practices in other municipalities.

Establish a Dedicated Funding Envelope for the Development of New Housing

- The City's Social Housing Reserve Fund: Current balance of approximately \$7.5 million.
- Allocate the equity from the sale of scattered housing to this fund.
- Fund should be used exclusively for the development of new housing.
- City could consider making annual contributions to the fund to increase the financial capacity.

Begin a Strategic Redevelopment Program

- Similar to other Service Managers across Ontario, the City of Greater Sudbury should begin a redevelopment program to renew the social housing stock.
- Our assessment of all assets in the portfolio has led us to the conclusion that 159 Louis Street should be the priority project.

159 Louis Street – Current Conditions



159 Louis Street – Possible Future Design



159 Louis Street – New Development

Key Elements

- Utilizing as-of-right permissions, could triple the number of units on site to 424.
 - 167 could be RGI
 - 138 could be affordable (80% of CMHC Market Rent)
 - 119 could be market
- A project of this nature might require upwards of 15 years to plan, secure financing, and build in phases.

159 Louis Street – New Development

Key Elements

- Even with market units, the development will require up-front capital funding to be implemented.
 - E.g. project cash flow is not sufficient to support a loan large enough to cover construction costs.
- Funding is available through the Federal National Housing Strategy
- Assuming the project would receive funding from the Federal government:
 - City commitment might require approximately \$50 million over this 15 year period.

159 Louis Street – New Development

Key Elements

- However, buildings will be self-sufficient and should no longer require any operating and capital subsidies from the City.
 - Eliminate \$21 million in capital repairs from existing assets
 - Capital need of new buildings funded through rental income
 - Eliminate upwards of \$300,000 - \$1.0M in annual operating subsidies
- If this approach is selected, the City should begin a comprehensive redevelopment plan as soon as possible.



Sell the Scattered Housing



Equity Gain of
\$32 Million



Capital Cost Avoidance of
\$11.2 Million

**Total Capital Cost Avoidance of
\$32.2 Million**



Social Housing Capital Reserve Fund



Existing Balance
\$7.5 Million



Sold Scattered Equity
\$32 Million



Total Possible Balance
\$39.5 Million



Redevelop Louis Street Property



Estimated Equity Contribution from the City
over 15+ Years (assume project receives
grants and loans from Co-Investment Fund)
\$48.7 Million



Balance Available from Social
Housing Reserve Fund
\$39.5 Million



Remaining Estimated Equity Contribution
from the City over 15+ Years
\$9.2 Million

Capital Cost Avoidance of
\$21 Million



New Buildings will be financially self-sufficient. Should no longer require operating and capital subsidies

The sale of scattered homes and redevelopment of Louis could save the City as much as **\$710,000** in operating costs each year

Use this surplus to address capital repairs and projects, increase portable housing benefits/rent supplements, and fund other revitalization projects

The Impact of Selling the Scattered Units and Redeveloping 159 Louis Street - Estimated Capital Need (2036)		
	Base Case	Revitalization
Current Unfunded Capital Back log	\$30,522,502	
Total Projected Capital Need (2017 - 2036)	\$142,272,699	
Total Estimated City Funding (2017 - 2036)	\$73,759,939	\$73,759,939
Capital Cost Avoidance: Scattered Units (by 2036)	\$0	\$11,240,962
Capital Cost Avoidance: 159 Louis (by 2036)	\$0	\$21,035,571
Estimated Capital Backlog (by 2036)	\$68,512,760	\$36,236,227

Re-evaluate Capital Planning

- Undertake a capital strategic plan that:
 - Reverses the current reactive approach to capital planning
 - List of all capital projects required over a multi-year period
 - Proactive funding requests from City and senior levels of government
 - Business plans for more strategic/larger capital projects
 - Revisit City's funding amount
 - Ensure buildings that are to be retained remain in good shape
 - Address the capital backlog and ensure housing remains available over the long-term.

Other mid/long-term Strategies

- Begin planning for the other properties that require revitalization
- Deconcentrate large social housing communities
- Explore options to provide more social services and public space for tenants
- Explore opportunities to acquire lands for new affordable housing projects
- Explore other RGI replacement strategies

Near to Long Term Strategies - Roadmap

